



# MEXARREND®

**4Q21 Corporate Presentation**



## Contact Information

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For more information visit

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# Company Overview

## Mexarrend at a Glance

### Business Description

- Asset-backed lender specialized in providing financing solutions for the acquisition of productive assets and equipment to Small and Medium Enterprises ("SMEs")
- Different and complementary business lines to cover our SME target segment
- Presence in 30 states, 93% of Mexico.



#### Capital Leases

Leasing products for various types of equipment with purchase option



#### Financing

Includes cash financing and equipment financing



#### Operating Leases

Leasing products for various types of equipment without purchase option

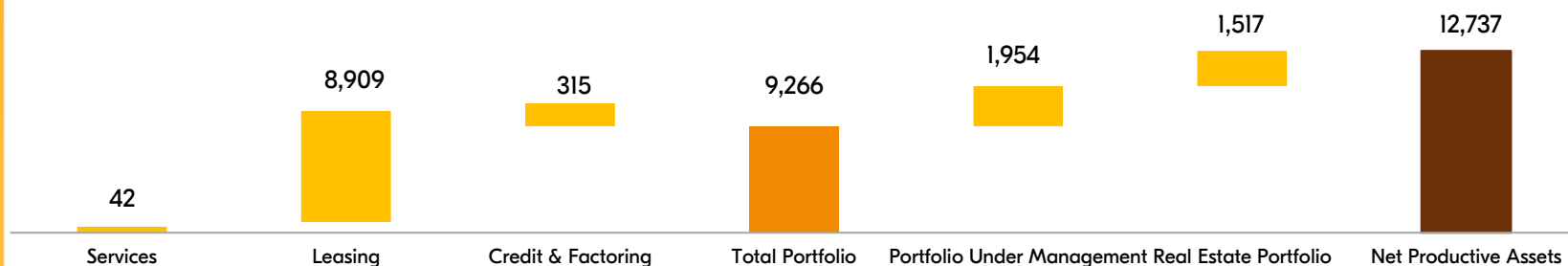


#### Renting

Equipment leasing with supplies, service and maintenance required

### Net Productive Assets ("NPA") Breakdown by Product

As of 4Q21 | MXN\$ MM



### Key Financial Highlights

	12M20	12M21	Var. %
Total Revenues	1,506	2,127	41.2
Net Income	93	143	53.8
Comprehensive Financing Result	248	306	23.4
Total Portfolio	9,049	9,266	2.4
Total Assets	10,521	11,564	9.9
Shareholder's Equity & Reserves ("SE")	1,470	1,900	29.3
Financial Debt*/Shareholders' Equity*	4.9x	4.4x	(0.5)x
Capitalization* (SE*/Total Assets*)	15.4%	17.4%	200pbs
SE*/Total Portfolio	17.7%	21.0%	330pbs
R O A A	0.9%	1.3%	40pbs
R O A E*	6.0%	8.0%	200pbs
Credit Rating (Fitch, Global)	B+	B+	-

\*Net financial ratios, not accounting for the effects caused by variations in the exchange rate for the quarter due to the debt coverage, eliminating the effect of the OCI on Shareholders Equity

## Mexarrend 360°: Unique Proposition to Cover the Mexican Market

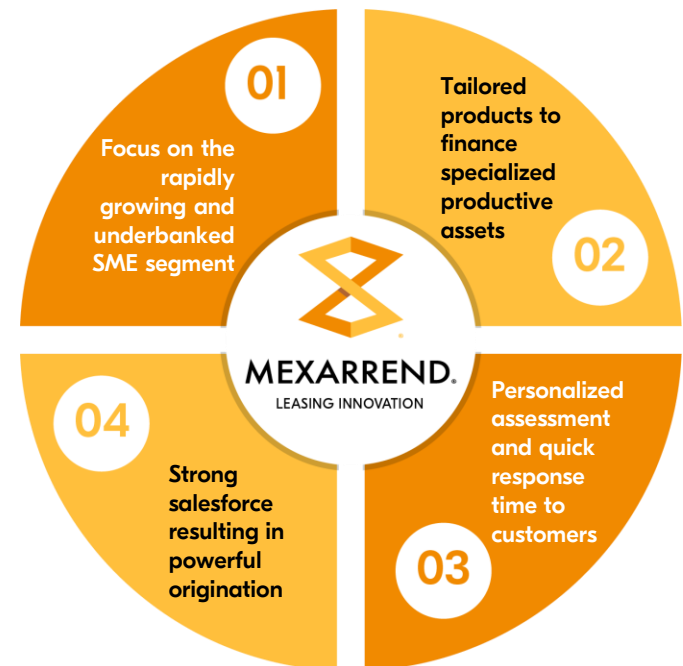
Lender covering the entire relevant market through four specialized divisions:



## Key Milestones and Integrated Business Model



### Business Model



## Recent Relevant Events

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In November, the 12<sup>th</sup> edition of the Best Mexican Companies was held, an initiative promoted by Citibanamex, Deloitte and the Tecnológico de Monterrey, that recognized **Mexarrend** as one of the Best Mexican Companies, reaffirming once again the company's commitment to the development of the Mexican economy.



On January 27<sup>th</sup>, 2022, **Mexarrend** and **Zinobe** announced the creation of **Tangelo**, a technological company that develops innovative credit solutions in Latin America.

Tangelo specializes in helping companies build and scale tech-enabled credit solutions targeting Latin America's SMEs and consumer segments through its proprietary technology platform and risk management tools.

Combined business creates one of the largest alternative credit players in Latin America, which leverages the agility and versatility of a leading regional fintech with the strong institutional relationships and operational experience of an established financial entity.





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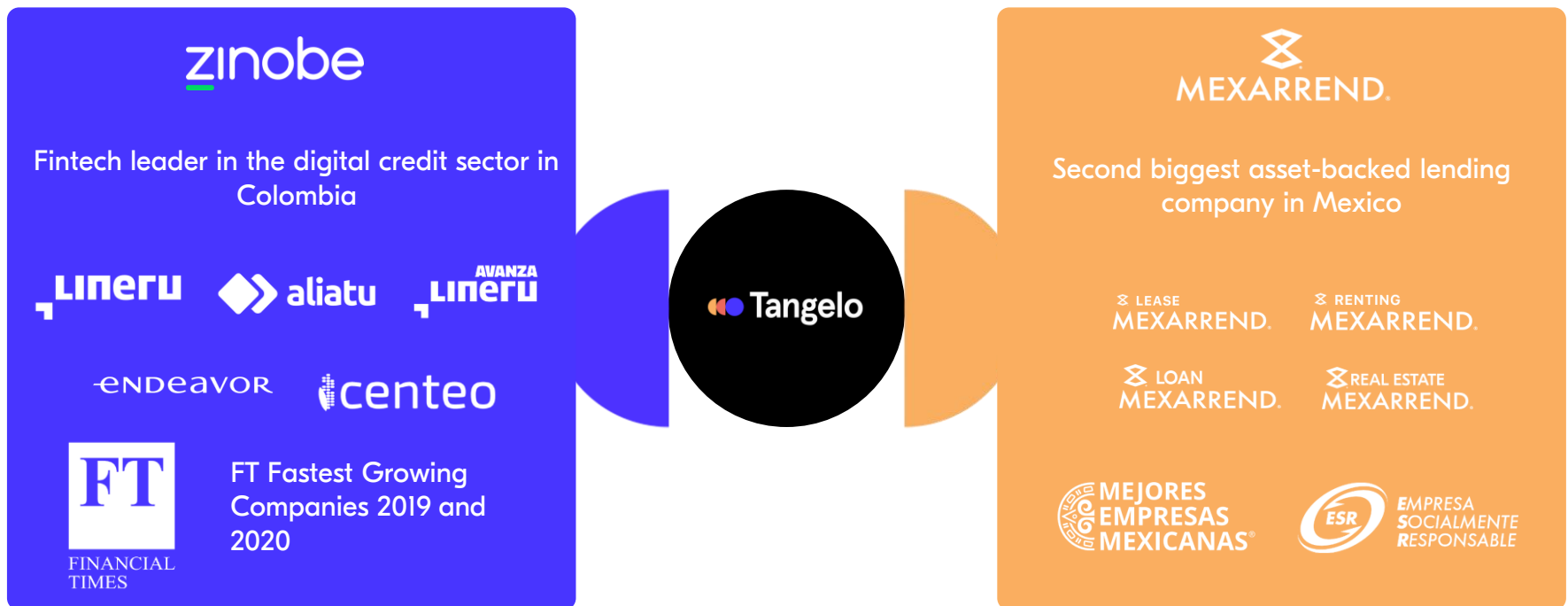
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The Tangelo logo, consisting of a stylized icon of two overlapping circles followed by the word 'Tangelo' in a large, bold, sans-serif font.

