MEXARREND®

LEASING INNOVATION

Mexarrend Second Quarter 2020 Earnings Report

Mexico City, July 27th, 2020 – Mexarrend, S.A.P.I. de C.V. ("Mexarrend" or the "Company"), announced its unaudited consolidated financial results for the second quarter of 2020 ("2Q20") and six-month period ("6M20") ending June 2020. All figures are expressed in Mexican Pesos ("$") unless stated otherwise, and were prepared in accordance with International Financial Reporting Standards ("IFRS").

CONFERENCE CALL DETAILS

Date: Tuesday, July 28th, 2020
Time: 10:00am (Mexico City Time) / 11:00am (ET)
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Financial and Operating Highlights 2Q20

- Over the quarter, Mexarrend has implemented several initiatives to confront the COVID-19 pandemic. These include working remotely in an efficient way and therefore ensuring the continuity of the Company's operations, whilst safeguarding the well-being of our employees.

- We are focused on maintaining the Company's liquidity, as well as strengthening our capitalization and leverage ratios.

- In March we launched *Plan Cero*, which was offered to the entire portfolio of clients. Under this plan, payments for a period of 3 months were almost totally deferred, and a reduction was made for payments for the rest of this year, resulting in higher term payments over the life of the loan and/or extended maturities.

  - 18% of our clients took up the Plan. The plans were tailored to each client.

  - Regarding collections for the year, this represents a decrease of $265.9 million for 2020 (14% of projected collections), which is increasingly offset in future years (mainly from 2022 to 2024).

  - This decrease in collections has been offset by almost zero originations in the quarter (approximately $20 million pesos). This was reflected in the Company's cash balance, which remained in line with the end of the previous quarter.

- All debt in dollars is hedged, both for coupon and principal payments, ensuring stability in the Company's cash flow. Mexarrend's hedge accounting shows variations when presenting the market value of its derivative instruments as part of the Company's assets, which are not always equal to the variations in the exchange rate shown in the income statement. These variations are presented in the OCI ("Other Comprehensive Income") stockholders' equity accounts.

- Total revenue in 2Q20 was $378.1 million, an increase of 14.2% versus 2Q19. Accumulated revenue for 6M20 reached $763.0 million, representing a 13.4% increase compared to the same period in the previous year. Revenues increased less than initially estimated in the period, as a consequence of very low originations in the quarter due to the country's poor economic environment and Mexarrend's conservative approach to risk.

- Interest income on capital leases increased by 10.6% in 2Q20 compared to the previous year, and by 31.2% for 6M20, reaching $611.2 million.

- Gross profit decreased for 6M20 by 12.3% compared to 6M19 to $248.0 million with a margin of 32.5%. Results for the quarter followed the same trajectory, with a decrease of 11.0% to $118.5 million and a margin of $31.3%. This decrease is mainly due to almost zero originations in the quarter, which has three impacts: (i) reduction of the commissions generated when registering new transactions; (ii) lower generation of income from the financial operating margin; (iii) operating lease operations that are part of the *Plan Cero* (temporary reduction in income).

- Operating expenses were reduced by 9.5% in 2Q20 compared to the same period of the previous year, due to cost control measures that were implemented in the period and the reduction in sales commissions as a result of low origination. The accumulated result presented a 1.3% reduction in operating expenses compared to 6M19.

    - We continue our efforts to make the cost base more efficient with a structure that allows us to face the country's new economic reality.

- There was an increase in the Comprehensive Financing Result of 20.3% in the first six months of the year, mainly due to the greater cash position as a result of the bond issued in July 2019. Likewise, this demonstrates the effectiveness of our hedges, neutralizing the effect of exchange rate variations in the quarter and in the accumulated period.

- There was a net loss of $15.5 million in 2Q20, and a profit of $6.6 million in 6M20.

- The total portfolio reached $8.889 billion as of June 30th, 2020, an increase of $1.564 billion or 21.3% compared to the same period in 2019; the real estate portfolio increased by 40.5% to $1.277 billion. This resulted in net productive assets reaching $10.166 billion.

    - The growth in the portfolio is less than that in previous quarters as a result of the uncertainty regarding the reactivation of the country's economy.

- Total assets at the end of the period were $11.386 billion compared to $8.029 billion at the end of 2Q19, a 41.8% increase largely due to the additional cash obtained by the bond issuance in July 2019, the growth of the portfolio, and the re-valuation of our derivative instruments used for hedging. If we isolate the effect of the valuation of our derivative instruments, the increase would have amounted to 32.3%.

- Our non-performing loan indicator increased to 5.9% as a result of the COVID-19 pandemic on the Mexican economy.

    - Given the current environment, we are following up with all the clients in our portfolio, in order to understand their liquidity needs. If necessary, we will work with them to change their payment program in the short term to support their cash flow, while always maintaining the guarantee limit and profitability in said transactions.

    - All transactions are duly collateralized. This collateral can be executed in two ways: (i) direct (leased equipment); (ii) indirect (mortgage guarantees, pledges, etc.). In most cases, both levels of collateralization are met, resulting in 1.8x coverage of capital at risk. This makes our portfolio very resilient, particularly with regard to the severity of the non-performing loan index, which has historically been 20% of this index.

- Reserves currently amount to 50% of the non-performing loan portfolio considering the total account (principal + future income).

- Financial debt decreased by $562.2 million in the quarter and increased by $3.708 billion in comparison to the period ending in June 2019. A large part of this variation is due to exchange rate fluctuation.

  - With all our dollar-denominated debt hedged, if we ignore the effect of exchange rates for the period, there was a decrease in debt of $160.2 million in the quarter due to the natural amortization of our financial debt. By comparison for the period ending in June last year debt was $2.340 billion. The variation versus June 2019 reflects the proceeds from the international bond that was issued in July 2019.

- The Company's leverage ratio, considering the hedge of the principal of the dollar-denominated debt which was executed at a peso/USD rate of close to $19.00 pesos and without considering the effects in OCI for the aforementioned hedges, was equivalent to **5.3x**, the same level in the previous quarter.

  - Without considering the effect of this currency coverage, and as shown on the balance sheet, the leverage ratio was 8.2x, an improvement compared to the 10.2x in the previous quarter, due to a stronger exchange rate at the end of the quarter.

  - If the cash position is considered in the calculation, the leverage ratio is reduced to 6.9x and **4.3x** considering the effect of the hedges.

- Mexarrend maintained a cash balance of $1.463 billion, very similar to the $1.526 billion reported at the end of 1Q20.

  - The above is explained by low originations in the quarter and the ability to maintain collections at acceptable levels, despite the payment deferral granted to some of the clients in the portfolio as a result of *Plan Cero*.

- A negative impact on the Other Comprehensive Income account continues to be reflected in capital, due to the difference between the impact of the depreciation in the exchange rate and the market value of derivatives adjusted by the call spread premiums for $375.1 million pesos at the end of June.

  - This amount is less than that reported in 1Q20, which corresponded to $556.4 million due to the appreciation of the exchange rate in the period.

  - This account does not represent a material impact on the Company's capital.

Relevant Events

COVID-19 Contingency Plan

During 2Q 2020 we worked remotely, demonstrating the efficiency of our BCP (“Business Continuity Plan”). Starting in the second week of July, we began to gradually reincorporate our team of collaborators into the offices, always prioritizing the health and safety of our staff, in accordance with the protocols indicated.

We continue to implement the strategy that we defined a few months ago, based on the following points:

- Our priority is to maintain adequate levels of liquidity and capitalization ratios. We only plan to expand our portfolio and client base if economic conditions allow it.

- We are monitoring collections closely and with extreme care, keeping in frequent contact with all clients. Given the diversification of our portfolio and our careful selection of both loans and clients, we are confident that the quality of our assets will remain robust and healthy, even with the impact of this crisis.

- Considering the risks, and the impact of the crisis, caused by the COVID-19 pandemic, on our operations, we will be supporting our existing clients and their liquidity to the extent possible, always ensuring that we have the guarantees in place to support these operations. We have carefully selected our clients, and we are duly diversified both geographically and by sector.

- We have a healthy and robust debt profile, with low amortizations in the short and medium term, as most of our maturities correspond to the international bond issuance that matures in 2024 (bullet payment). Our liquidity levels are high and appropriate to navigate the current market situation of high volatility and uncertainty.

