



MEXARREND®

LEASING INNOVATION

Mexarrend First Quarter 2022 Earnings Report

Mexico City, April 28th, 2022 - Mexarrend, S.A.P.I. de C.V. ("Mexarrend" or the "Company"), announced its unaudited consolidated financial results for the first quarter of 2022 ("1Q22" or "3M22"). All figures are expressed in Mexican Pesos ("\$") and were prepared in accordance with International Financial Reporting Standards ("IFRS")

EARNINGS CALL DETAILS

Date: Friday, April 29th, 2021

Time: 10:00 am (Mexico City Time) / 11:00 am (ET)

Registration: [Earnings Call 1Q22 - Mexarrend](#)

CONTACT INFORMATION

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IQ22 Highlights

- ❖ The results from IQ22 demonstrated a positive trend compared to the same quarter of last year. Total revenues for the quarter were \$616 million pesos, 60.0% higher than IQ21, while operating income increased by 78.1%, to \$57 million pesos. Net income was \$7 million pesos.
- ❖ In IQ22, the Lending-as-a-Service ("LaaS") product operations reached a Portfolio Under Management of \$2,132 million pesos, an increase of more than 5 times compared to the same quarter last year. The growth of this part of the portfolio reaffirms the effectiveness of the Company's new approach and the strength of the partnerships formed since 2020. These operations do not represent a balance sheet risk for the company.
- ❖ The Company's total assets increased by 5.6% or \$615 million pesos compared to IQ21, mainly driven by increases in accounts receivable.
- ❖ Funding for the new origination of the asset-backed lending business for 2022 and 2023 is covered. The Credit Suisse warehouse facility is at ~20% use, and during IQ22 we announced a similar credit line with HSBC. This represents an improvement in the cost of funding of approximately 400 basis points compared to our historical cost of funding and it allows the company to use cash more efficiently. In addition, for several months we have been analyzing various funding alternatives, both locally and internationally, for the maturity of the 2022 bond (DOCUFO 9 ¼ 10/11/22) of US\$30 million in October.
- ❖ On January 27th, we announced the merger of Mexarrend and Zinobe to create Tangelo, a technology company that develops innovative credit solutions for Latin America.
- ❖ During the quarter, we announced that Tangelo has formed alliances with Dell Leasing and Clip to offer digital credit solutions for SMEs and consumers in Mexico and Latin America, demonstrating the effectiveness and efficiency of the new business model created by Mexarrend and Zinobe's business combination. In the following months we will be announcing more alliances that reaffirm the company's business model.

Message from the CEO

We are very pleased with Mexarrend's first quarter performance given the positive results and projects launched, creating the conditions for 2022 to be an outstanding year. Once again, despite adverse market conditions in the quarter, Mexarrend was able to come out stronger through a conservative disbursement strategy and balance-sheet light focus, diversifying revenue sources to increase the Company's profitability.

Mexarrend and Zinobe's business combination laid the foundation for a new technology company, driven by the digitalization of scalable and highly efficient capabilities, which leverages the strengths of the two entities. This business model was recently validated by our partnerships with Dell Leasing and Clip, in addition to dozens of additional partnerships we will be announcing to the market in the coming months. We are currently in the implementation phase with several regional players in Latin America, which has shown great results and lots of data to help exponentially improve our products.

Despite the complex market situation for Non-Bank Financial Institution (NBFI) financing in Mexico, we signed a US\$150 million credit line with HSBC this year, demonstrating the market's confidence in the company and its solid business model. Together with our existing Credit Suisse and DFC lines, we are fully funded for our asset-backed business for 2022 and 2023. In addition, the warehousing facilities bring down financing costs by eliminating the need to keep superfluous cash on the balance sheet. Our CEBUREs issuances continue to be consistently oversubscribed, showing that the local market endorses our model and differentiation strategy.

This year, the company's solid performance and prudent risk management resulted in our Rating Agencies affirming their ratings for Mexarrend. Fitch Ratings cited an improved capital position and leverage, as well as a positive medium-term outlook, thanks to the business combination with Zinobe to form Tangelo. HR Ratings revised its outlook to stable, citing the Company's solid financial footing despite the adverse market conditions for NBFIs.

We are in the final steps of the COFECE approval process to complete Tangelo's legal integration. We are confident that this new chapter will be beneficial not only for the company, but also for SMEs in LATAM who will benefit from improved and more diverse financial solutions. I am convinced that 2022 will be a successful year for Tangelo, as we build on the foundation laid by Mexarrend and Zinobe, benefiting from your continued support.

Alejandro Monzó

CEO

What is Tangelo?

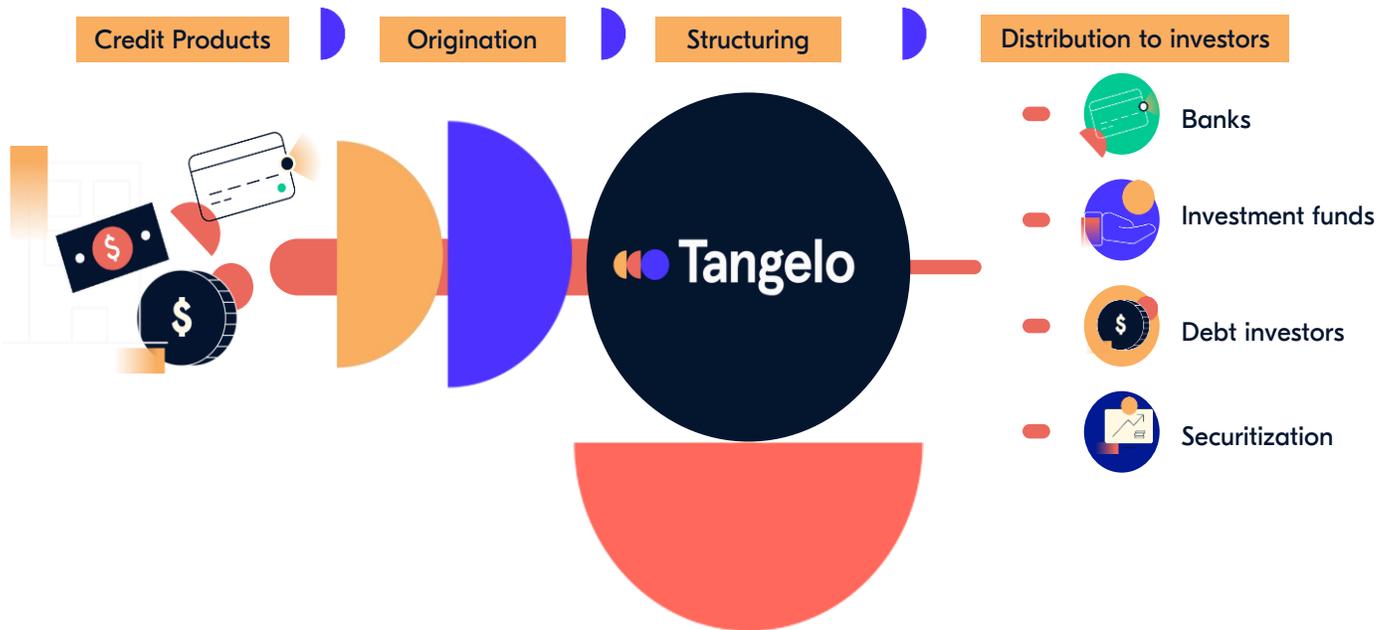
Tangelo was created from the union of a leading Colombian fintech and Mexarrend:



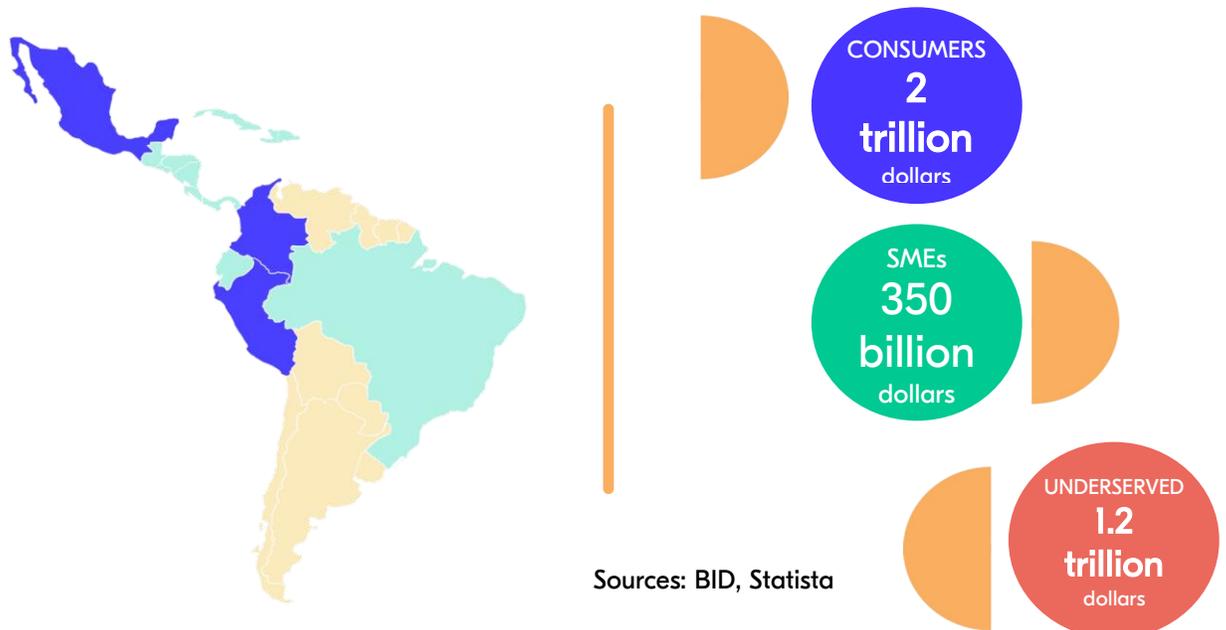
Tangelo brings together Mexarrend’s more than twenty-five years of credit risk and operational experience, strengthened by deep institutional relationships, with Zinobe’s advanced technological and analytics capabilities to provide integrated credit solutions targeting MSMEs and consumers across the region. The business combination puts Tangelo in a leading competitive position with a combined track record of more than US\$1 billion in funding, 3 million loans granted, and US\$500 million in assets-under-management with positive net income.

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 that span both consumer and business needs, which will enable more complete offerings.

Tangelo will strengthen its risk distribution strategy for investors through its new Capital Markets division, which will expand relationships with financial institutions and funds 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 combined strength positions it to capture both a significant share of the existing Latin American credit market, which, according to 2019 data, reached US\$2 trillion for consumers and US\$350 billion for MSMEs; and underserved individuals and MSME segments in the region, which according to IDB data, is estimated at US\$1.2 trillion. In addition, the largest share of financing for this segment comes from companies' supply chains, where Tangelo's solutions optimally complement these ecosystems and make credit access more efficient.



Relevant Events

1Q22

Mexarrend and Zinobe Announce Business Combination to Create Tangelo, a Technology Company Delivering Innovative Credit Solutions Across Latin America

On January 27th, 2022, Mexarrend, Mexico's second largest independent leasing company that offers financing solutions for small and medium-sized businesses, and Zinobe, the leading Colombian fintech for credit products for consumers and small businesses, announced a business combination agreement to create Tangelo (www.tangelolatam.com), a new technology company specializing in alternative credit solutions for Latin America.

Tangelo signs partnerships with Dell Leasing and Clip to offer digital credit solutions for MSMEs and consumers in Mexico and Latin America

On March 29th, 2022, Tangelo, the technology company specializing in alternative credit solutions for Latin America, announced partnerships with Dell Leasing, the global IT company, and with Clip, a leading digital commerce and payments platform that enables businesses in Mexico to interact and do business more effectively with their consumers through innovative technologies, best-in-class customer service, and the ability to digitally accept multiple payment methods.

2Q22

Tangelo announces a new US\$150 million warehouse credit facility with HSBC

On April 5th, 2022, Tangelo, a leading financial technology company in Latin America specializing in alternative credit, announced the closing of its credit facility for \$3 billion Mexican pesos (around US\$150 million) with HSBC. This credit facility aims to support Tangelo's Mexican asset-based lending portfolio growth, optimizing cash and leverage levels, allowing Tangelo to continue diversifying its debt profile, promoting funding in local currency, and supporting increasing demand for its MSME credit solutions.

Financial and Operating Summary

in million pesos

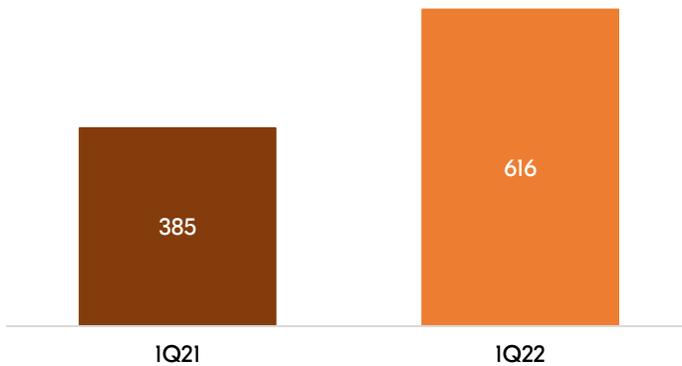
Financial Metrics	1Q21	1Q22	Var. %
Total Revenues	385	616	60.0
Cost of Sales	291	481	65.3
Gross Income	94	135	43.6
<i>Gross Margin</i>	<i>24.4%</i>	<i>21.9%</i>	<i>(250) bps</i>
Operating Expenses	62	78	25.8
Operating Income	32	57	78.1
<i>Operating Margin</i>	<i>8.3%</i>	<i>9.3%</i>	<i>100 bps</i>
Other (Income) Expenses, Net	2	1	(50.0)
Comprehensive Financing Result	32	66	106.3
Income Before Income Tax	(2)	(10)	(400.0)
Income Tax	(10)	(17)	(70.0)
Net Income	8	7	(12.5)
<i>Net Margin</i>	<i>2.1%</i>	<i>1.1%</i>	<i>(100) bps</i>
Operational Metrics	3M21	3M22	Var.%
Total Portfolio	9,247	9,385	1.5
Leasing	8,837	9,079	2.7
Credit & Factoring	361	268	(25.8)
Services	49	38	(22.4)
Portfolio Under Management	396	2,132	438
NPL Ratio	6.3%	6.2%	(10) bps
Real Estate Portfolio	1,267	1,529	20.7
Net Productive Assets ¹	10,910	13,046	19.6
Operational Metrics	3M21	3M22	Var.%
R O A A (annualized)	0.3%	0.2%	(10) bps
R O A E* (annualized)	1.8%	1.5%	(30) bps
Financial Debt* / Capital*	4.4x	4.4x	-
Capitalization* (Capital* / Total Assets*)	17.4%	17.4%	-
Capital* / Total Portfolio	19.6%	20.9%	130 bps
Leasing Portfolio / Total Portfolio	95.6%	96.7%	110 bps
Total Portfolio / Financial Debt*	1.2x	1.1x	(0.1)x
Current Assets / Current Liabilities	1.5x	0.9x	(0.6)x

¹Net Productive Assets is equal to the sum of the Total Portfolio, the Portfolio Under Management, and the Real Estate Portfolio.