# Tangelo

## What is Tangelo?

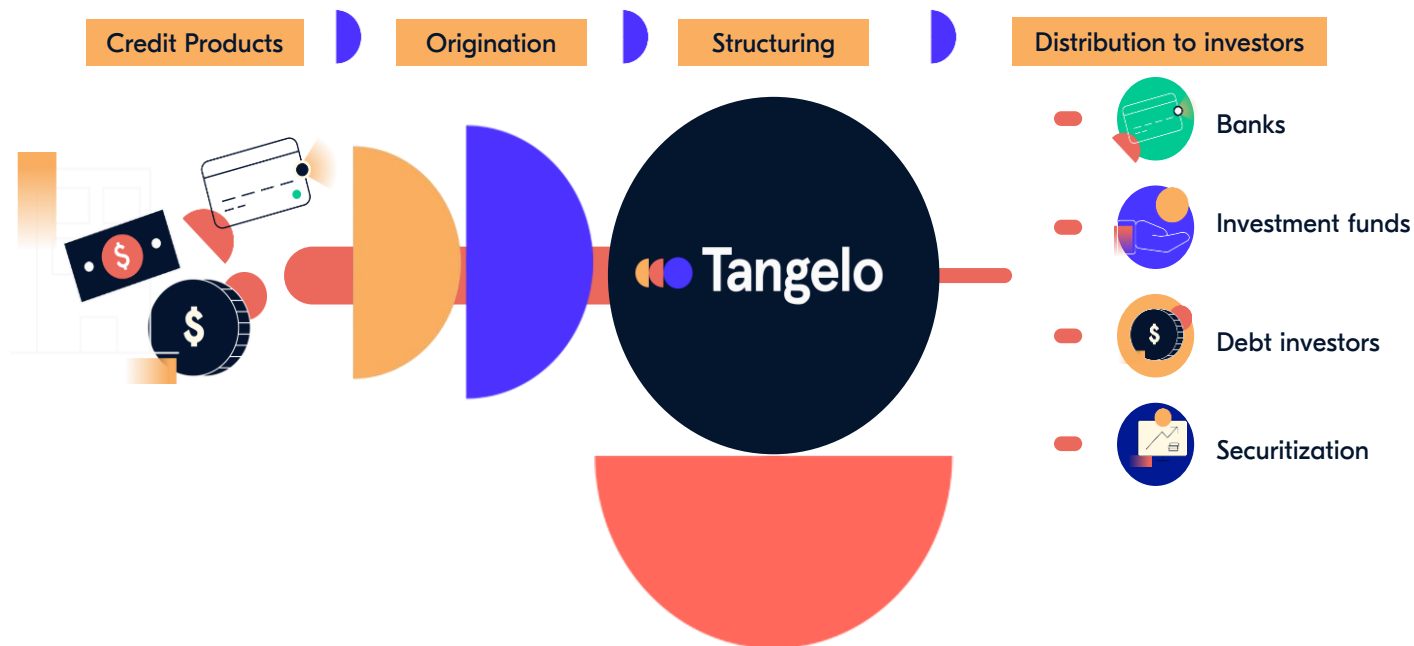
Tangelo brings together Mexarrend's more than twenty-five years' credit risk and operational experience, strengthened by deep institutional relationships, with Zinobe's advanced technological and analytics capabilities to provide integrated credit solutions targeting SMEs and consumers across Latin America.



The company will continue to grow its existing business lines with a focus on developing embedded solutions through its corporate and institutional partnerships. Tangelo has several important differentiating factors, given its diverse product and risk management capabilities spanning both consumer and business, which will enable more complete offerings.