- Our coupons for the international debt denominated in USD for both the 2022 and 2024 bonds are covered through cross currency swaps until maturity, protecting them from any variation in foreign exchange rates.

- We have modified our shareholder agreement, in which Mexarrend shareholders extended the option which was originally considered to contribute additional equity that expired in February 2020, until the end of 2020. They are committed to Mexarrend’s growth and long-term generation of value.

Plan Cero

Starting in March, we began a rapprochement plan with the entirety of our client portfolio in order to understand their liquidity, financial position and business needs in the new environment.

Negotiations were tailored in order to offer an adequate solution for each client. In most cases, a 3-month grace period for monthly payments and increasing payments for the remainder of 2020 was offered. This was analyzed on a case-by-case basis to ensure that we were managing a temporary liquidity issue and not a solvency issue.

The results are shown below, by the client and by the industry in which a change to the original payment scheme was negotiated. The results show the number of accounts as a percentage of the total portfolio.

	Total Portfolio		Plan Cero	
Sector	Accounts	%	Accounts	%
Health Care Equipment & Services	269	34.4%	44	16.4%
Transportation	81	10.4%	22	27.2%
Commercial & Professional Services	56	7.2%	8	14.3%
Materials	54	6.9%	8	14.8%
Consumer Services	53	6.8%	12	22.6%
Capital Goods	50	6.4%	6	12.0%
Media	35	4.5%	11	31.4%
Diversified Financial Services	35	4.5%	3	8.6%
Consumer Durables & Apparel	21	2.7%	6	28.6%
Software & Services	21	2.7%	2	9.5%
Retail	16	2.0%	5	31.3%
Food & Staples Retailing	16	2.0%	2	12.5%
Real Estate	13	1.7%	1	7.7%
Automobiles & Components	12	1.5%	5	41.7%
Food, Beverage & Tobacco	11	1.4%	0	0.0%
Insurance	10	1.3%	0	0.0%
Pharmaceuticals, Biotechnology & Life Science	8	1.0%	3	37.5%
Telecommunication Services	7	0.9%	0	0.0%
Technology, Hardware & Equipment	7	0.9%	0	0.0%
Energy	3	0.4%	1	33.3%
Household & Personal Products	2	0.3%	0	0.0%
Banks	2	0.3%	0	0.0%
Total Portfolio	**782**	**100.0%**	**139**	**17.8%**

Financial and Operating Summary

in million pesos

Financial Metrics	2Q19	2Q20	Var.%	6M19	6M20	Var. %
Total Revenues	331.1	378.1	14.2%	672.7	763.0	13.4%
Cost of Sales	198.0	259.7	31.2%	389.9	515.1	32.1%
Gross Profit	133.1	118.5	(11.0)%	282.8	248.0	(12.3)%
Gross Margin (%)	*40.2%*	*31.3%*	*(890)bps*	*42.0%*	*32.5%*	*(950)bps*
Operating Expenses	78.9	71.4	(9.5)%	149.2	147.2	(1.3)%
Operating Income	54.2	47.0	(13.2)%	133.6	100.8	(24.6)%
Operating Margin (%)	*16.4%*	*12.4%*	*(400)bps*	*19.9%*	*13.2%*	*(670)bps*
Other (income), expenses, net	0.4	2.1	NA	0.5	4.1	NA
Comprehensive Financing Result	26.9	62.2	131.2%	74.2	89.3	20.4%
Income before Income Taxes	26.9	(17.2)	NA	58.9	7.3	(87.6)%
Income Taxes	4.7	(1.7)	NA	5.9	0.7	(88.1)%
Net Income	22.1	(15.5)	NA	53.0	6.6	(87.6)%
Net Income Margin (%)	*6.7%*	*(4.1)%*	*NA*	*7.9%*	*0.9%*	*(700)bps*

Operating Metrics	6M19	6M20	Var. %
Total Portfolio	7,325.6	8,889.2	21.3%
Leasing	6,490.1	8,225.3	26.7%
Credit and Factoring	786.3	605.8	(23.0)%
Services	49.2	58.1	18.1%
Non-Performing Loans	5.2%	5.9%	70bps
Real Estate Portfolio	909.0	1,277.2	40.5%
Net Productive Assets	8,234.6	10,166.4	23.5%

Financial Ratios	6M19	6M20	Var. %
R O A A (annualized)	1.5%	0.1%	(140)bps
R O A E (annualized)	9.3%	1.0%	(830)bps
Financial Debt / Stockholders' Equity*	3.6x	5.3x	1.7x
Capitalization (Stockholders' Equity / Total Assets)*	19.4%	14.3%	(510bps)
Stockholder's Equity/ Total Portfolio*	21.2%	17.0%	(420bps)
Leasing Portfolio / Total Portfolio	88.6%	92.5%	3.9%
Total Portfolio / Financial Debt*	1.3x	1.1x	0.2x
Current Assets / Current Liabilities	1.4x	1.9x	0.5x

**Net financial ratios, not accounting for the effects caused by variations in the exchange rate for the quarter due to the debt coverage and eliminating the effect of the OCI on stockholders' equity.*

Message from the CEO

The second quarter was a period of many challenges and changes in which we faced a new reality in Mexico and throughout the world. Our main focus was and continues to be maintaining Mexarrend's liquidity and ensuring the quality of our client portfolio, while always prioritizing the health and well-being of our collaborators, clients and related parties. For this reason, over these three months, we remained in close contact with our clients to understand their liquidity needs for the remainder of 2020 and to be able to adapt payments with respect to this new reality.

On approximately 18% of our clients we made an adjustment to their payment scheme that focused mainly on the months in which the economy has been closed and gradually recovering for the remainder of 2020. We are confident that this was the correct decision, as we are observing a lack of liquidity and not insolvency.

Despite a volatile and complex environment, Mexarrend's results show the strength and resilience of the Company and our business model, reaching an operating profit for the period of $47 million, which represents $101 million for the accumulated period at the end of June. In addition, we kept the cash position for the quarter stable compared to the previous year, which demonstrates the Company's collection ability and its capacity to manage expenses. The non-performing loan ratio for the period was 5.9%; although this was an increase with respect to the previous quarter, it was an adequate result considering the current economic situation. Collection is and always will be a priority to maintain a healthy cash flow and a strong portfolio. Our entire portfolio has collateral at different levels, which means that the recovery of the non-performing loan portfolio is very high.

The origination of new transactions in the quarter was very low, due to the current conditions. We remain committed to growing our portfolio and will monitor the economy's performance in the coming months.

Over this quarter, Mexarrend demonstrated its ability to continue serving the market and its clients efficiently, despite the adverse market conditions. During the quarter we worked remotely in order to safeguard our team of collaborators. The well-being of our employees is fundamental, which is why we have prepared a gradual plan for returning to activities, following the protocols indicated and the best practices we have identified in the market.

Mexarrend is an important source of liquidity for Mexican SMEs, and we will continue to be so throughout this economic cycle. We are committed to helping Mexico and our clients recover from this adverse situation, while prudently managing our capital and liquidity.

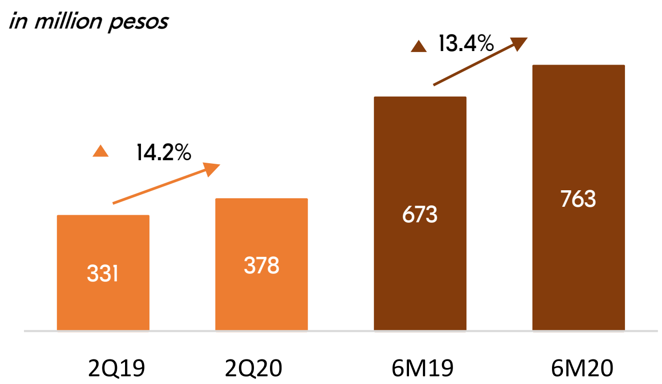
Since our inception more than 20 years ago, we have faced numerous economic crises and, thanks to our prudent risk and credit policies, our robust levels of capital and liquidity, and careful selection of clients, we have emerged stronger from each of these situations. We are confident that this new challenge will be no different and we will continue to successfully serve the interests of our clients, shareholders, employees, bondholders and the communities in which we operate.

At Mexarrend, we are committed to growing and strengthening our company, and to navigate successfully this challenging environment that will undoubtedly bring opportunities.