*Financial ratios are not accounting for the effects caused by variations in the exchange rate for the quarter due to debt coverage and eliminating the effect of the OCI on Shareholder's Equity.

Income Statement

Total Revenues *in million pesos*



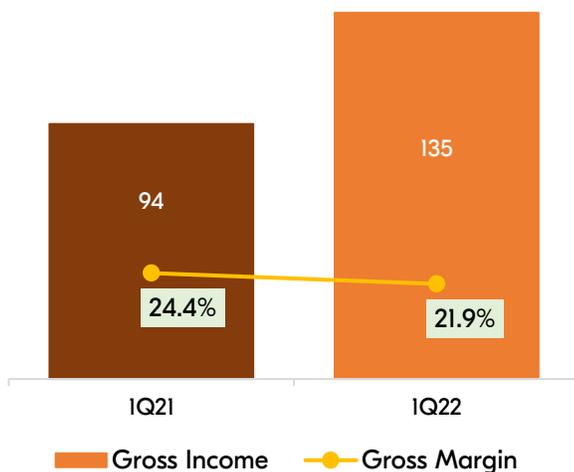
Mexarrend's total 1Q22 accumulated revenue increased by 60.0%, or \$231 million pesos, compared to the same quarter of last year.

Interest income made up 87.9%, or \$542 million pesos, of total revenue, of which 41.7% or \$226 million pesos corresponded to Lending-as-a-Service operations. The operating leasing line accounted for the remainder of revenues.

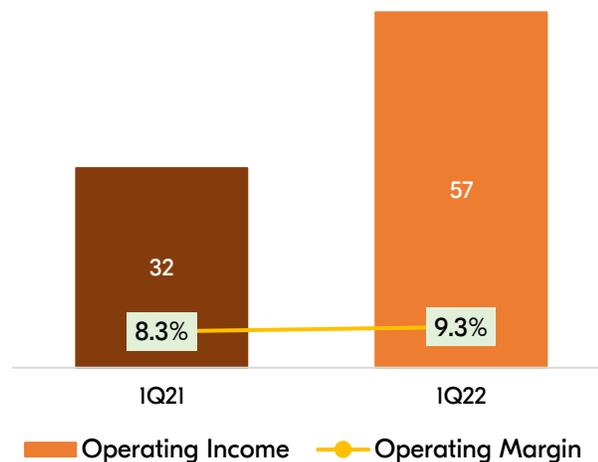
Cost of Sales

Total cost of sales for 1Q22 increased by 65.3% compared to 1Q21, which is explained by the increase in interest income. At the end of March 2022, interest cost was \$437 million pesos, of which 38.7% or \$169 million pesos corresponds to Lending-as-a-Service operations.

Gross Income *in million pesos*



Operating Income *in million pesos*



In 1Q22, gross income increased by 43.6% compared to the same period of 2021. The increase is mainly explained by Lending-as-a-Service operations. Due to the increase in gross income, the Company's operating income increased 78.1% or \$25 million compared to the same period of the previous year.

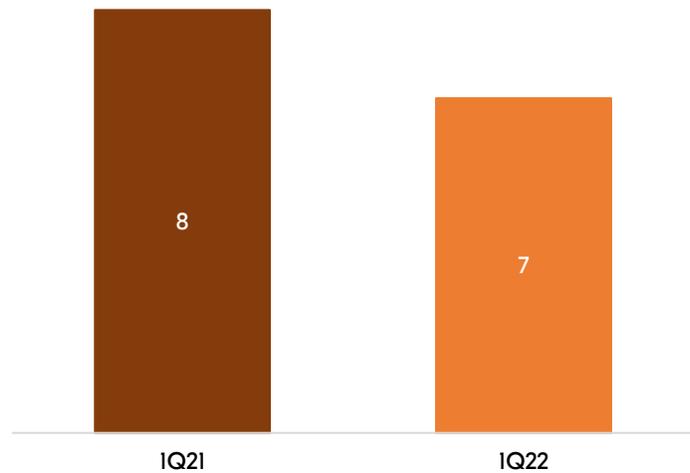
Comprehensive Financing Result

The comprehensive financing result increased by \$34 million pesos compared to the same quarter of the previous year, this was due to exchange rate volatility. The lines that represented the greatest variation were: 1) foreign exchange gain or loss and 2) valuation of derivative financial instruments.

Net Income

in million pesos

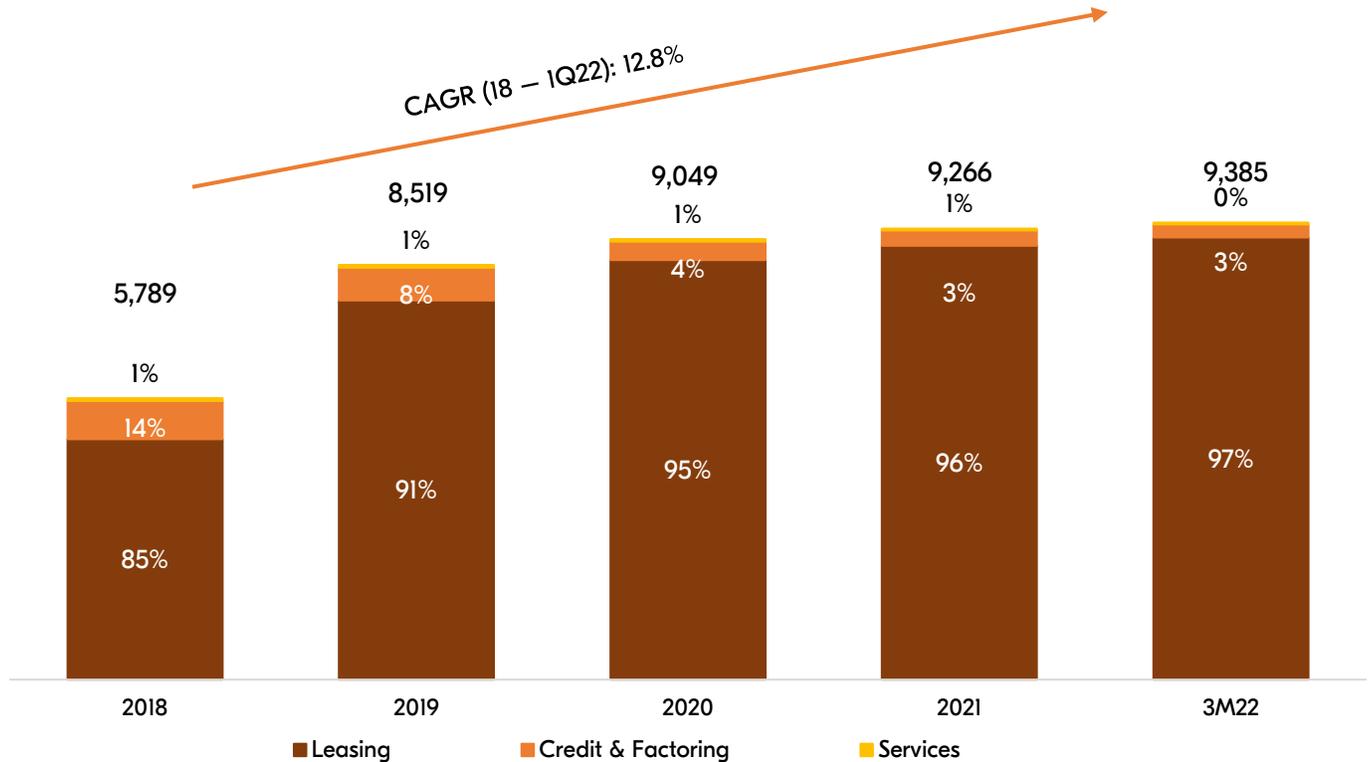
In 1Q22 we achieved a net income of \$7 million pesos, \$1 million pesos below that of 1Q21. This was mainly due to the increase in the Comprehensive Financing Result.