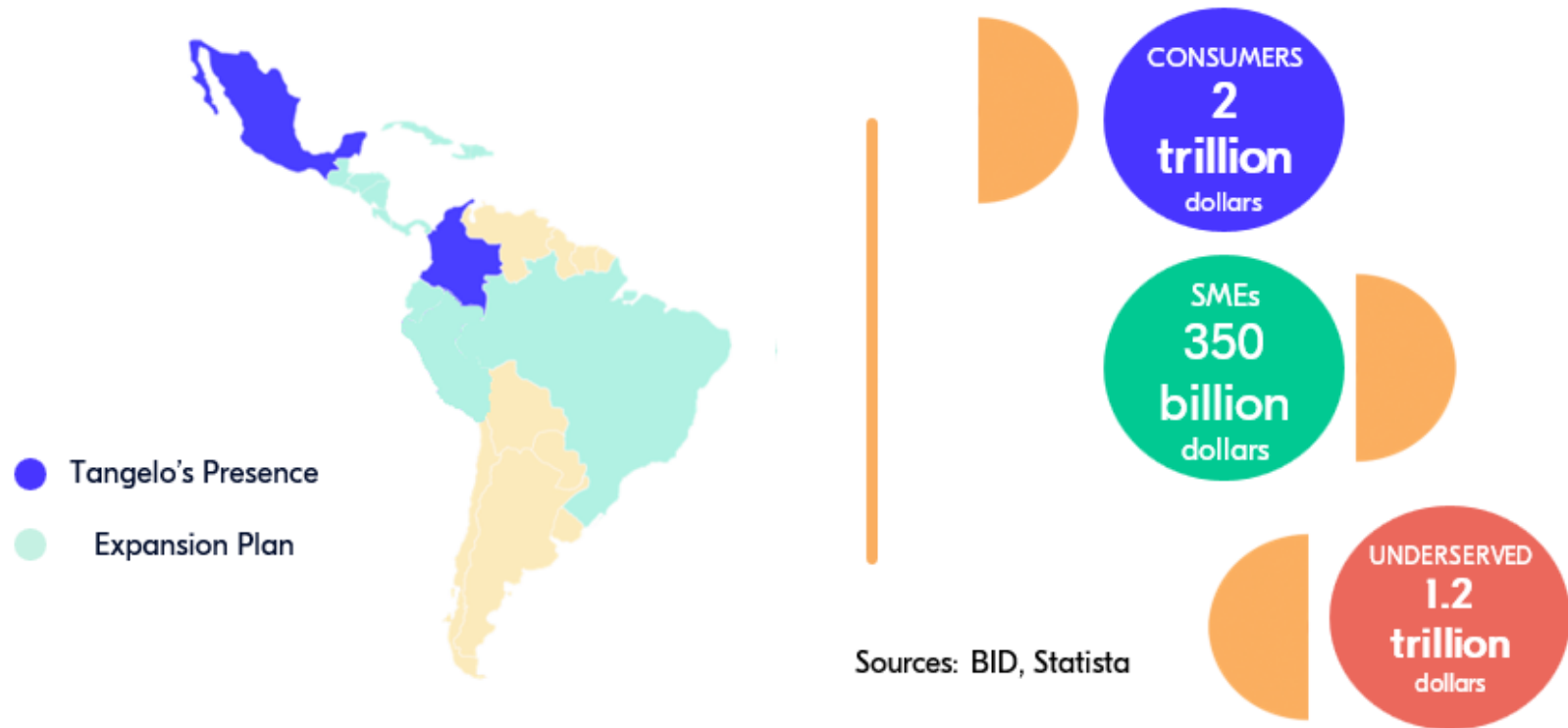
## Capital Markets

Tangelo will strengthen its risk distribution strategy for investors through its new Capital Markets division, which will expand financial institution and fund relationships to promote an efficient balance sheet strategy. The company has already applied a variety of funding and de-risking structures working with local and international investors. The new group will focus on optimizing leverage and funding costs through financial structuring and the flexibility brought from the technologically advanced infrastructure.



## Tangelo's Geographic Presence and Opportunities

The business combination puts Tangelo in a leading competitive position with a combined track record of more than USD 1 billion in funding, 3 million loans granted, and USD 500 million in assets-under-management with a positive net income.



# Key Investment Highlights

## Asset-Based Lender Serving SMEs



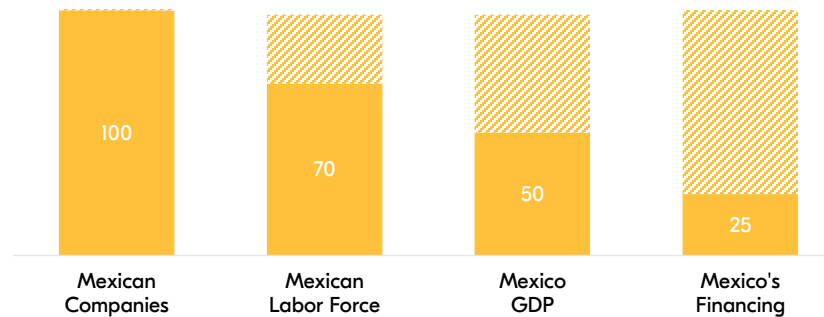
## 1. Mexarrend Attends Underserved Mexican SMEs...

### Why are **SMEs** Underbanked?

- Banks are not set up to cater to SMEs needs
- Banks have heavy fixed cost structures that make SMEs unattractive clients due to smaller “ticket size”
- Banks reputational and legal risk burden makes KYC requirements onerous
- Banks have stricter reserve and capitalization requirements

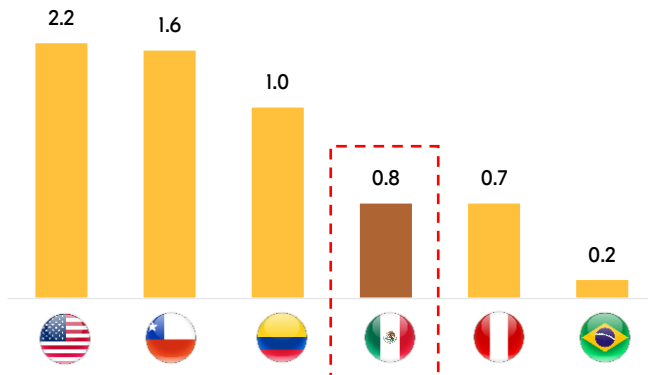
### Within Companies, Mexican **SMEs** are Underserved...

% As of 2017



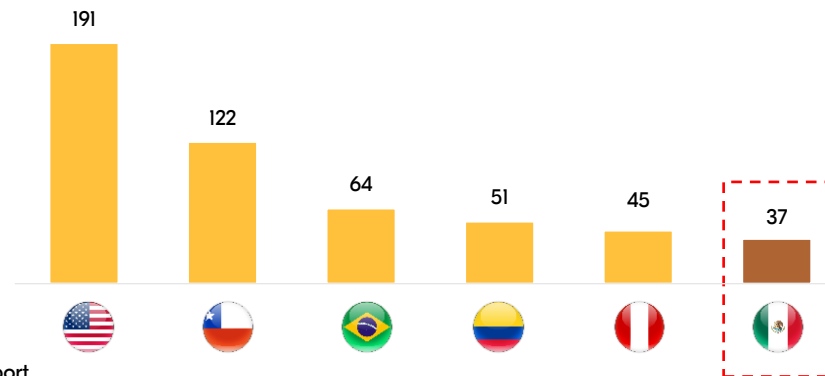
### Leasing Volume

% As of 2019 of GDP






### Domestic Credit to the Private Sector

% As of 2019



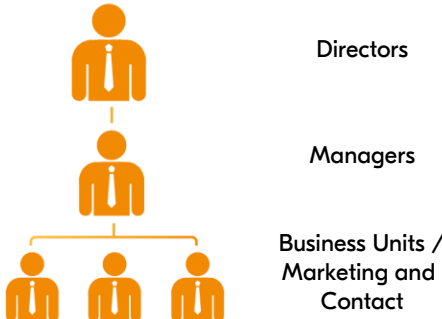


Sources: CNBV, the World Bank and White Clarke Group Global Leasing Report

## 1. ...With Well-Designed and Tailored Products

Product Type		Description	Tenor Range	Indicative Amounts Range
	Capital Lease	<ul style="list-style-type: none"> <li>Leasing products for various types of equipment</li> <li>Option to purchase at the end of the lease term</li> </ul>	12 - 48 months	MXNS 1 - 40 MM
	Operating Lease	<div>Equipment</div> <ul style="list-style-type: none"> <li>Leasing products for various types of equipment</li> <li>No option to purchase at the end of the lease term</li> </ul> <div>Real Estate</div> <ul style="list-style-type: none"> <li>Sale and lease-back of Real Estate assets</li> <li>Option to purchase at the end of the lease term</li> </ul>	24 - 60 months	MXNS 1 - 40 MM
	Renting	<ul style="list-style-type: none"> <li>Integrated leasing and management solutions</li> <li>Equipment leasing with supplies, service and maintenance required by the included equipment</li> </ul>	12 - 36 months	MXNS 1 - 10 MM
	Financing	<div>Cash</div> <ul style="list-style-type: none"> <li>Secured cash loans</li> <li>Complements banks offerings</li> </ul> <div>Equipment</div> <ul style="list-style-type: none"> <li>Purchase equipment and resale or lease it with financing</li> <li>Equipment serves as collateral for the loans</li> </ul>	12 - 48 months	MXNS 1 - 40 MM
	Fintech Platform	<div>Cash</div> <ul style="list-style-type: none"> <li>Working capital loan</li> </ul> <div>Supply chain financing</div>	3 - 12 months	MXNS 100K - 1 MM
			Up to 12 months	MXNS 50K - 1 MM