Alejandro Monzó
CEO, Mexarrend

Income Statement

Total Revenues

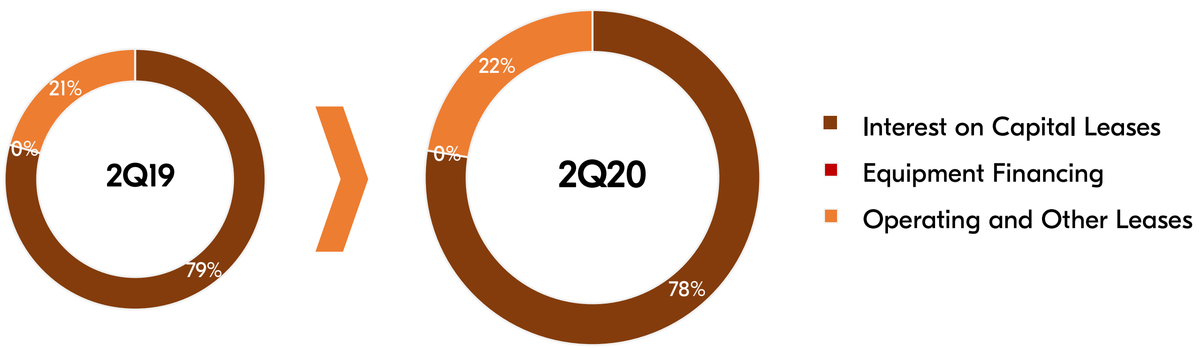


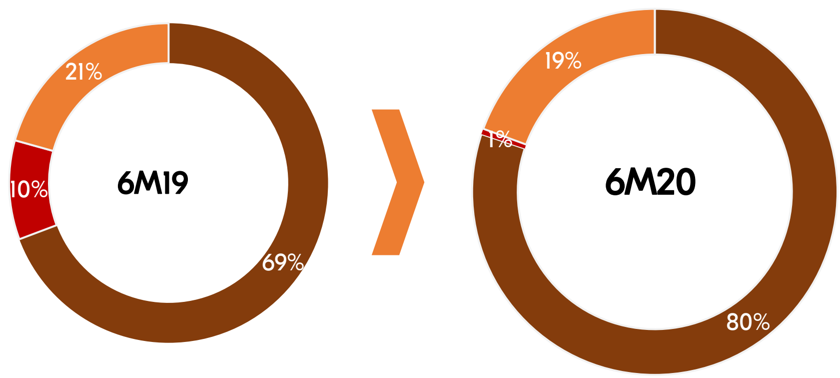
Revenues in 2Q20 when compared to 2Q19, grew by 14.2%. The effect on revenue growth in the quarter was less than expected due to low originations. This impacts commissions for new transactions, the financial margin of originations throughout their term as well as the impact of *Plan Cero* on operating lease operations.

In the accumulated result, the lower revenue growth reflects the last equipment financing transactions that were carried out in 1Q19.

Revenue by Product Line

Interest income on capital leases increased by 10.6% compared to the previous year, reaching $293.4 million. As explained previously, the low revenue growth is due to the limited growth in the portfolio during the period. In 6M20 there was revenue growth in comparison to the same period of the previous year of 31.2%, reaching $611.2 million pesos.

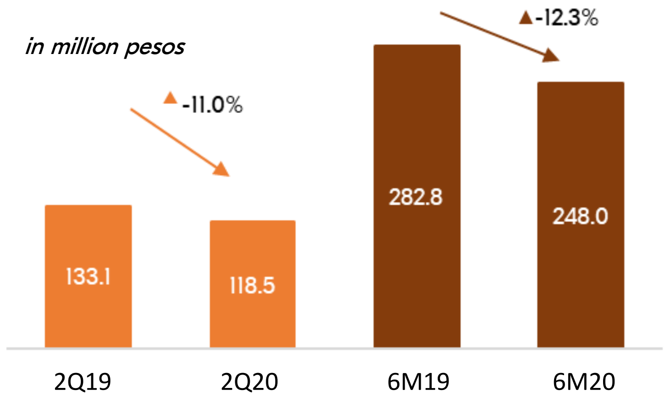




Cost of Sales

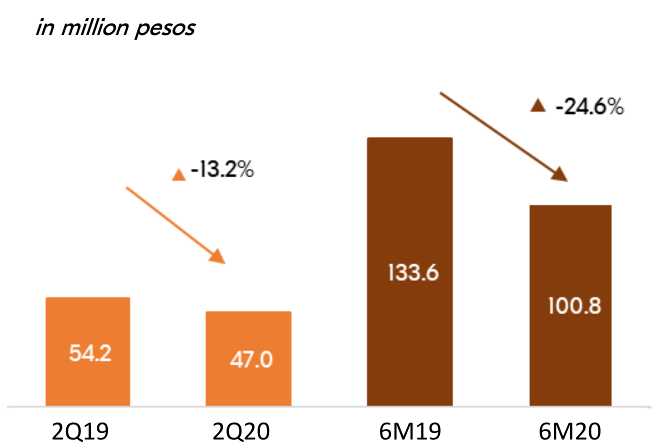
Cost of sales increased by 31.2% in the period compared to the previous year, mainly due to the increase in debt related to the growth of the portfolio.

Gross Profit



As a consequence of low originations during the period, there was an 11.0% decrease in the gross profit for the quarter and a 12.3% decrease in the accumulated gross profit as of June. In 2Q20 there was a gross margin of 31.3% and an accumulated margin of 32.5% at the end of June.

Operating Income



The effect of the low number of new transactions for the quarter is also reflected in the operating income for the period, which decreased by 13.2% in the quarter and by 24.6% for the accumulated period to the end of June.

Operating expenses decreased by 9.5%, reflecting the cost controls and the drop in commissions related to the origination of new transactions.

We continue to analyze the Company's cost structure in order to operate more efficiently and to be prepared for the new economic environment in the coming quarters.

Comprehensive Financing Result

The comprehensive financing result increased by 20.4% for the accumulated period to the end of June 2020, mainly due to accounting effects that reflect the negative carry of the bond issuance in July 2019, as well as higher expenses related to the hedging of derivatives associated with this bond.

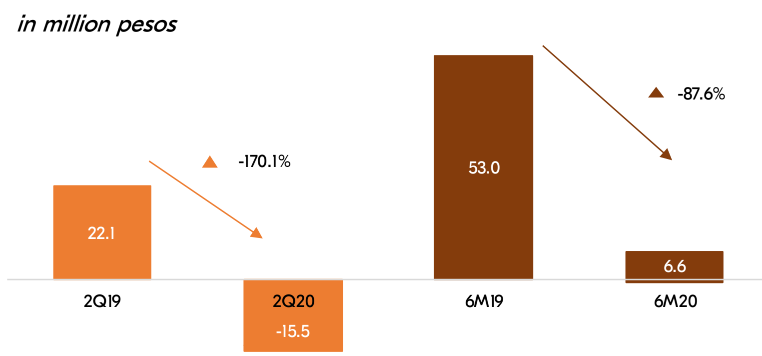
The effect of the cash position is important in this quarter, considering that origination decreased significantly, maintaining cash levels very similar to those reported in 1Q20. This is in line with the objective of taking care of the liquidity of the Company for the coming quarters, seeking greater visibility of the impact, duration and depth of the recession as a result of the COVID-19 pandemic.

Although less than that of 1Q20, there was a significant foreign exchange loss, as a result of the depreciation of the Mexican peso. This effect has been neutralized for accounting purposes with the hedges available for this purpose.

Net Profit

In 2Q20 there was a net loss of $15.5 million, as a result of lower portfolio generation and the impact the negative carry on the comprehensive financing result.

At the accumulated level at the end of June, there was a net profit of $6.6 million, compensated by the profits generated in the first quarter of the year.