Mexarrend's Portfolio*

in million pesos

At the end of March 2022, the total portfolio grew by 1.5% vs. 1Q21, reaching \$9,385 million pesos at the end of the period, in line with expected growth given the economic circumstances; however, the Lending-as-a-Service portfolio increased by \$1,786 million year over year.



**Some numbers have been rounded for presentation purposes.*

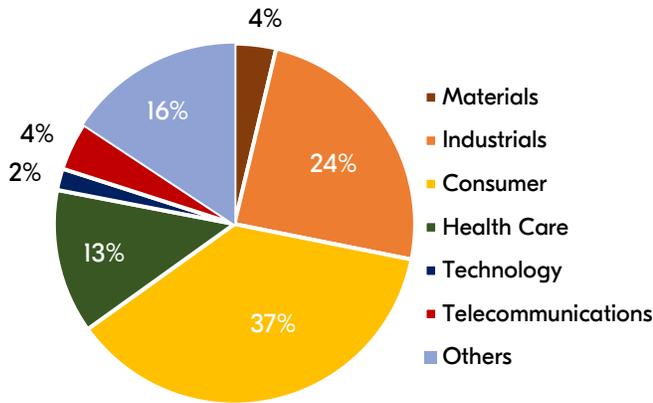
Portfolio Diversification

The geographic diversification of our portfolio is in line with the regions' share of economic activity. The highest concentration is found in Mexico City and its metropolitan area, which includes the State of Mexico. In terms of the industry, our portfolio is well diversified.

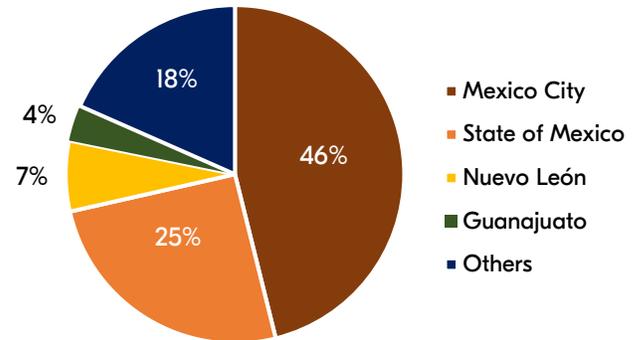
As shown in the "Customer Composition in the Portfolio" section, we have low exposure to sectors that are at high risk due to COVID-19, which has allowed us to maintain our portfolio at healthy levels and strengthen our relationship with our existing clients.

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.

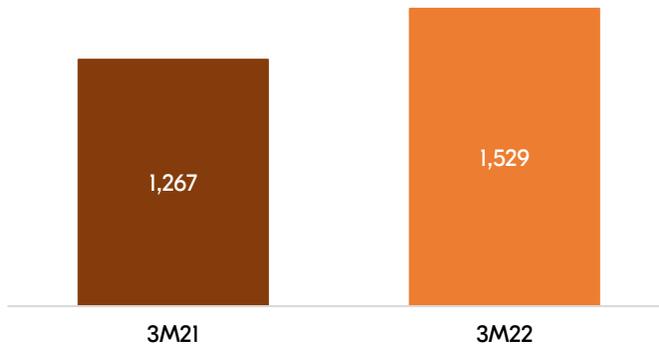
By Industry



By Region



Real Estate Portfolio *in million pesos*



As of March 31st, 2022, real estate assets reached \$1,529 million pesos compared to \$1,267 million pesos from the same period of 2021, which represents an increase of 20.7%. As of 1Q22, the Real Estate Portfolio represented approximately 11.7% of Mexarrend's total Productive Assets.



Customer Composition in the Portfolio

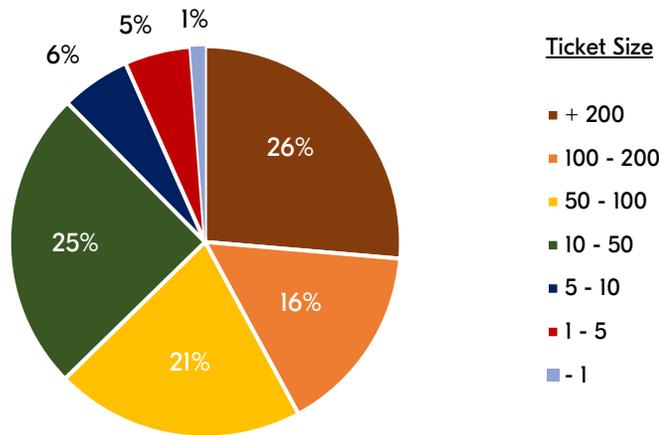
in million pesos

Mexarrend uses the Global Industrial Classification Standard (GICS) to classify its existing customer portfolio. A detailed analysis of the portfolio, as of 1Q22, is presented below:

Sector	Amount		%			Amount		%	
	1Q21	1Q22	1Q21	1Q22		1Q21	1Q22	1Q21	1Q22
Energy	19	33	0.21	0.35	Energy	19	33	0.21	0.35
Materials	420	349	4.54	3.72	Materials	420	349	4.54	3.72
Industrials	3,287	2,293	35.55	24.43	Capital Goods	938	1,124	10.14	11.98
					Commercial & Professional Services	847	764	9.16	8.14
					Transportation	1,502	405	16.24	4.32
Consumer Discretionary	3,252	2,924	35.17	31.15	Automobiles & Components	87	97	0.94	1.03
					Consumer Durables & Apparel	856	654	9.26	6.97
					Consumer Services	550	637	5.95	6.79
					Media	1,307	1,287	14.13	13.71
					Retailing	452	249	4.89	2.65
Consumer Staples	450	544	4.87	5.80	Food & Staples Retailing	149	297	1.61	3.16
					Food, Beverage & Tobacco	293	232	3.17	2.47
					Household & Personal Products	8	15	0.09	0.16
Health Care	963	1,213	10.41	12.92	Health Care Equipment & Services	950	1,109	10.27	11.82
					Pharmaceuticals, Biotechnology & Life Science	13	104	0.14	1.11
Financials	168	1,228	1.82	13.09	Banks	1	16	0.01	0.17
					Diversified Financials	155	1,085	1.68	11.56
					Insurance	12	127	0.13	1.35
Information Technology	543	182	5.87	1.94	Software & Services	524	160	5.67	1.70
					Technology, Hardware & Equipment	19	22	0.21	0.23
					Semiconductors & Semiconductor Equipment	-	-	-	-
Telecommunication Services	93	407	1.01	4.34	Telecommunication Services	93	407	1.01	4.34
Utilities	-	14	-	0.15	Utilities	-	14	-	0.15
Real Estate	52	198	0.56	2.11	Real Estate	52	198	0.56	2.11
Total	9,247	9,385	100	100	Total	9,247	9,385	100	100