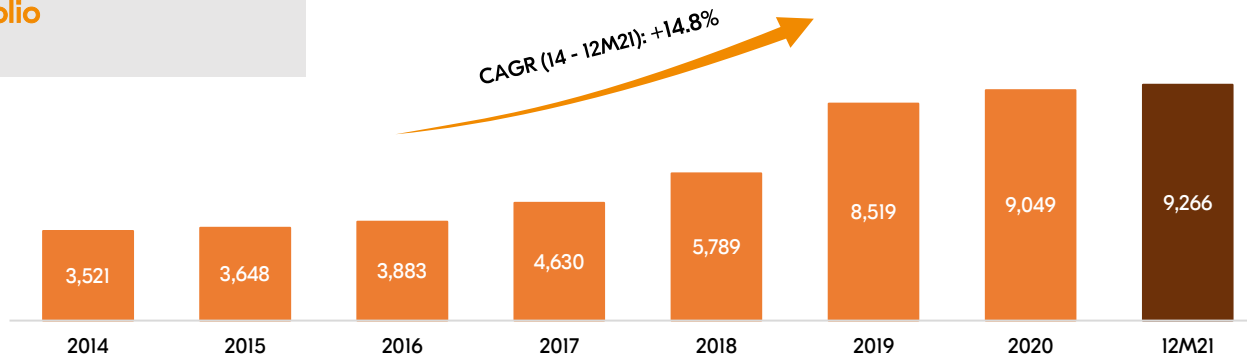
## 2. Powerful and Effective Go-to-Market Model...

Direct Sales Force				
	Organizational Structure	#	% Sales	Key Highlights
Sales Team		+57 Employees	~43%	<ul style="list-style-type: none"> <li>Salesforce is engaged in the whole process, from origination to collection</li> <li>Limited number of clients per business unit: <ul style="list-style-type: none"> <li>Maximum of 30 clients per unit</li> <li>Constant communication with clients (at least once a month)</li> <li>Incentives-based compensation structure (clawback mechanism)</li> </ul> </li> <li>Physical presence in Mexico City and Monterrey</li> </ul>
Indirect Sales Force				
	Organizational Structure	#	% Sales	Key Highlights
Vendors		+62 Vendors	~35%	<ul style="list-style-type: none"> <li>Allows Mexarrend to leverage vendors' expertise and their sales force since vendors require a fast response time</li> <li>Channel expected to gain relevance over the next years and enables expanded geographical reach: <ul style="list-style-type: none"> <li>Strategic channel to open new markets</li> </ul> </li> </ul>
Brokers	 <p>Presence in 30 States</p>	+55 Brokers	~22%	<ul style="list-style-type: none"> <li>We select brokers that are capable business partners: <ul style="list-style-type: none"> <li>Brokers that are well positioned to seek and originate financing transactions within their immediate business circles</li> </ul> </li> </ul>

## 2. ...That Results in Solid Growth...

### Total Portfolio

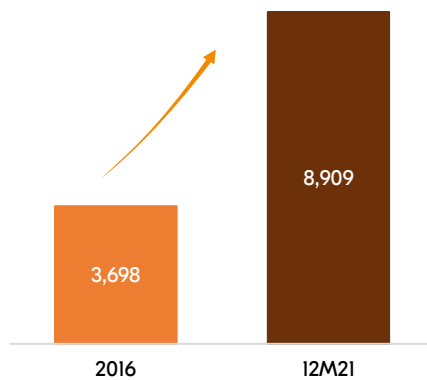
*In million pesos*



### Leasing Portfolio

*In million pesos*

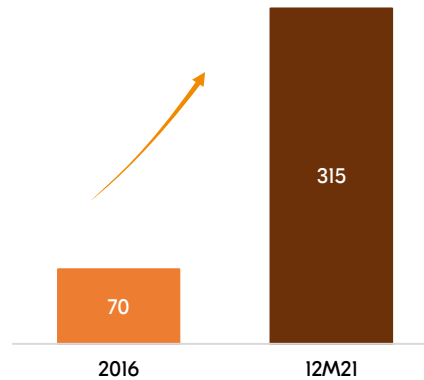
CAGR (16 - 12M21): +19.2%



### Credit & Factoring Portfolio

*In million pesos*

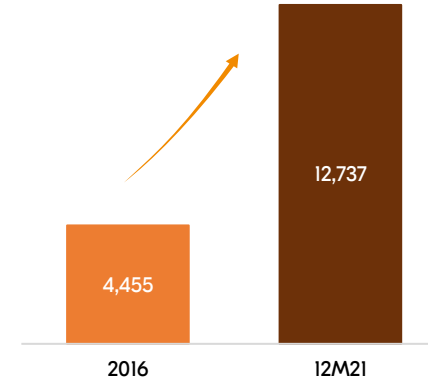
CAGR (16 - 12M21): +35.1%



### Net Productive Assets

*In million pesos*

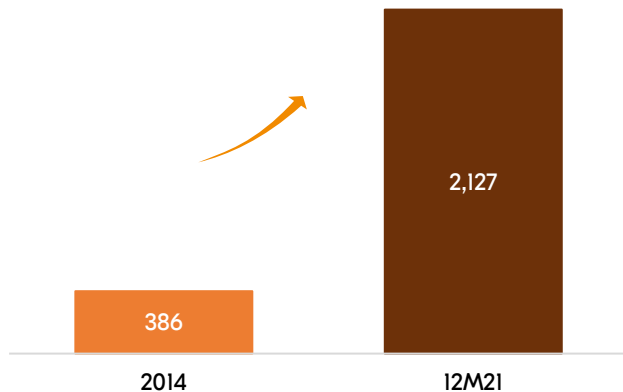
CAGR (16 - 12M21): +23.4%



## 2. ...With a Positive Bottom-Line

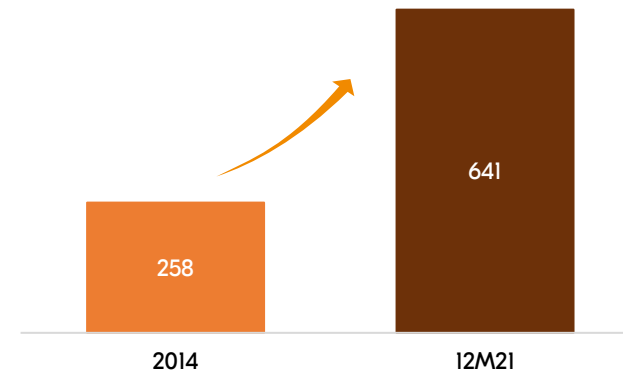
### Revenues

*In million pesos*



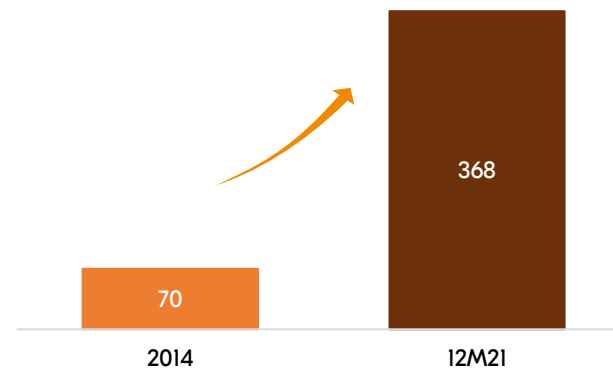
### Gross Income

*In million pesos*



### Operating Income

*In million pesos*




Consistent top line growth that results in a positive bottom-line year over year since its inception, due to:

- Specific target market
- Competitive go to market strategy
- Strong corporate practices
- Experienced management
- Potential credit risks are spotted early on


### 3. Rigorous Risk Management Standards...

#### Rigorous Risk Management Standards

Fast and Disciplined Credit Approval



Constant communication with potential clients throughout the assessment process

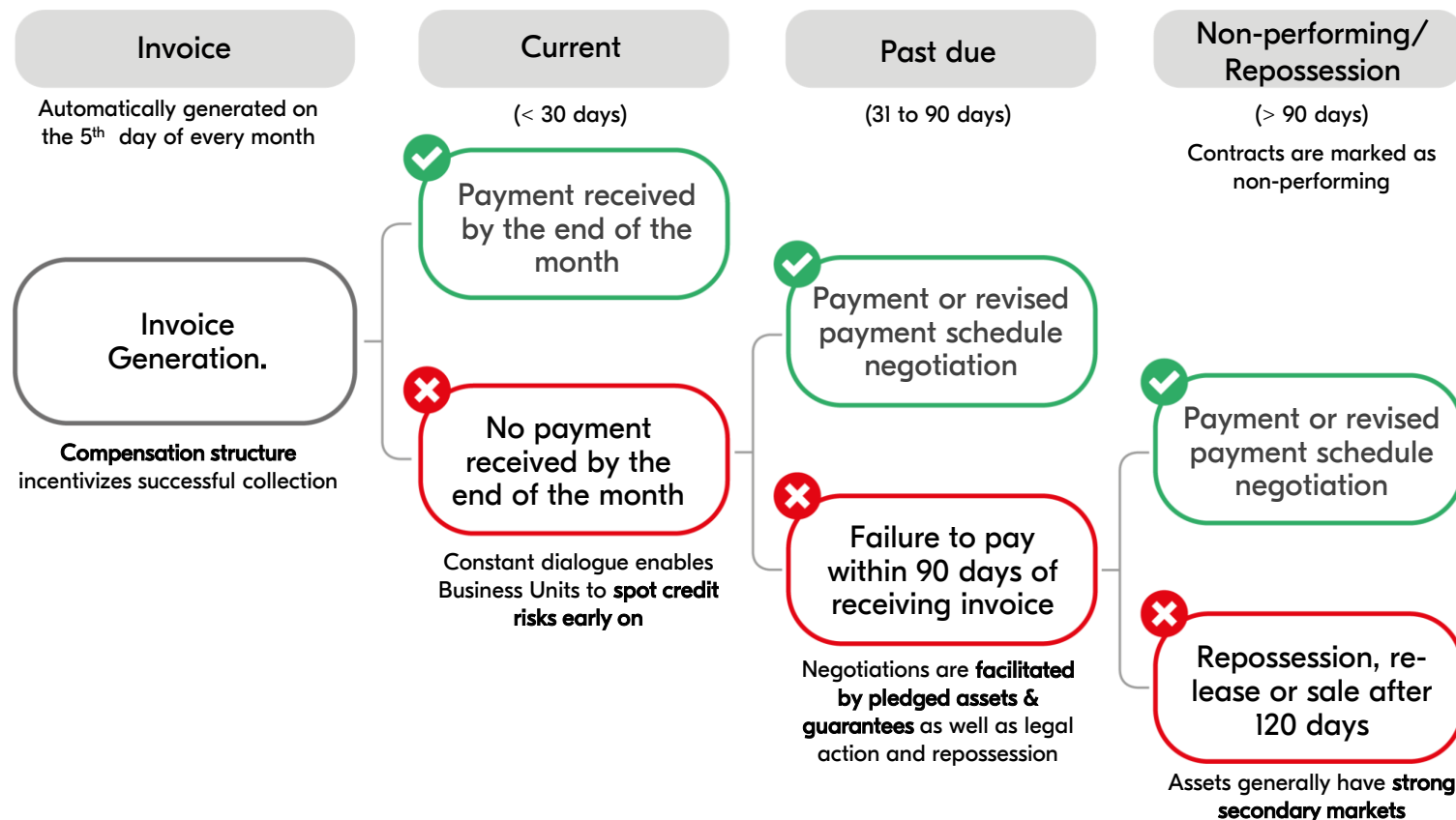


- Credit process enables turnaround times of 5 to 15 business days, significantly faster than a traditional bank
- Independent members strengthen the Credit Committee
- The Company follows strict risk assessment processes incorporating quantitative and qualitative parameters

### 3. Rigorous Risk Management Standards (Cont'd)...

#### Efficient Collection Process

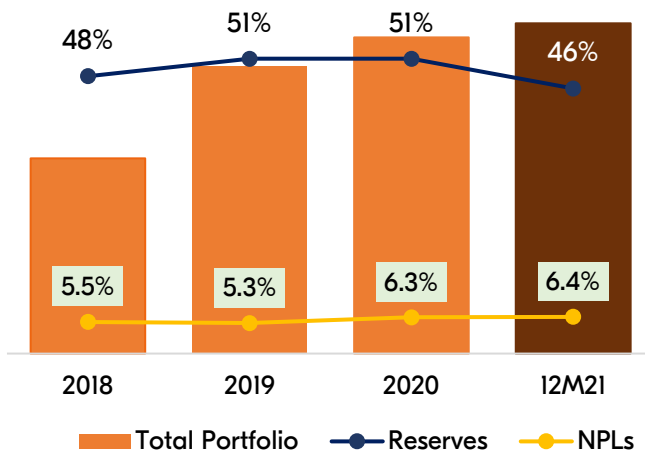
The collection process is greatly facilitated by Mexarrend maintaining ownership of leased assets



### 3. ...That Results in Low Write-Off Levels and Asset Quality

#### NPL

*In million pesos*

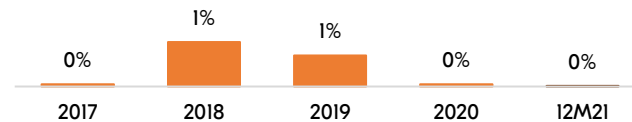


#### Mitigants

- Focus on productive assets minimizes the risk of non-payment
- Strong secondary market for productive assets
- Collateral is executable and disposable
- The Company maintains insurance policies covering 100% of its underlying assets
- Guarantees on assets minimize “real loss”, reinforced by a conservative approach to NPLs