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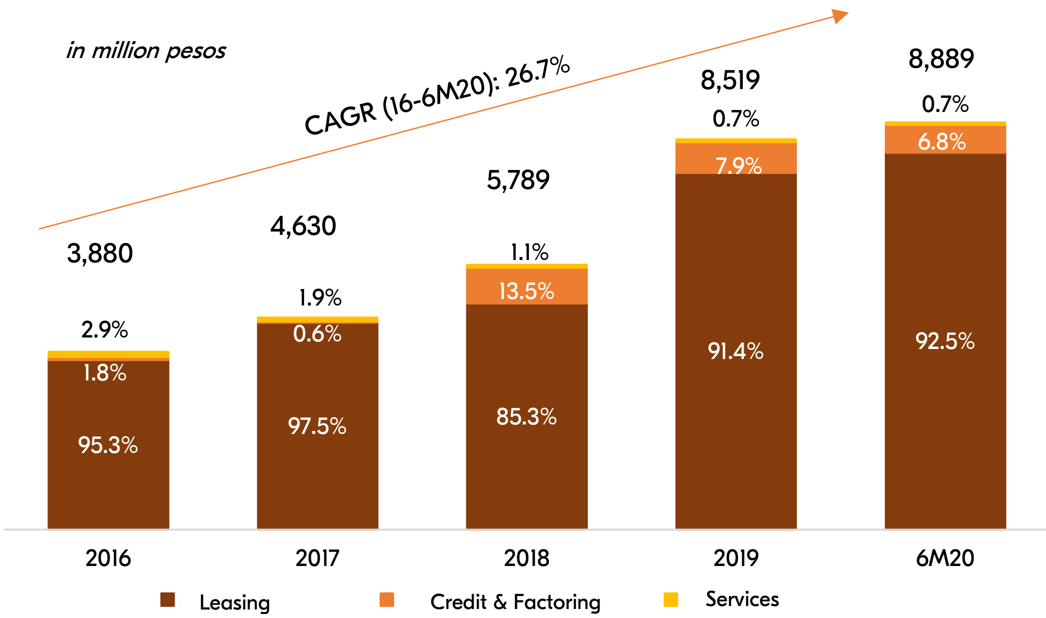
Mexarrend's Portfolio

As of June 30th, 2020, the total portfolio increased by 21.3% to reach $8.889 billion compared to the end of 2Q19. The increase was less than that reported in the previous quarter, due to almost zero originations over the period. We are monitoring the opportunities and the environment to analyze those industries in which it makes most sense to grow in the coming months - those which are resilient to the new market dynamics.



Portfolio Diversification

We have a diversified portfolio in the country's main industries. The graph shows the industries according to the Global Industry Classification Standard ("GICS"), which is shown in greater detail later in this section.

The diversification of our portfolio is in line with the percentage of participation of these industries in the economy, ensuring that we participate in the areas of greatest growth in Mexico.

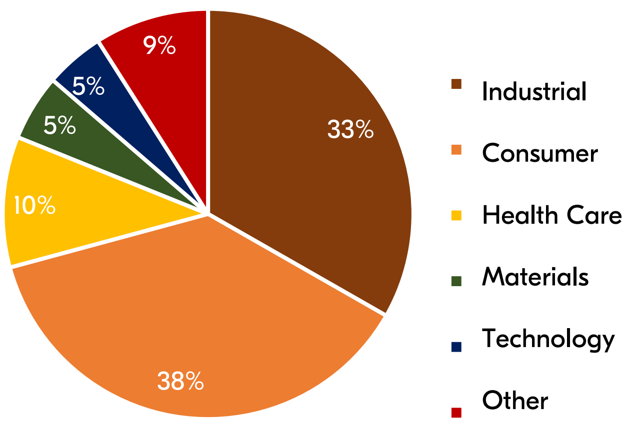
As shown later in this section, in the "Client Composition in the Portfolio" section, we have low exposure to industries with high susceptibility to COVID-19, such as the auto parts, tourism and restaurant sectors.

A significant percentage of Mexarrend's clients are in Mexico City and the metropolitan area, which includes the State of Mexico.

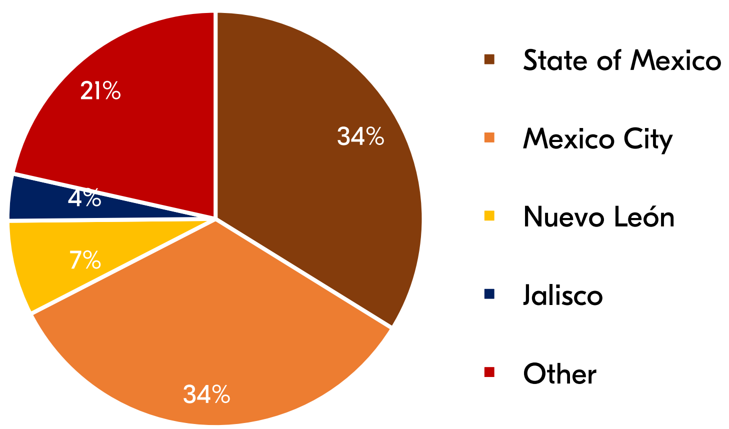
Our sales force operates throughout the country from our headquarters and currently has a representative office in Monterrey, to better serve the northern region.

We seek to continue strengthening our presence in the regions with the highest economic growth and investment dynamics and we remain cautious of industries with higher risks.

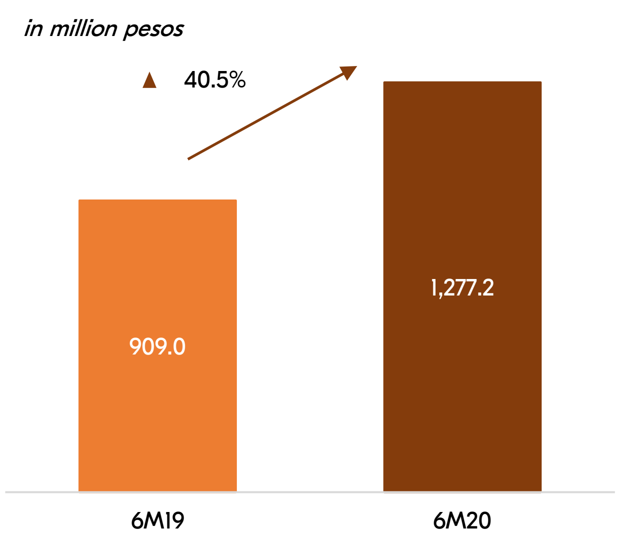
By Industry



By Region



Real Estate Portfolio



As of June 30th, 2020, real estate assets reached $1.277 billion compared to $909.0 million as at June 30th, 2019, representing an increase of 40.5%, as a result of the development of the real estate leasing product.

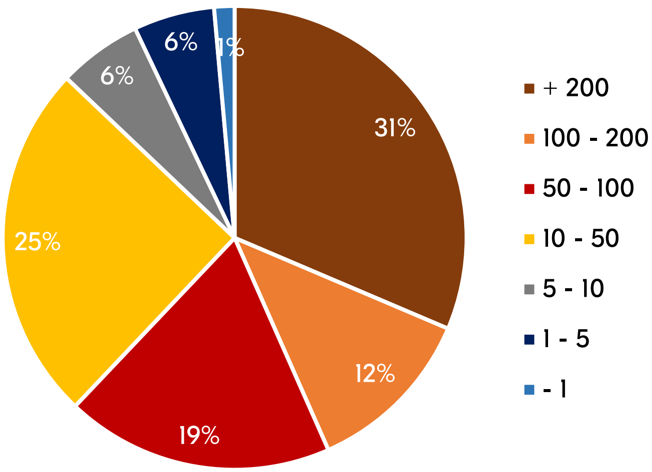
Client Composition in the Portfolio

Mexarrend uses the GICS to classify its existing customer portfolio. A more detailed analysis of the portfolio is presented below (as of 2Q20).