Portfolio Distribution by Ticket Size

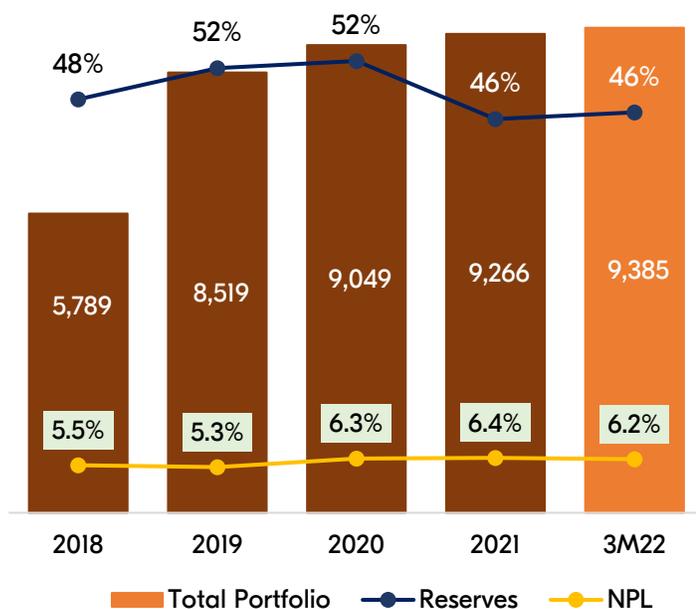
in million pesos



Mexarrend operates under strict credit policies aligned with its priority of maintaining a high-quality portfolio. Approximately 94% of customers have contracts for transactions of less than \$50 million pesos, therefore maintaining a low level of concentration per customer.

Non-Performing Loans

in million pesos

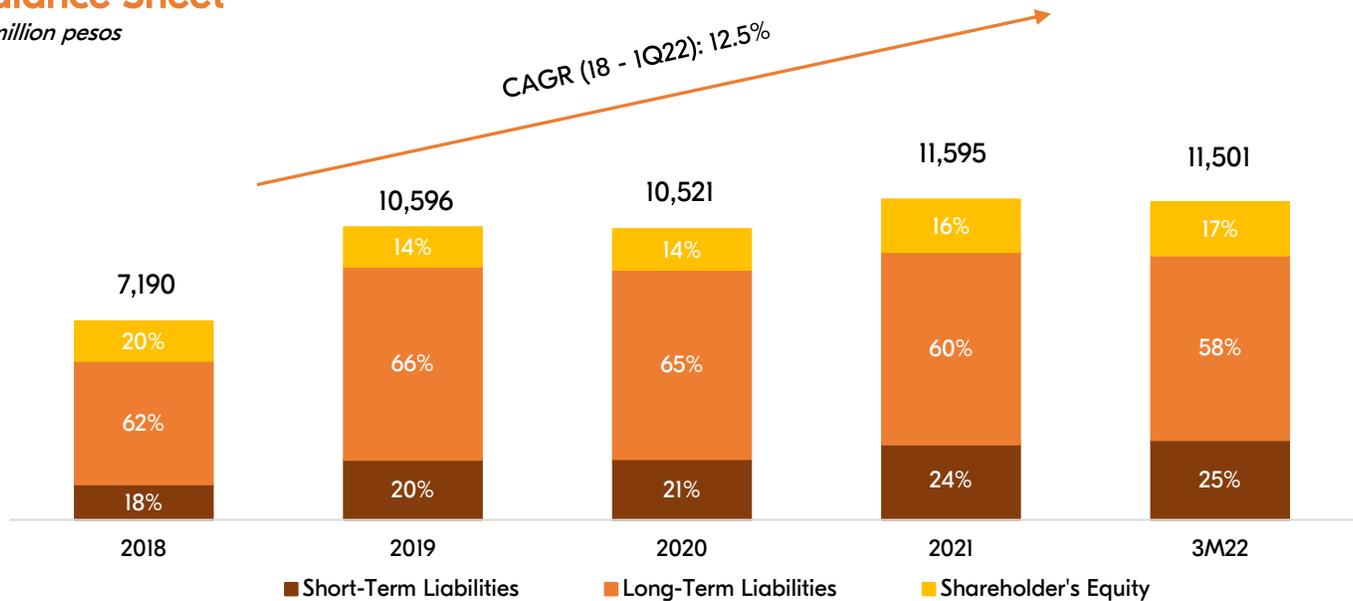


Non-performing loans (NPLs) as of March 31st, 2022, remained positive compared to the end of 2021, and represented 6.2% of the Portfolio. This percentage reflects the controlled performance of the portfolio despite the current environment, which we continue to monitor closely, in addition to the quality of originations of the portfolio under management.

The loan loss reserve was approximately \$306 million pesos representing around 46% of the NPL amount. The reserve amount is reviewed quarterly with our auditor and is in compliance with IFRS 9.

Balance Sheet*

in million pesos



*Some numbers have been rounded for presentation purposes.

Total assets as of March 31st, 2022, increased by 5.6% compared to 1Q21, totaling \$11,501 million pesos. Short-term and long-term accounts receivable increased by \$1,107 million pesos at the close of March 2022, compared to the same quarter of 2021.

The Company's total liabilities increased 4.4%, compared to the same quarter of the previous year, reaching \$9,570 million pesos. Short-term liabilities increased 50.8%, while long-term liabilities decreased 7.8%. The increase in short-term liabilities is due to the maturity of the bond, that was issued in 2017, being due in October 2022. With respect to the bond payment, we are analyzing refinancing alternatives both locally and with international players.

Mexarrend has an adequate debt profile with approximately 74% of its financial liabilities maturing in the long-term. This maturity profile is conservative and provides greater operational flexibility. Mexarrend will continue with the responsible management of its liabilities.

Impact of Hedges on the Balance Sheet

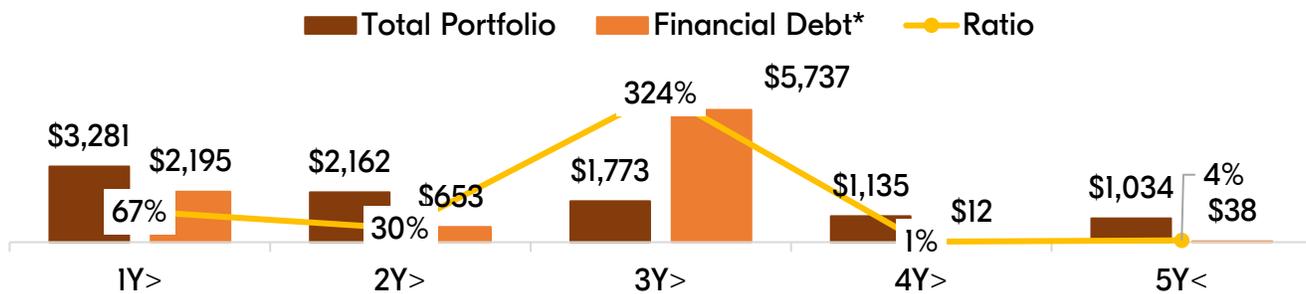
The Company acquired financial derivative instruments to cover the risk of future increases in the peso/dollar exchange rate for the payment of its dollar denominated debt (call spreads to cover the principal and cross currency swaps to cover the payment of interest). These instruments are recorded at their fair value on the Balance Sheet on the assets line and their counter account is Other Comprehensive Income ("OCI"), within Shareholder's Equity.

Operating exchange rate losses due to the depreciation of the exchange rate are recorded on the Income Statement within the Comprehensive Financing Cost 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 Shareholders' Equity.

As of March 31st, 2022, 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 assets line, which resulted in a negative balance in OCI within the Company's Shareholders' Equity.