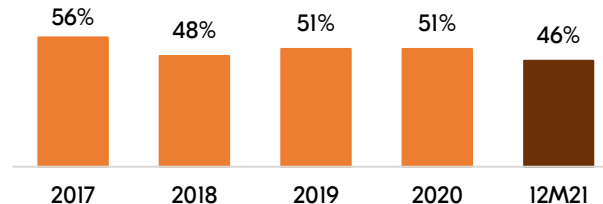
#### Write-Offs

*Write-Offs / Total Portfolio*



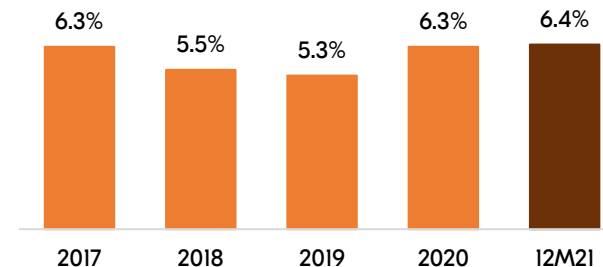
#### Coverage Ratio

*Ending Reserves / Non-Performing Lease Portfolio*



#### Non-Performing Lease

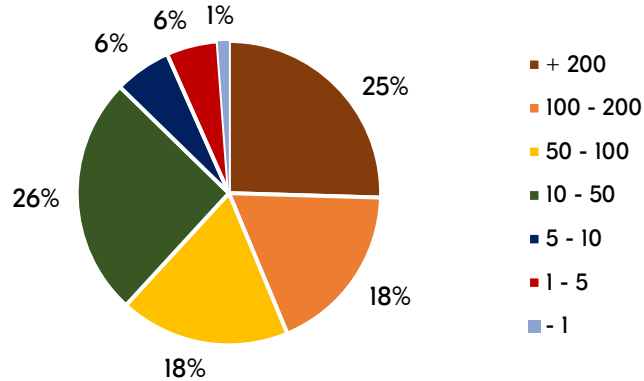
*Non-Performing Lease Portfolio / Portfolio*



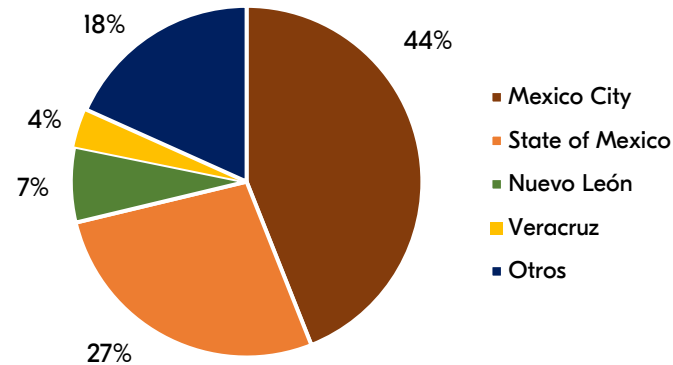
## 4. Solid Balance Sheet Supported by a Diversified Portfolio...

**Portfolio Distribution by Ticket Size**

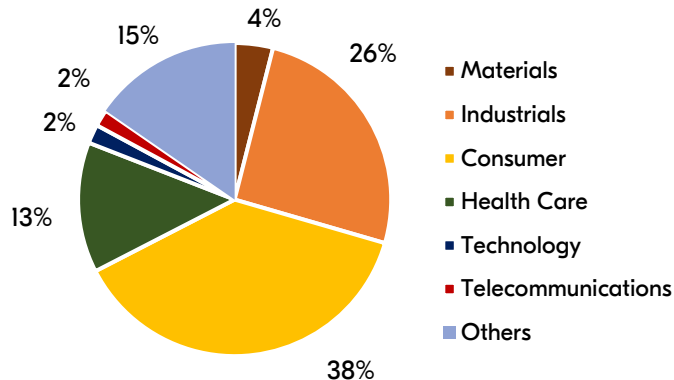
*In million pesos*



**Portfolio Distribution by Geography**



**Portfolio Distribution by Industry**



Mexarrend operates under strict credit policies aligned with its priority of maintaining a high-quality portfolio. Approximately 95% of customers have contracts for transactions of less than \$50 million pesos, therefore demonstrating a low concentration level per customer

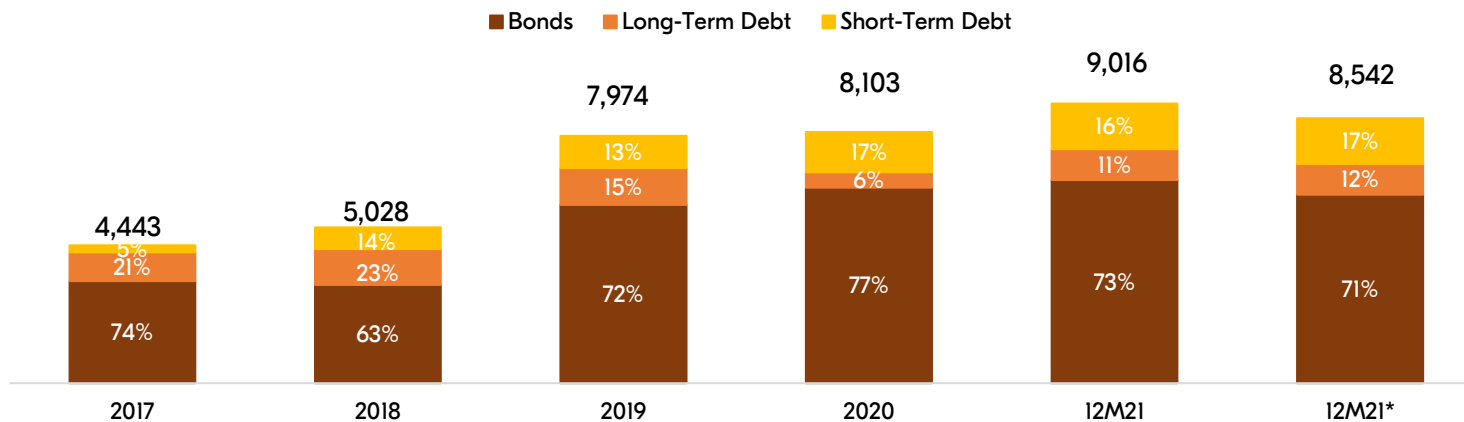
The geographic diversification of our portfolio is in line with the percentage of participation in the economy. The highest concentration is found in Mexico City and the metropolitan area, which includes the State of Mexico. In terms of industry, our portfolio is well diversified

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

## 4. ...And a Prudent & Diversified Funding Profile

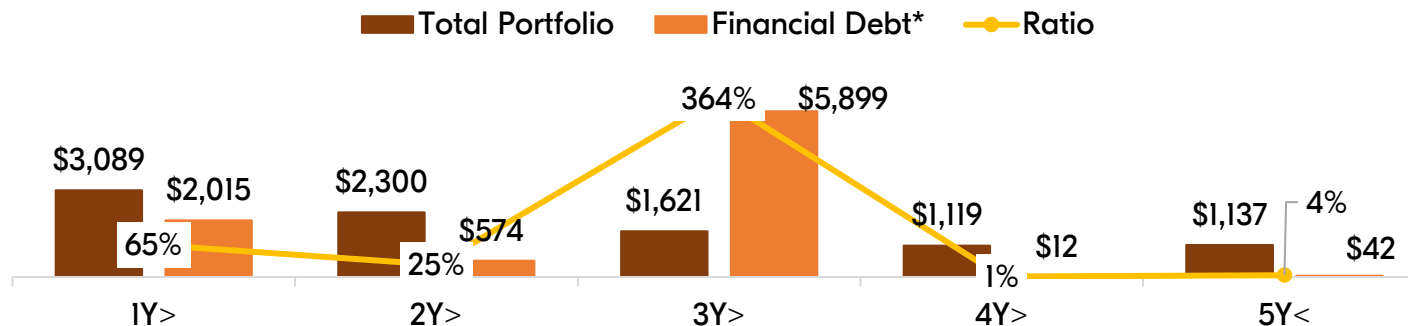
### Financial Debt Composition

*In million pesos*



### Current Debt & Run-Off

*In million pesos*



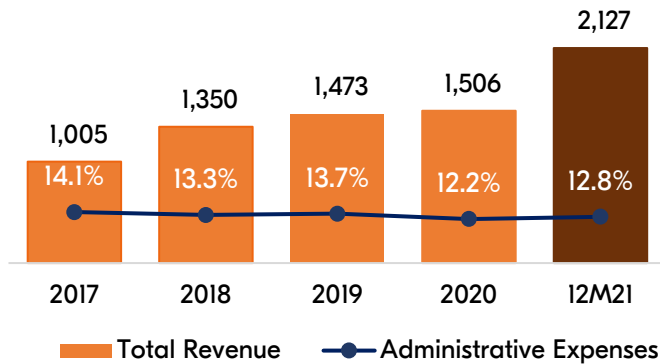
\*Note: Consider the hedges for the US\$ denominated financial debt