in million pesos

Sector	Amount 2Q19	Amount 2Q20	% 2Q19	% 2Q20	Sector	Amount 2Q19	Amount 2Q20	% 2Q19	% 2Q20
Energy	8	7	0.1%	0.1%	Energy	8	7	0.1%	0.1%
Materials	503	464	6.9%	5.2%	Materials	503	464	6.9%	5.2%
Industrials	2,615	2,957	35.7%	33.3%	Capital Goods	1,118	982	15.3%	11.0%
					Commercial & Professional Services	714	865	9.7%	9.7%
					Transport	784	1,110	10.7%	12.5%
Consumer Discretionary	1,977	3,336	27.0%	37.5%	Automobiles & Components	126	112	1.7%	1.3%
					Consumer Durables & Apparel	835	871	11.4%	9.8%
					Consumer Services	373	571	5.1%	6.4%
					Media	324	1,118	4.4%	12.6%
					Retail	319	664	4.4%	7.5%
Other	398	480	5.4%	5.4%	Sale of Food and Prodcuts	195	234	2.7%	2.6%
					Food, Beverage & Tobacco	198	236	2.7%	2.7%
					Household & Personal Products	5	10	0.1%	0.1%
Health Care	819	917	11.2%	10.3%	Health Care Equipment & Serivces	766	896	10.5%	10.1%
					Pharmaceuticals, Biotechnolgy & Life Sciences	53	21	0.7%	0.2%
Financial Services	169	195	2.3%	2.2%	Banks	1	0	0.0%	0.0%
					Diversified Financial Services	139	188	1.9%	2.1%
					Insurance	29	6	0.4%	0.1%
Information Technology	492	414	6.7%	4.7%	Software & Services	453	391	6.2%	4.4%
					Technology, Hardware & Equipment	39	23	0.5%	0.3%
					Semiconductors & Semiconductor Equipment	0	0	0.0%	0.0%
Telecommunication Services	249	61	3.4%	0.7%	Telecommunication Services	249	61	3.4%	0.7%
Services	0	0	0.0%	0.0%	Services	0	0	0.0%	0.0%
Real Estate	96	59	1.3%	0.7%	Real Estate	96	59	1.3%	0.7%
Total	7,326	8,889	100%	100%	Total	7,326	8,889	100%	100%

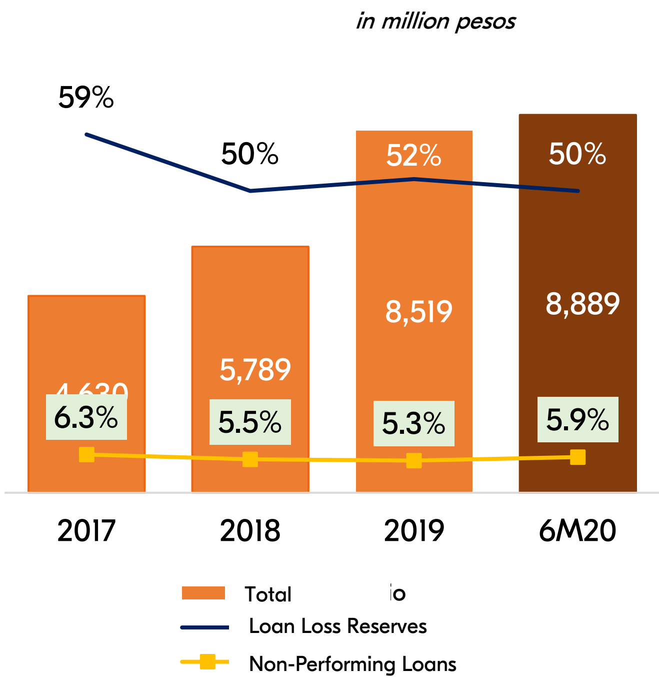
Portfolio Distribution by Ticket Size



Transaction Size (in million pesos)	Number of Clients	%
+ 200	8	1%
100 - 200	8	1%
50 - 100	23	3%
10 - 50	100	13%
5 - 10	74	9%
1 - 5	208	27%
- 1	361	46%

Mexarrend operates under strict credit policies aligned with its priority of maintaining a high-quality portfolio. 95% of clients have transaction contracts of less than $50 million, thus maintaining a low level of concentration per customer.

Non-Performing Loans

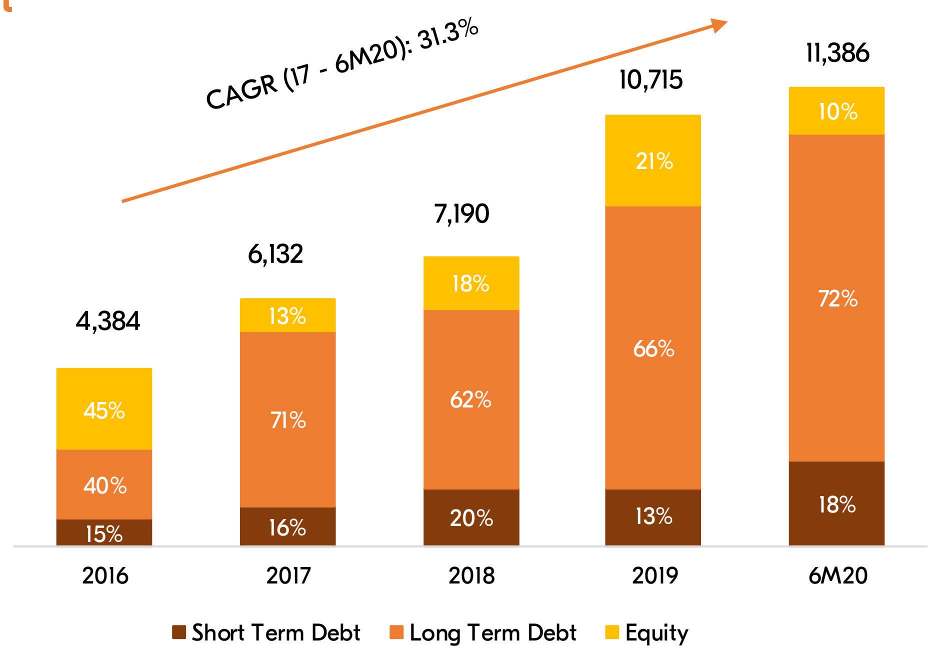


Non-performing loans (NPLs) as of June 30th, 2020 rose to $528.1 million, representing 5.9% of the total portfolio. Although the NPL portfolio index is higher than that of 1Q20, we believe that it still reflects an achievement in the controlled portfolio given the current environment, which we are closely monitoring.

The loan loss reserve stood at $266.3 million (in line with IFRS 9), representing 50% of the NPL amount. This percentage considers the future value of the portfolio (principal + future income).

Mexarrend ended 2Q20 with a strong balance sheet, reaching a Total Portfolio/Financial Debt ratio of 1.1x and a Total Portfolio + Available Cash/Financial Debt ratio of 1.3x. The ratios mentioned above take the impact of our hedges into account.

Balance Sheet



Total assets as of June 30th, 2020 increased by $3.357 billion when compared the end of June, 2019, to end the period at $11.386 billion.

Total liabilities increased by 57.0% compared to the end of June 2019, to reach $10.247 billion, mainly in long-term debt related to the issuance of the international bond in July 2019, as well as the impact of variations in foreign exchange rates.

Our debt profile is adequate for the size of the Company and almost 75% of liabilities mature in 2024, which positions the Company with a highly manageable level of debt obligations for the next three years. This is due to the active management of our liability strategy.

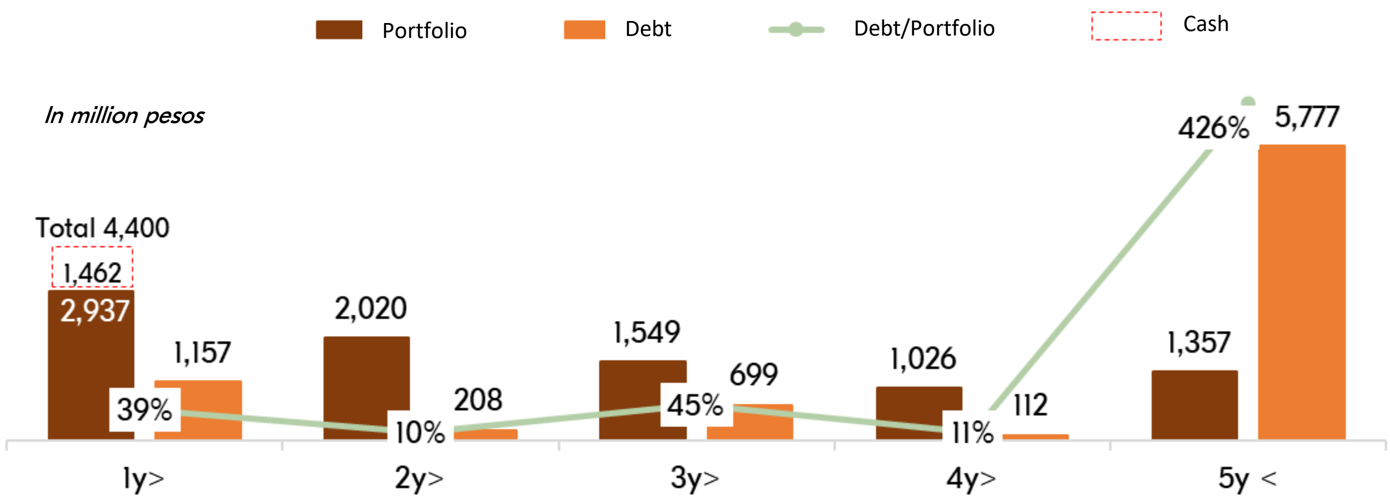
Impact of Hedges on the Balance Sheet

The Company acquired financial derivative instruments in order to cover the risk of future increases in the peso/dollar exchange rate for the payment of its debt denominated in dollars (call spreads to cover the principal and cross currency swaps to cover the payment of semi-annual interest). These instruments are recorded at their fair value on the balance sheet within the assets sections and their counter account is Other Comprehensive Income ("OCI") within the stockholders' equity of the Company. The aforementioned hedges were made at the time of issuing the corresponding liability in foreign currency.