Portfolio vs. Financial Debt

in million pesos



Note: Amortization of the principal considering hedging. The value of the portfolio does not reflect the cash position of \$267 million pesos at the end of the period. Financial debt takes the effect of hedging into account.

The value of the total liquidation of Mexarrend's portfolio in the next 5 years is \$9,385 million pesos, which compares to the total amortization of the Company's normalized financial debt of \$8,635 million pesos, demonstrating adequate coverage and balance sheet strength.

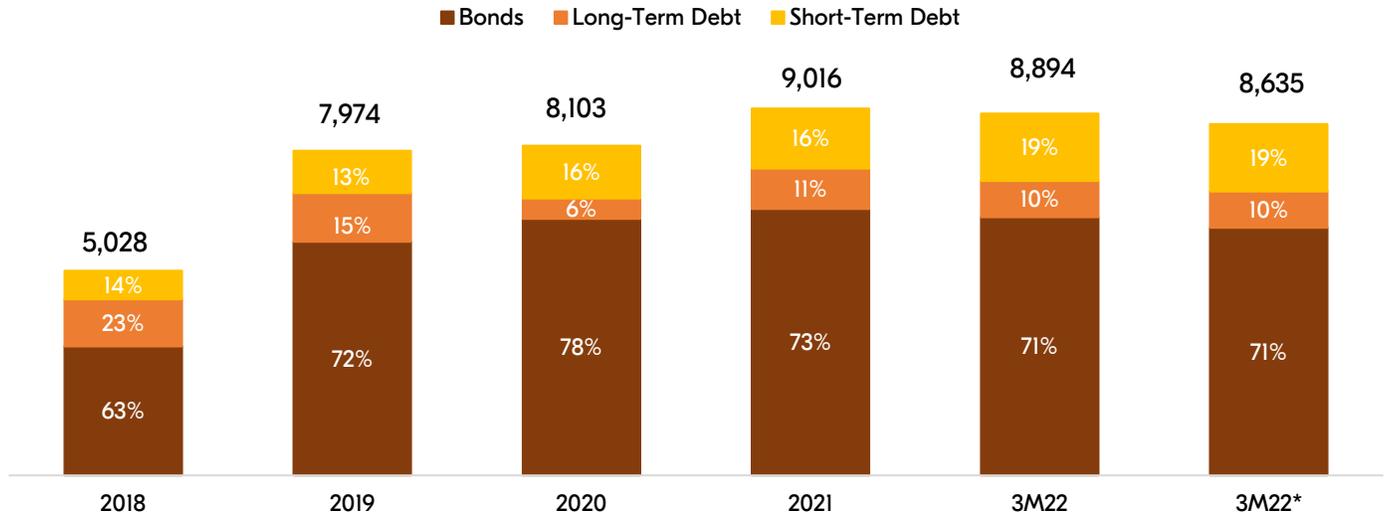
With the issuance of the bond in July 2019, short-term debt amortizations for the coming years were significantly reduced, which was one of the key reasons behind the issuance. Mexarrend's strategy is to actively and responsibly manage liabilities, seeking the best costs and terms, in addition to diversifying sources of financing.

The debt maturities with a term of less than one year shown in the graph above, represent, for the most part (approximately \$1,370 million pesos), the short-term CEBUREs program, in which we have participated since 2006 and have been able to successfully renew and have maturities spread monthly throughout the year. The rest of the maturities correspond to the amortizations of the bilateral financing available to the Company and the US\$30 million payment derived from the bond issued in 2017.

Mexarrend communicated to the market the credit lines it secured in recent quarters (considering the current volatile environment), including the recently announced warehousing line with HSBC, demonstrating Mexarrend's financial and reputational strength. We continue to actively work on diversifying our funding sources both locally and internationally.

Financial Debt Composition (Short-term, Long-term & International Bonds)

in million pesos

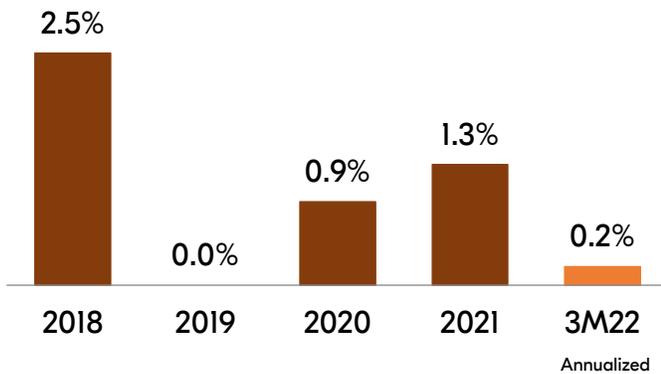


* Note: This takes the effect of the hedges into account.

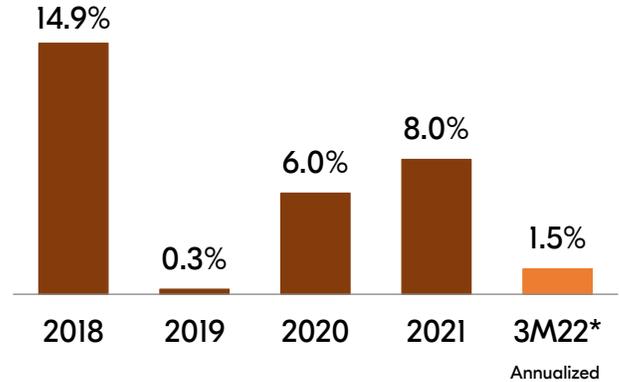
Mexarrend’s debt profile is adequate to drive our business’ growth, with only 26% of our debt maturing in the short-term. Most of the short-term maturities correspond to the CEBUREs Program in the local capital market, which we have participated in for over 15 years, as well as the remaining US\$30 million of the 2022 bond payment. During 2020 and 2021, we were able to refinance the maturities of our heavily oversubscribed CEBURES. Most of our leverage corresponds to the international bond issued in July 2019, consisting of a bullet payment in 2024, that is fully hedged against exchange rate variations. By taking the effect of the hedges into account, debt has been reduced to Ps. 8,635 million, where the international bond represents 71% of our total financial obligations.

Financial Ratios

ROAA



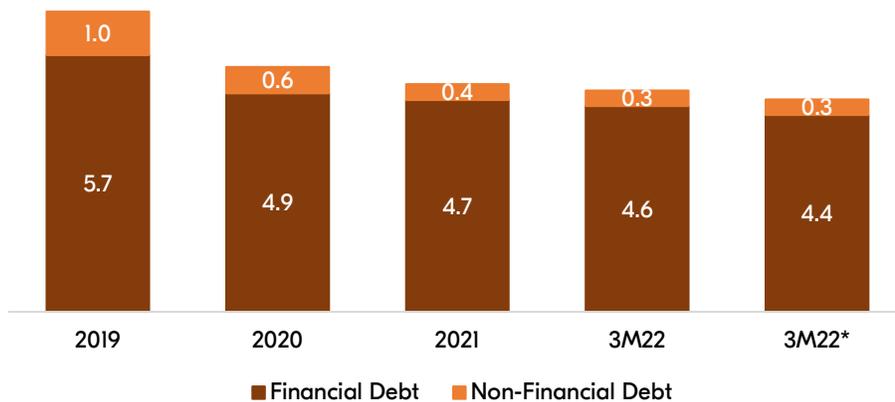
ROAE



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

At the end of March 2022, ROAA and ROAE*, were 0.2% and 1.5%, respectively (considering the effect of exchange rate hedging for ROAE).