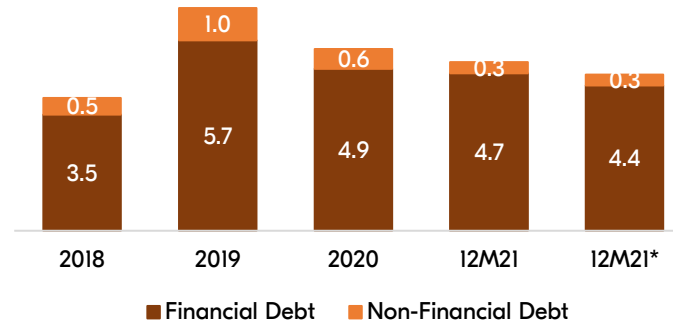
## 5. High Levels of Operational Efficiency and Strong Financial Ratios that Result in Solid Credit Ratings

### Efficiency Ratio

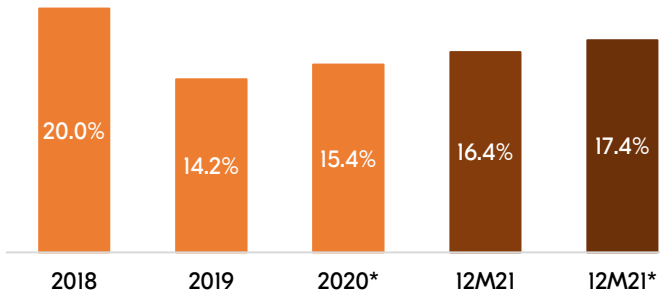
*In million pesos*



### Leverage Ratio



### Capitalization Ratio



### Credit Ratings

#### Global

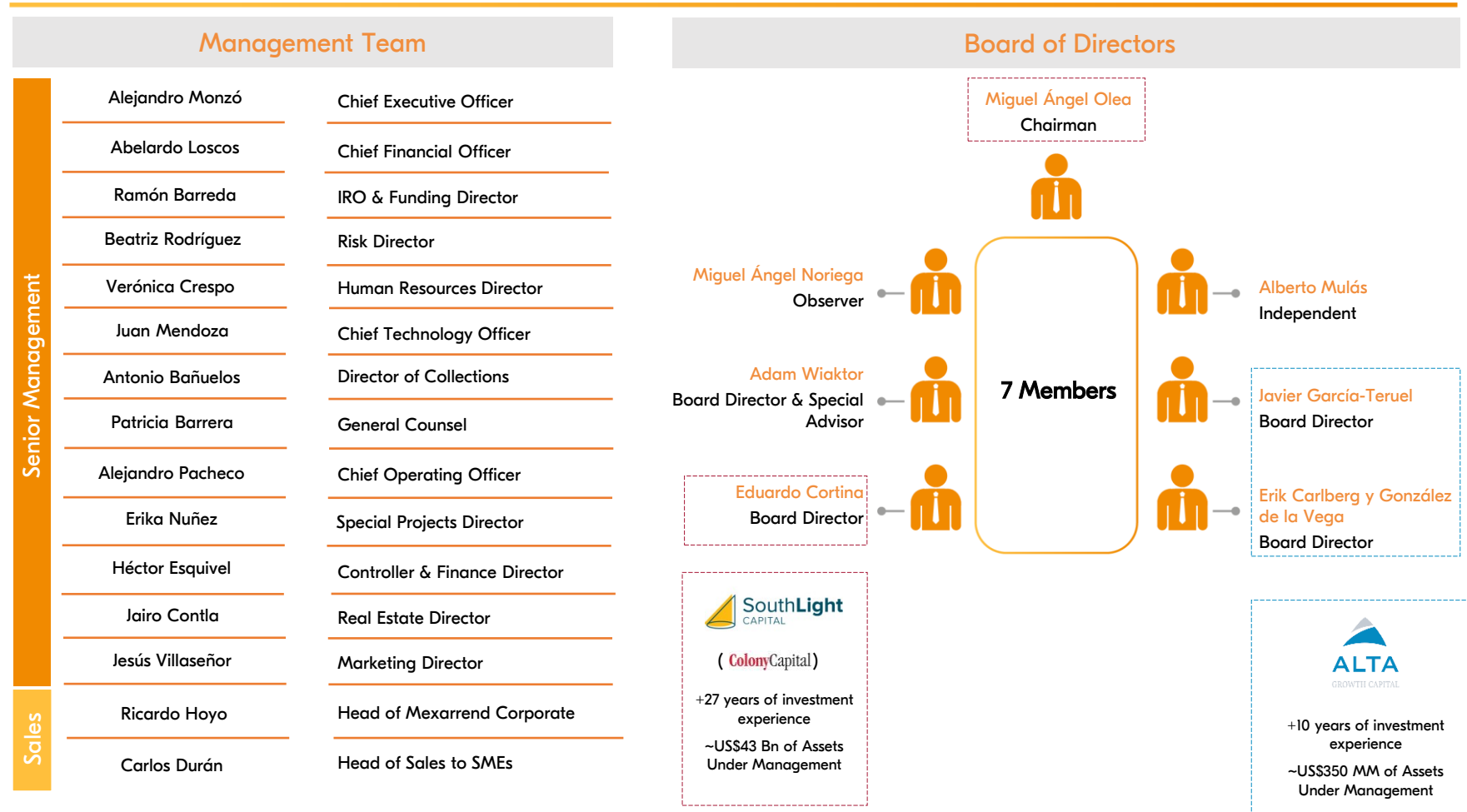
	2020	2021
<b>S&amp;P Global</b>	B	B
<b>FitchRatings</b>	B+	B+

#### Local

	2020	2021
<b>HR</b> Credit Rating Agency	HR A	HR A
<b>FitchRatings</b>	BBB+	BBB+

\*Note: Consider the hedges for the US\$ denominated financial debt

## 6. Experienced Management Backed by High Profile and Committed Shareholder's





# Environmental, Social and Corporate Governance (ESG)

## Mexarrend 5 Pillars

We are a sustainable company, committed to our environment, seeking to be efficient and highly productive considering our 5 pillars:



## Our Sustainable Strategic Future



### Distinctive Socially Responsible Company

We incorporate into our philosophy the purpose of being a sustainable company for the second consecutive year



### Participation in a Global Compact Network

Share best practices and ratified our strategy to the 10 objectives of the pact.