Operating exchange rate losses due to the variations in the exchange rate are recorded in the income statement within the comprehensive cost of financing and are neutralized with the valuation of financial derivative instruments. This valuation is recorded as a complementary item of the exchange rate gain or loss on the income statement and its counter account is OCI within the Company's stockholder equity.

As of June 30th, 2020, the valuation of financial instruments that neutralize the operating exchange rate loss was greater than the change in fair value of the financial derivative instruments recorded on the asset, which resulted in a negative balance in OCI within the Company's stockholders' equity. This effect was less than that reflected in 1Q20 given the appreciation in the exchange rate in the last quarter.

Portfolio vs Financial Debt



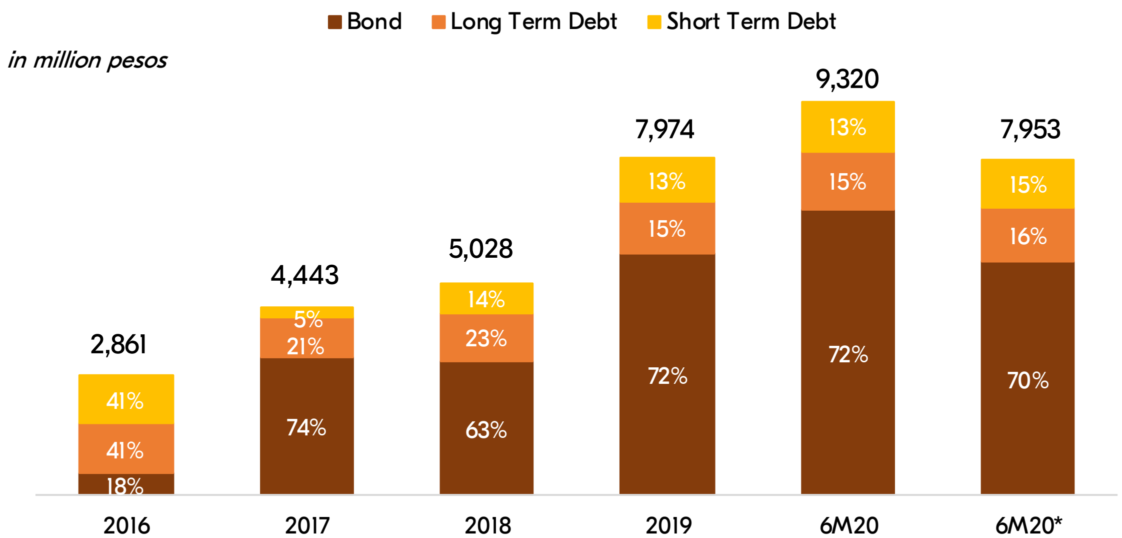
Note: Amortization of the principal considering hedging. The value of the portfolio does not reflect the cash position of $1.462 billion at the end of the period.

The total liquidation of Mexarrend's portfolio in the next 5 years is $8.889 billion, which compares to the total amortization of the Company's net financial debt of $7.953 billion, taking into account the value of the amortizations of capital with their respective exchange rate hedges, as shown on the graph. If cash is considered at the end of the quarter, the net financial debt amounts to $6.490 billion. If the value of the debt is taken without the effect of the hedges, the value of the debt to be amortized in the coming years amounts to $9.320 billion.

With the issuance of the bond in July 2019, debt amortizations for the coming years were significantly reduced, which was one of the key reasons behind the issuance. Mexarrend is committed to actively managing liabilities and, seeking the best cost and terms in the market.

Mexarrend is analyzing different funding alternatives with various financial institutions, with favorable levels of progress with each of them. Mexarrend has a solid reputation in the market, which has allowed us to continue with these negotiations, even considering the volatile environment in which we find ourselves. We will seek to have these lines of credit in place for the second half of the year, to be able to support growth when the financial environment's conditions improve, always taking into account the new risk assessments in the country and the industries with which we operate.

Portfolio and Financial Debt Run-off (Short-term, Long-term & International Bond 2024)



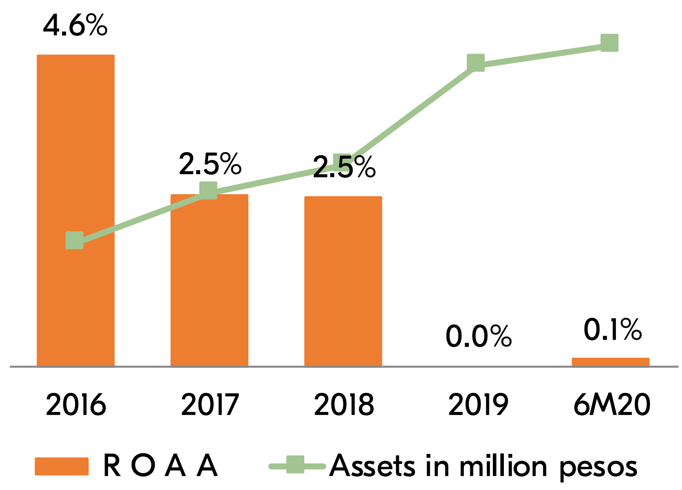
** Note: This takes the effect of the hedges into account.*

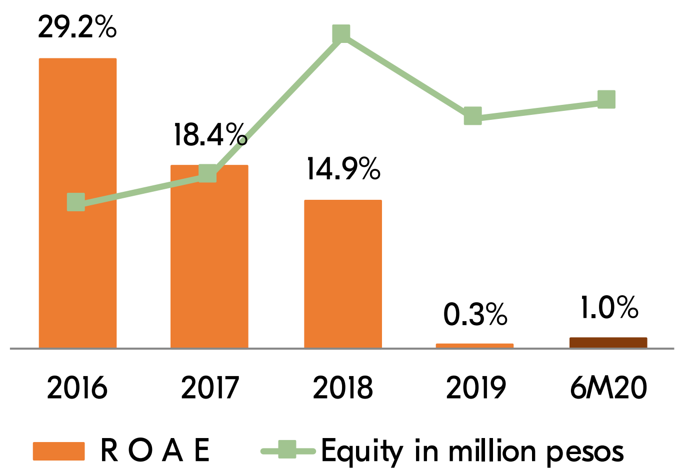
Mexarrend's debt profile is adequate for the growth of our business, maintaining only 13% of our debt with short-term maturities. Of the short-term maturities, a significant proportion corresponds to the Cebures program on the local capital market, in which we have participated for over 10 years. Over the quarter we were able to refinance most of these maturities, despite the adverse market conditions.

Most of our leverage corresponds to the international bond issued in July 2019, which consists of a bullet payment in 2024, that is fully hedged against changes in the exchange rate.

By taking the effect of the hedges into account, debt is reduced to $7.953 billion pesos, where the 2024 international bond represents 70% of the total.