Leverage Ratio

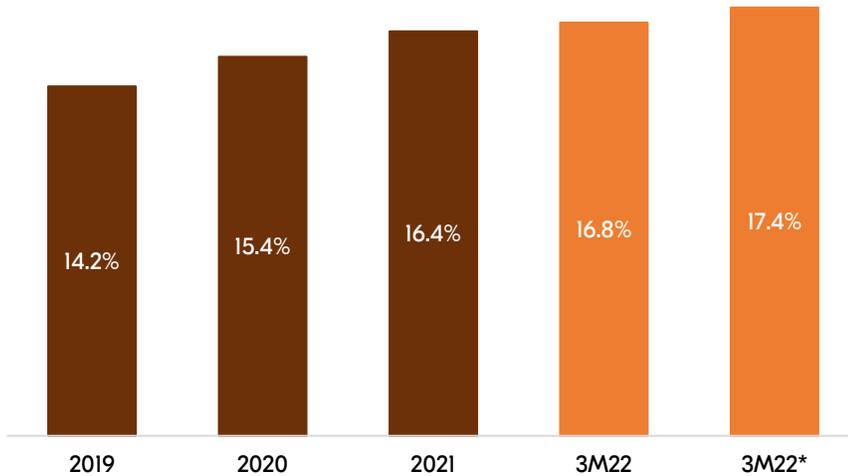


The leverage ratio for the first quarter of 2022, isolating for exchange rate fluctuations effects, was 4.4x, for both debt and capital.

As previously explained, dollar debt obligations are duly covered and the amounts payable are converted at an exchange rate close to \$19.00 MXN/USD.

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

Capitalization Ratio



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

The capitalization ratio was 16.8% at the end of 1Q22, which was affected by the OCI in the capital account. Isolating these effects, the capitalization ratio amounts to 17.4%.

The result for the year continues to reflect the use of the resources obtained from the bond issued in July 2019, where the profit of the new portfolio will be seen gradually in the coming quarters, as well as the efficient use of our credit lines in accordance with originations growth.

Global and Local Ratings

Global

	2020	2021	1Q22
S&P Global	BB-	B	B
FitchRatings	BB-	B+	B+

Local (Long Term)

	2020	2021	1Q22
 Credit Rating Agency	HR A	HR A	HR A
FitchRatings	BBB+	BBB+	BBB+

Local (Short Term)

	2020	2021	1Q22
 Credit Rating Agency	HR2	HR2	HR2
FitchRatings	F2(mex)	F2(mex)	F2(mex)

Primary Servicer

	2020	2021	1Q22
 Credit Rating Agency	N/A	HR AP3+	HR AP3+

On April 8th, 2022, Fitch Ratings ratified the “B+” rating for Mexarrend. According to the agency, the affirmation of Mexarrend's rating reflects the improved capital position and leverage, as well as positive expectations for the medium term from the announcement of the business combination with Zinobe.

On April 21st, 2022, HR Ratings ratified Mexarrend's “HR A” rating, modifying the outlook from negative to stable. According to the agency, this is based on an adequate solvency position and a financial situation in line with expectations.

On October 26th, 2021, HR Ratings ratified the "AP3+" rating for Mexarrend, recognizing the quality of the origination process, collections, and service of our portfolio in general.

Sustainability

In March 2021, Mexarrend's first Sustainability Report was published, detailing all the initiatives, achievements, metrics, and objectives that we are carrying out as an organization to continue strengthening our efforts on this front. To read the full report please see the following link: [Sustainability Report](#)

During 2021, our three-year agreement with the UN was ratified, which provides a yearly educational contribution to some of the most in-need Mexican states, such as Guerrero, Chiapas, and Oaxaca. We consider education to be one of the most important areas for the generation of long-term wellbeing. Additionally, during the first quarter of 2022 the Communication on Progress for 2021 was presented to the UN for the second consecutive year, which allows us to show the achievements and commitments made by the Company to the environment, society, and its collaborators.

In the first quarter of 2022, we obtained for the third consecutive year from the CEMEFI (Centro Mexicano para la Filantropía, A.C.), the Socially Responsible Company award, which recognizes Mexarrend's initiatives on five pillars: 1) ties with the community, 2) environment, 3) ethics and corporate governance, 4) wellbeing, and 5) social responsibility management. We reiterate our commitment to continue strengthening these important pillars that contribute to Mexarrend's success and reputation. Likewise, we obtained the Social Inclusion Badge for 2021, which recognizes Mexarrend for integrating programs that reduce inequality in the sectors of the community where it operates.

Additionally, in April 2021, the Mexarrend Women's Committee was formed, which seeks to highlight women's active participation, showcasing the importance of their work for society and as businesspeople. This initiative seeks to contribute to the Gender Equality Social Development Goal ("SDGs") established by the United Nations.

In June 2021, Mexarrend announced the launch of its first sustainable product: the Value Green Lease. During 2021, the first transactions to finance sustainable assets were closed, highlighting Mexarrend's position as a positive agent of change in sustainability matters.

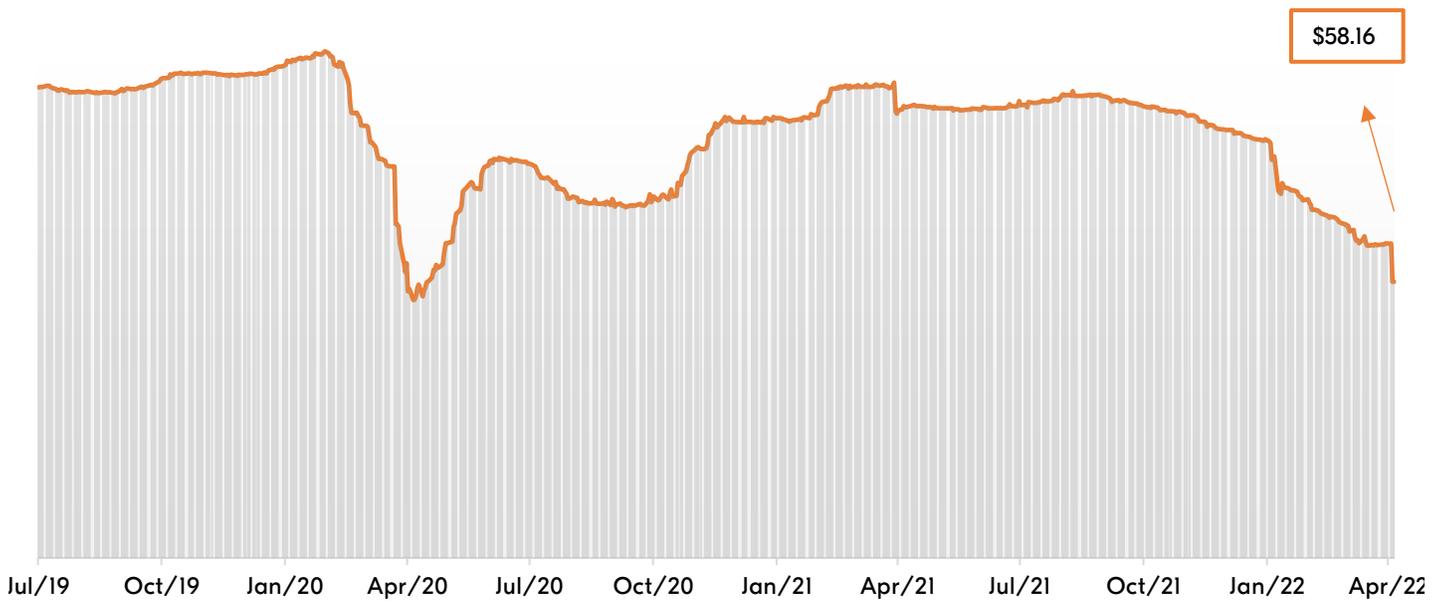
In the third quarter of 2021, Mexarrend reaffirmed its commitment to the intellectual development of new generations by partnering with EPIC Lab; a center for creativity, innovation, and entrepreneurship from the Instituto Tecnológico Autónomo de México ("ITAM"); seeking to inspire young people to become entrepreneurs and contribute to the formation of future entrepreneurs in Mexico. Mexarrend will support by giving talks on entrepreneurship and innovation, intensive courses, workshops, and other activities that will promote entrepreneurial culture in Mexico.