### Environmental and Social Management System

Within our business core we evaluate the social and environmental impacts, to whom we grant financing, supported by a socio-environmental policy aligned to the IFCs



### EPIC Lab

On September 2021, Mexarrend partnered with the EPIC Lab seeking to inspire more young people to become entrepreneur



### Value Green Lease

Value Green Lease is Mexarrend's first green product which seeks to finance environmentally responsible productive assets



### Sustainability Report

On March 18th, 2021, Mexarrend published its first [Sustainability Report](#), which focuses on explaining all the initiatives, achievements, metrics and objectives that we have as an organization

A blue-tinted photograph of a business meeting. Two people are seated at a desk with laptops. One person's hand is pointing at a document on a clipboard, while the other holds a pen. The document features various financial charts, including line graphs, pie charts, and bar charts, along with some text. The overall scene suggests a professional discussion of financial data.

# Appendix Financial Information



## Reading Mexarrend's Financial Statements

*Key components of Mexarrend's Income Statement and Balance Sheet*

Total Revenues	<p><b>Interest on Capital Leases</b> → Includes interest earned on capital lease payments and portfolio sales</p> <p><b>Equipment Financing</b> → Equipment financed under payment plans, includes both the interest and the principal</p> <p><b>Operating Leases</b> → 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</p>
Costs	<p><b>Interest Expenses</b> → Includes the funding costs for the assets leased under all of our capital, operating leases and transportation services (renting) and other related services</p> <p><b>Cost of Credit Operations</b> → Includes the costs of equipment that is purchased as part of our equipment financing business</p> <p><b>Depreciation of Assets Under Operating Leases</b> → 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</p>
Balance Sheet (Assets)	<p><b>Accounts Receivable</b> → The net investment in leases</p> <p><b>Other Assets (Non-Current)</b> → Mostly security deposits</p> <p><b>Property, Plant and Equipment – Net</b> → Includes the properties from the Real Estate business derived from ICI and other equipment of the Company</p>

## Income Statement

*in million pesos*

INCOME	4Q20	4Q21	Var.%	12M20	12M21	Var.%
Interest on Capital Leases	319	578	81.2	1,219	1,787	46.6
Equipment Financing	-	-	-	-	-	-
Operating Leases	73	114	56.2	287	340	18.5
<b>Total Income</b>	<b>392</b>	<b>692</b>	<b>76.5</b>	<b>1,506</b>	<b>2,127</b>	<b>41.2</b>
<b>COST</b>						
Interest Cost	234	399	70.5	908	1,293	42.4
Cost of Credit Operations	-	-	-	-	-	-
Depreciation of Assets Under Operating Leases	39	74	89.7	137	193	40.9
<b>Total Costs</b>	<b>273</b>	<b>473</b>	<b>73.3</b>	<b>1,045</b>	<b>1,486</b>	<b>42.2</b>
<b>GROSS INCOME</b>	<b>119</b>	<b>219</b>	<b>84.0</b>	<b>461</b>	<b>641</b>	<b>39.0</b>
Selling Expenses	11	13	18.2	38	46	21.1
Administrative Expenses	45	80	77.8	184	225	22.3
Loan Loss Reserves	18	(6)	(133.3)	71	2	(97.2)
<b>Operating Expenses</b>	<b>74</b>	<b>87</b>	<b>17.6</b>	<b>293</b>	<b>273</b>	<b>(6.8)</b>
<b>OPERATING INCOME</b>	<b>45</b>	<b>132</b>	<b>193.3</b>	<b>168</b>	<b>368</b>	<b>119.1</b>



## Income Statement (Cont'd)

*in million pesos*

	4Q20	4Q21	Var. %	12M20	12M21	Var. %
Other (Income) Expenses, Net	5	2	(60.0)	11	9	(18.2)
Interest Income	(6)	(5)	16.7	(63)	(16)	74.6
Interest Expenses	26	32	23.1	164	100	(39.0)
Net Exchange Profit (Loss)	(757)	1	100.1	363	161	(55.6)
Valuation of Financial Derivative Instruments	792	(11)	(101.4)	(384)	(198)	48.4
Premiums of Financial Derivative Instruments	40	48	20.0	165	252	52.7
Extraordinary Expenses	-	-	-	-	(1)	-
Equity Income in Affiliates	3	8	166.7	3	8	166.7
<b>Comprehensive Financing Result</b>	<b>98</b>	<b>73</b>	<b>(25.5)</b>	<b>248</b>	<b>306</b>	<b>23.4</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>(58)</b>	<b>57</b>	<b>198.3</b>	<b>(91)</b>	<b>53</b>	<b>158.2</b>
Taxes	(81)	(31)	61.7	(184)	(90)	51.1
<b>NET INCOME</b>	<b>23</b>	<b>88</b>	<b>282.6</b>	<b>93</b>	<b>143</b>	<b>53.8</b>

## Balance Sheet

*in million pesos*

ASSETS	12M20	12M21	Var. %
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	835	597	(28.6)
Accounts Receivables	1,897	2,176	14.7
Loan Loss Reserves	(299)	(300)	0.3
Taxes to Recupérate	283	194	(31.4)
Sundry Debtors	8	8	-
Other Assets	159	185	16.4
Inventory	-	10	-
<b>TOTAL CURRENT ASSETS</b>	<b>2,883</b>	<b>2,870</b>	<b>(0.5)</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment - Net	1,921	2,009	4.6
Long-Term Receivables	4,896	5,629	15.0
Other Assets	112	112	-
Financial Derivative Instruments	156	328	110.3
Deferred Taxes	319	382	19.7
Intangible Assets	234	234	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>7,638</b>	<b>8,694</b>	<b>13.8</b>
<b>TOTAL ASSETS</b>	<b>10,521</b>	<b>11,564</b>	<b>9.9</b>

## Balance Sheet (Cont'd)

*in million pesos*

LIABILITIES	12M20	12M21	Var.%
<b>CURRENT LIABILITIES</b>			
Current Portion of Long-Term Debt	1,248	2,055	64.7
Accounts Payable	54	11	(79.6)
Sundry Creditors	867	610	(29.6)
Related Party Creditors	8	4	(50.0)
Income Taxes and Other Taxes Payable	19	23	21.1
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,196</b>	<b>2,703</b>	<b>23.1</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-Term Debt	6,855	6,961	1.5
Deferred Income Taxes	-	-	-
Derivatives	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>6,855</b>	<b>6,961</b>	<b>1.5</b>
<b>TOTAL LIABILITIES</b>	<b>9,051</b>	<b>9,664</b>	<b>6.8</b>
<b>SHAREHOLDER'S EQUITY AND RESERVES</b>			
Capital Stock	1,323	1,530	15.6
Retained Earnings	184	277	50.5
Other Comprehensive Income (Valuation of Financial Derivatives)	(130)	(50)	61.5
Current Year Net Income	93	143	53.8
<b>TOTAL SHAREHOLDER'S EQUITY AND RESERVES</b>	<b>1,470</b>	<b>1,900</b>	<b>29.3</b>
<b>LIABILITIES + SHAREHOLDER'S EQUITY</b>	<b>10,521</b>	<b>11,564</b>	<b>9.9</b>

## Disclaimer

This document may contain certain forward-looking statements. These statements are non-historical facts, and they 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. Some numbers were rounded up for presentation purposes. 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. All figures are expressed in Mexican Pesos unless otherwise stated, and were prepared in accordance with the requirements from the National Banking and Securities Commission (CNBV). Figures for the ended years presented in this report were assessed by independent auditors Galaz, Yamazaki, Ruiz Urquiza, S.C. (Members of Deloitte Touche Tohmatsu Limited).