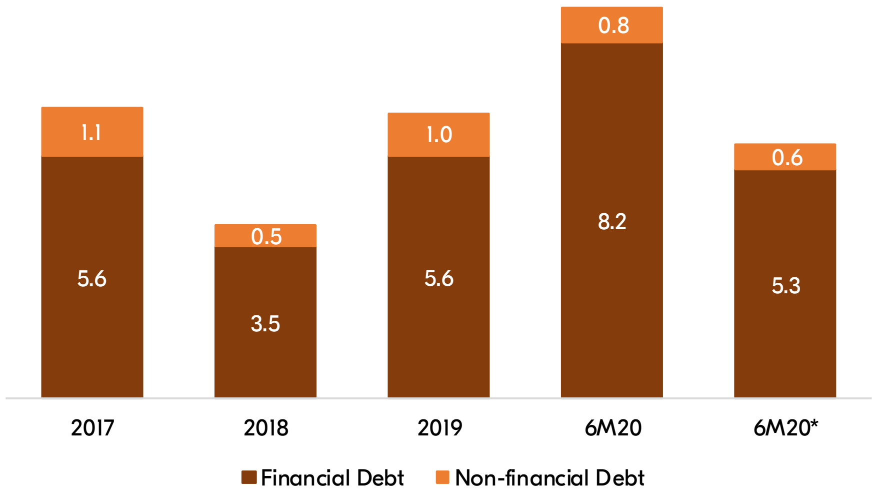
Financial Ratios





At the end of June 2020, ROAA and ROAE were 0.1% and 1.0%, respectively. This was an improvement compared to the 2019 figures, and is mainly explained by the non-recurrent expenses that year related to the cancellation of the 2022 bond and issuance of the 2024 bond.

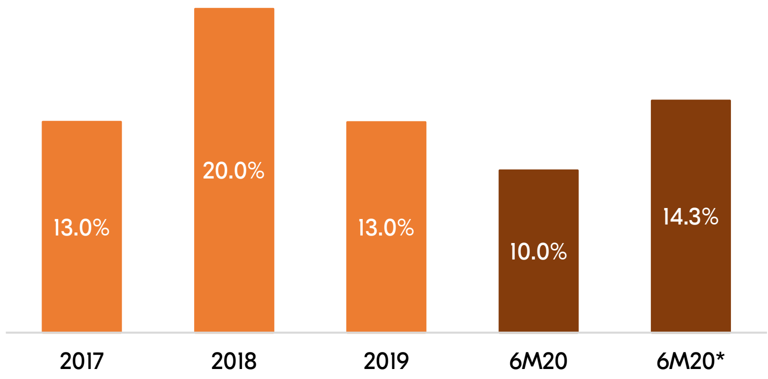
Leverage Ratio



** Note: This takes the effect of the hedges into account.*

The leverage ratio for the quarter, isolating the effects of the depreciation of the exchange rate, was 5.3x for both debt and capital. As explained above, dollar debt obligations are duly covered and the amounts payable are converted at an exchange rate close to $19.0 MXN/USD.

Capitalization Ratio



**Note: Does not consider the effect of the valuation of derivative instrument hedges.*

The capitalization ratio was 10.0% for the quarter. This was affected by the OCI in the capital account. If we isolate this effect, for the aforementioned reasons, the capitalization index would be 14.3%.

The result for the year continues to reflect the application of the resources obtained by the bond issued in July 2019, where the profitability of the new portfolio will be gradually presented in the coming quarters and may be even more gradual due to the impact on the economy in the coming months.

Global and Local Credit Ratings

Global

	2017	2019	2Q20
S&P	B+	BB-	B
Fitch Ratings	B+	BB-	B+

Local

	2017	2019	2Q20
HR Rating	HR A-	HR A	HR A
Fitch	BBB+	BBB+	BBB+

On March 26th, 2020, S&P Global Ratings lowered Mexico's long-term global sovereign ratings in foreign and local currency as a result of COVID-19's impact on the country, the global environment, overall economic uncertainty and drops in oil price. As a consequence, Mexarrend's rating was adjusted from BB- to B+.

As a result of the above, the ratings of the country's financial institutions were adjusted down, when stressing the capitalization scenarios considering the potential impact of the slowdown in the Mexican economy. On May 18th, 2020, Mexarrend's rating reflected an additional adjustment from B+ to B with stable perspective.

On May 25th, 2020 HR Ratings ratified the rating of HR A with a stable outlook and HR2 for Mexarrend. This was due to the adequate performance and growth of the leasing portfolio in the last year, as well as the one-off nature of the impacts on capitalization and profitability as a result of the bond issuance in July 2019, which did not represent a cash outflow for the Company.

On June 10th, 2020, Fitch Ratings lowered Mexarrend's rating to B+ from BB-, which is explained by the leverage and capitalization ratios being pressured by the prospects of the economic environment in Mexico.

Sustainability

During the first quarter of the year, Mexarrend had important sustainability achievements that reflect the work that has been done in recent years. In February, we obtained the CEMEFI (Mexican Center for Philanthropy) distinction for a Socially Responsible Company (Empresa Socialmente Responsable in Spanish). This distinction recognizes our initiatives in the award's five pillars: 1) link with the community, 2) environment, 3) ethics and corporate governance, 4) quality of life and 5) management of social responsibility. We remain committed to strengthening these important pillars that contribute to the success and recognition of Mexarrend.

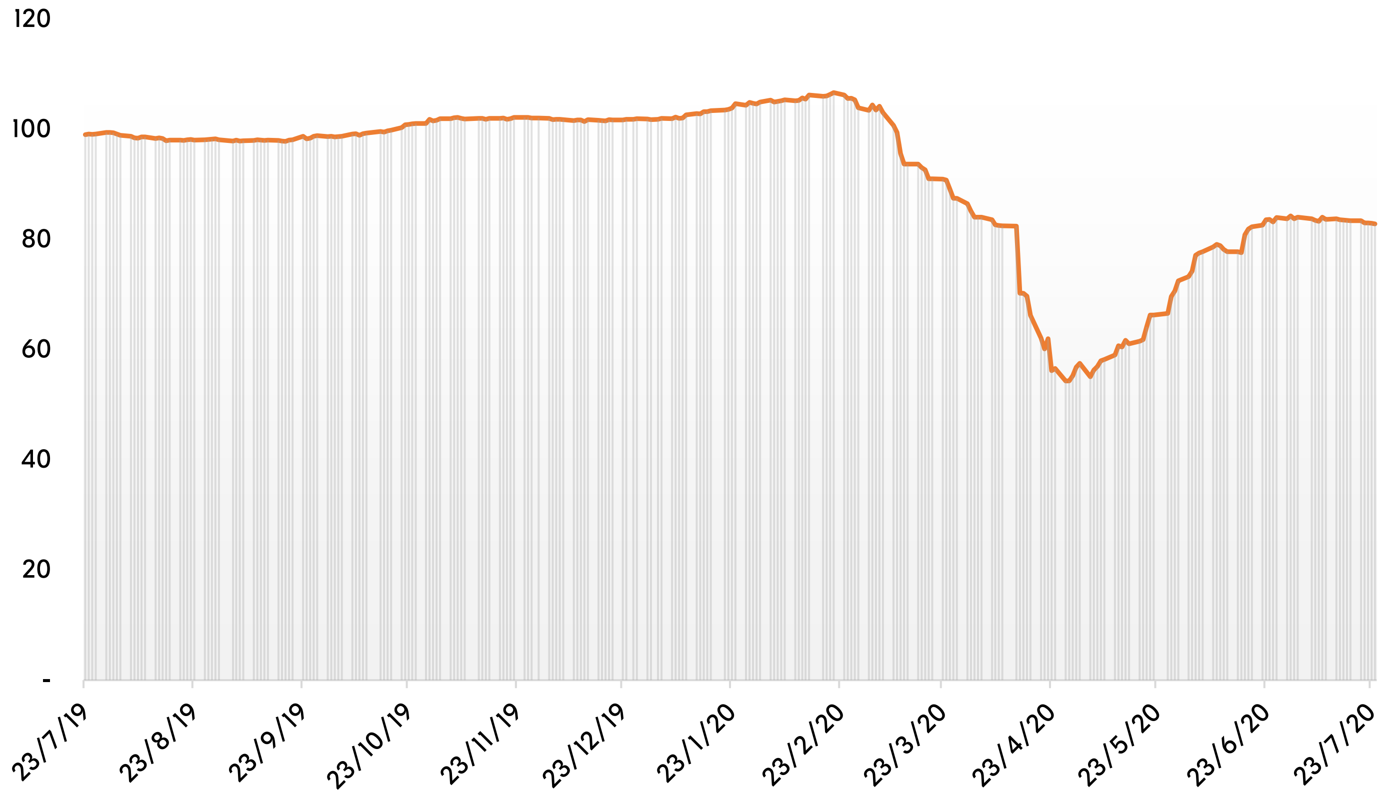
In this same period, we adhered to the United Nations Global Compact with the commitment to align our business strategy with Sustainable Development projects. The Global Compact considers ten fundamental principles with which Mexarrend has been firmly committed to since its inception. This will allow us to share our best practices and to get to know and adopt other countries' and organizations' strategies that have managed to stand out with the principles implemented.