As mentioned in the previous quarter, we continue working on the implementation of the Environmental and Social Risk Management System ("SARAS" in Spanish). 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 customers in terms of sustainability. An example of a result from the implementation of the system was that only 2% of the operations generated from February 2020 to December 2021 were categorized as high socioenvironmental risk, which shows Mexarrend's commitment to creating a customer portfolio with a higher focus on environmental safekeeping.

As part of the consolidation of Tangelo, during the first quarter of 2022, we began with the implementation of the ESG model in Colombia, seeking to bring all the best practices and processes to the offices in Bogotá, in addition to having completed and launched the complaints site for both countries. In the coming months we will continue with this consolidation to reaffirm Tangelo's commitment to the environment, social and corporate governance.

Bond Performance (DOCUFOR 2024)

Below is the performance of the 5-year (2024) US \$300 million, 10.25% coupon bond issued in July 2019. The bond's recent performance was impacted by market volatility related to the problems of the non-bank financial sector.



Source: Bloomberg, with information at market close on April 27th, 2022.

Reading Mexarrend's Financial Statements

Key Components of Mexarrend's Income Statement and Balance Sheet

Total Revenues	<ul style="list-style-type: none"> • Interest on Capital Leases → Includes interest earned on capital lease payments and portfolio sales. • Equipment Financing → Equipment financed under payment plans, 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.
Costs	<ul style="list-style-type: none"> • Interest Cost → Includes the funding costs for the assets leased under all of our capital, operating leases and transportation services (renting) and other related services. • Cost of Credit Operations → 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)	<ul style="list-style-type: none"> • Accounts Receivable → The net investment in leases. • Other Assets (Non-Current) → Mostly security deposits. • Property, Plant and Equipment - Net → Includes the properties from the Real Estate business derived from ICI and other equipment of the Company.

Consolidated Income Statement As of March 31st, 2022

in million pesos

INCOME	1Q21	1Q22	Var.%
Interest on Capital Leases	305	542	77.7
Equipment Financing	-	-	-
Operating Leases	80	74	(7.5)
Total Income	385	616	60.0
COSTS			
Interest Cost	247	437	76.9
Cost of Credit Operations	-	-	-
Depreciation of Assets Under Operating Leases	44	44	-
Total Costs	291	481	65.3
GROSS INCOME	94	135	43.6
Selling Expenses	9	13	44.4
Administrative Expenses	47	59	25.5
Loan Loss Reserves	6	6	-
Operating Expenses	62	78	25.8
OPERATING INCOME	32	57	78.1
Other (Income) Expenses, Net	2	1	(50.0)
Interest Income	(4)	(3)	25.0
Interest Expenses	21	12	(42.9)
Net Exchange Profit (Loss)	194	(203)	(204.6)
Valuation of Financial Derivative Instruments	(224)	215	-
Premiums of Financial Derivative Instruments	45	44	(2.2)
Extraordinary Expenses	-	-	-
Equity Income in Affiliates	-	1	-
Comprehensive Financing Result	32	66	106.3
INCOME BEFORE INCOME TAXES	(2)	(10)	(400.0)
Taxes	(10)	(17)	(70.0)
NET INCOME	8	7	(12.5)

Consolidated Balance Sheet As of March 31st, 2022

in million pesos

ASSETS	3M21	3M22	Var.%
CURRENT ASSETS			
Cash & Cash Equivalents	709	266	(62.5)
Accounts Receivables	1,996	2,274	13.9
Loan Loss Reserves	(304)	(306)	(0.7)
Taxes to Recupérate	227	194	(14.5)
Sundry Debtors	5	5	-
Other Assets	180	186	3.3
Assets for Sale	4	9	125.0
TOTAL CURRENT ASSETS	2,817	2,628	(6.7)
NON-CURRENT ASSETS			
Property, Plant and Equipment - Net	1,896	2,007	5.9
Long-Term Receivables	5,076	5,905	16.3
Other Assets	110	113	2.7
Financial Derivative Instruments	429	206	(52.0)
Deferred Taxes	324	408	25.9
Intangible Assets	234	234	-
TOTAL NON-CURRENT ASSETS	8,069	8,873	10.0
TOTAL ASSETS	10,886	11,501	5.6
LIABILITIES			
CURRENT LIABILITIES			
Current Portion of Long-Term Debt	1,264	2,216	75.3
Accounts Payable	4	157	3,825.0
Sundry Creditors	621	497	(20.0)
Related Party Creditors	15	11	(26.7)
Income Taxes and Other Taxes Payable	14	11	(21.4)
TOTAL CURRENT LIABILITIES	1,918	2,892	50.8
NON-CURRENT LIABILITIES			
Long-Term Debt	7,245	6,678	(7.8)
Deferred Income Taxes	-	-	-
Derivatives	-	-	-
TOTAL NON-CURRENT LIABILITIES	7,245	6,678	(7.8)
TOTAL LIABILITIES	9,163	9,570	4.4
SHAREHOLDER'S EQUITY AND RESERVES			
Capital Stock	1,530	1,530	-
Retained Earnings	277	423	52.7
Other Comprehensive Income (Valuation of Financial Derivatives)	(92)	(29)	68.5
Current Year Net Income	8	7	(12.5)
TOTAL SHAREHOLDER'S EQUITY AND RESERVES	1,723	1,931	12.1
LIABILITIES + SHAREHOLDER'S EQUITY	10,886	11,501	5.6

Appendix

Glossary of Metrics

- **Net Productive Assets** – Calculated as the sum of the Total Portfolio, the Portfolio Under Management and the Real Estate Portfolio.
- **NPL Ratio** – Calculated as the Overdue Portfolio of the Total Portfolio¹ / Total Portfolio.
- **ROAA** – Calculated as Consolidated Net Income / Average Total Assets for the last 12 months.
- **ROAE*** – Calculated as Consolidated Net Income / Average Shareholder's Equity of the last 12 months, eliminating the effect of OCI.
- **Financial Debt* / Capital*** – Calculated as the total of the Short and Long-Term Financial Debt plus the International Bonds (considering the effect of exchange hedges) / Shareholder's Equity eliminating the effect of the OCI.
- **Capitalization*** – Shareholder's Equity eliminating the effect of OCI / Total Assets eliminating the effect of financial derivate instruments.

**Financial ratios without considering the effects of variations in the exchange rate for the quarter and the year due to the hedging of debt and eliminating the effect of OCI on Shareholder's Equity.*

¹ The Total Portfolio in this case is equal to the sum of the Portfolio Under Management plus the Total Portfolio.



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About MEXARREND

Mexarrend S.A.P.I. de C.V. has grown to become one of the largest independent asset-based lending companies in Mexico in the last 25 years. The company specializes in offering financing solutions to small and medium enterprises (SMEs) that have been underserved but are ready for rapid growth, for the acquisition of productive assets and equipment to back that growth. Mexarrend provides reliable and competitive sources of financing through its three main business lines: capital leases, cash financing and operating leases.

Disclaimer

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. 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.



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