Additionally, last year we began the development of the Environmental and Social Risk Management System (SARAS in Spanish) last year. It aims to identify, evaluate and monitor socio-environmental risks as part of the financing business, in addition to generating new business opportunities with existing and future clients in terms of sustainability. The SARAS model is based on the International Finance Corporation ("IFC") Performance Standards. Moreover, it adheres to our credit process and considers the identification of sectorial risk, territorial sensitivity and principles of gender equity. This is in order to optimally assess socio-environmental risks.

We remain committed as a Company to operating in accordance with the best international sustainability practices and continue to show our commitment to all our stakeholders (clients, collaborators, investors and suppliers).

Bond Performance (BMV: DOCUFOR 2024)

Performance of the bond issued in July 2019 for US$300 million with a 5-year term (2024) and a coupon of 10.250% is shown below. The recent performance of the has been impacted by the volatility and uncertainty of the markets due to the COVID-19 pandemic.



Source: Bloomberg, with information at market close on July 24th, 2020.

Reading Mexarrend's Financial Statements

Key components of Mexarrend's Income Statement and Balance Sheet

Total Revenues

- **Interest on capital leases** → includes interest earned on capital lease payments and portfolio sales.
- **Equipment financing** → equipment financed under installment plan, includes both the interest and the principal.
- **Operating leases** → includes (i) the rental revenue from ICI's lease of real estate property, (ii) rental income associated with the operating lease business of ARG and (iii) the fees for certain maintenance and insurance services.
- **Factoring** → interest from factoring.

Costs

- **Interest expense** → includes the funding costs for the assets leased under all of our capital, operating leases and transportation services (renting) and other related services.
- **Equipment financing expense** → includes the costs of equipment that is purchased as part of our equipment financing business.
- **Depreciation of assets under operating leases** → depreciation of the real estate asset being rented by ICI and the depreciation of all the operating lease equipment leased by ARG as part of its renting business.

Balance Sheet (assets)

- **Accounts receivable** → the net investment in leases.
- **Other assets** → mostly security deposits.
- **Property, furniture and equipment – net** → includes the properties from the Real Estate business derived from ICI and other equipment of the Company.

Consolidated Profit and Loss Statement
As of June 30th, 2020

in millions of pesos

REVENUES	2T19	2T20	Var. %	6M19	6M20	Var. %
Interest on capital leases	265.2	293.4	10.6%	466	611.2	31.2%
Equipment financing	-	-	-	67.5	3.8	-
Operating leases	65.9	84.7	29%	139.2	148	6%
Total income	331.1	378.1	14.2%	672.7	763	13.4%
COSTS						
Interest expense	159.1	219.1	37.7%	271.4	440.7	62.4%
Equipment financing	-	-	-	49.4	4.5	(90.1)%
Depreciation of assets under operating leases	38.9	40.6	4%	69.1	69.8	1%
Total costs	198	259.7	31.2%	389.9	515.1	32.1%
GROSS INCOME	133.1	118.5	(11.0%)	282.8	248	(12.3%)
Selling expenses	18.5	7.3	(60.5)%	31.2	19.1	(38.8)%
Administrative expenses	44.2	46.1	4.3%	86.8	93.1	7.3%
Loan loss reserve	16.2	18	11%	31.2	35	12%
Operating expenses	78.9	71.4	(9.5)%	149.2	147.2	(1.3)%
OPERATING INCOME	54.2	47.0	(13.2%)	133.6	100.8	(24.6%)
Other (income) expenses, net	0.4	2.1	425.0%	0.5	4.1	720.0%
Interest income	(19)	(19.6)	3.2%	(26.8)	(48.2)	79.9%
Interest expenses	23.4	51.6	120.5%	57.3	106.9	86.6%
Net exchange loss (profit)	(33.4)	(362)	983.8%	(81.2)	1,359.8	NM
Valuation of financial derivative instruments	30.8	349.9	1036.0%	72.7	(1,410.0)	NM
Premiums of financial derivate instruments	25.1	42.4	68.9%	52.2	80.8	54.9%
Comprehensive financing result	26.9	62.2	131.2%	74.2	89.3	20.4%
INCOME BEFORE INCOME TAXES	26.9	(17.2)	NM	58.9	7.3	(87.6)%
Taxes	4.7	(1.7)	(136.2)%	5.9	0.7	(88.1)%
NET INCOME	22.1	(15.5)	NM	53	6.6	(87.6)%

Balance Sheet
As of June 30th, 2020

in millions of pesos

ASSETS	6M19	6M20	Var. %
CURRENT ASSETS			
Cash and cash equivalents	713.7	1,462.5	104.9%
Accounts receivable	2,412.5	2,368.4	(1.8)%
Loan loss reserve	(188.7)	(266.3)	41.1%
Taxes to recuperate	205.1	270.6	31.9%
Sundry debtors	19.8	2.0	(90.0)%
Related party debtors	47.9	0.0	(100.0)%
Other assets	29.5	139.7	373.7%
Inventory	10.6	21.0	98.0%
TOTAL CURRENT ASSETS	3,250.4	3,997.9	23.0%
NON-CURRENT ASSETS			
Property, plant and equipment - net	1,292.8	1,745.3	35.0%
Long-term receivables	2,993.8	4,267.8	42.6%
Other assets	82.1	93.3	13.6%
Financial derivative instruments	26.8	790.4	2849.1%
Deferred taxes	148.7	256.8	72.7%
Intangible assets	234.2	234.2	0.0%
TOTAL NON-CURRENT ASSETS	4,778.4	7,387.7	54.6%
TOTAL ASSETS	8,028.8	11,385.6	41.8%
LIABILITIES			
CURRENT LIABILITIES			
Current portion of long-term debt	1,600.1	1,176.7	(26.5)%
Accounts payable	49.7	13.0	(73.8)%
Sundry creditors	696.7	899.3	29.1%
Related party creditors	6.3	14.1	124.2%
Income taxes and other taxes payable	31.7	0.3	(99.0)%
TOTAL CURRENT LIABILITIES	2,384.5	2,103.5	(11.8%)
NON-CURRENT LIABILITIES			
Long-term debt	4,012.5	8,143.6	103.0%
Deferred income tax	129.8	-	(100.0)%
TOTAL NON-CURRENT LIABILITIES	4,142.3	8,143.6	96.6%
TOTAL LIABILITIES	6,526.8	10,247.2	57.0%
STOCKHOLDERS' EQUITY AND RESERVES			
Capital stock	1,322.8	1,322.8	0.0%
Retained earnings	180.1	184.2	2.3%
Valuation of financial derivative instruments	(53.9)	(375.1)	596.0%
Current year net income	53.0	6.6	(87.6)%
TOTAL STOCKHOLDERS' EQUITY AND RESERVES	1,502.0	1,138.4	(24.2)%
LIABILITIES + STOCKHOLDERS' EQUITY	8,028.8	11,385.6	41.8%

MEXARREND®

LEASING INNOVATION

About MEXARREND

Mexarrend S.A.P.I. de C.V. has grown to be the second largest independent leasing company in Mexico in the last 21 years. The Company specializes in offering financing solutions to rapidly-growing and underserved small and medium-sized enterprises (SMEs) for the acquisition of productive assets and equipment to support growth. Mexarrend provides reliable and competitive funding sources through its six main business lines: capital leasing, operating leases, transportation services, factoring, cash financing and equipment financing.

This document may contain certain forward-looking statements. These statements are non-historical facts, and are based on the current vision of the Management of Mexarrend S.A.P.I. De C.V. for future economic circumstances, the conditions of the industry, the performance of the Company and its financial results. The terms "anticipated", "believe", "estimate", "expect", "plan" and other similar terms related to the Company, are solely intended to identify estimates or predictions. The statements relating to the implementation of the main operational and financial strategies and plans of investment of equity, the direction of future operations and the factors or trends that affect the financial condition, the liquidity or the operating results of the Company are examples of such statements. Such statements reflect the current expectations of the management and are subject to various risks and uncertainties. There is no guarantee that the expected events, trends or results will occur. The statements are based on several suppositions and factors, including economic general conditions and market conditions, industry conditions and various factors of operation. Any change in such suppositions or factors may cause the actual results to differ from expectations.

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