



# MEXARREND®

## 2Q22 Corporate Presentation



**EMPRESA  
SOCIALMENTE  
RESPONSABLE**

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EMPRESAS  
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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

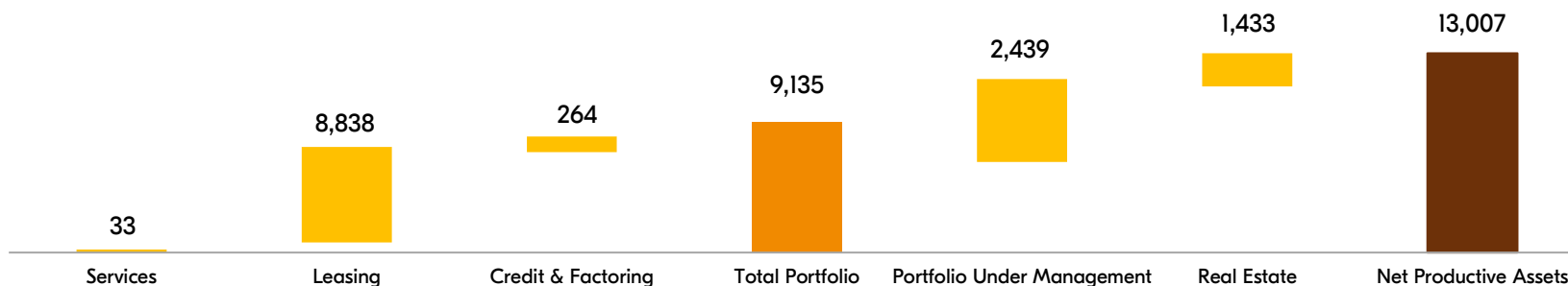


#### Renting

Equipment leasing with supplies, service and maintenance required

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

As of 2Q22 | MXN\$ MM



### Key Financial Highlights

	6M21	6M22	Var. %
Total Revenues	895	1523	70.2
Net Income	16	55	243.8
Comprehensive Financing Result	157	137	(12.7)
Total Portfolio	9,718	9,135	(5.9)
Total Assets	11,131	12,182	9.4
Shareholder's Equity & Reserves ("SE")	1,794	1,968	9.7
Financial Debt*/Shareholders' Equity*	4.5x	4.5x	-
Capitalization* (SE*/Total Assets*)	16.6%	16.8%	20bps
SE*/Total Portfolio	18.8%	22.0%	320bps
R O A A	0.3%	0.9%	60bps
R O A E*	1.9%	5.5%	360bps
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

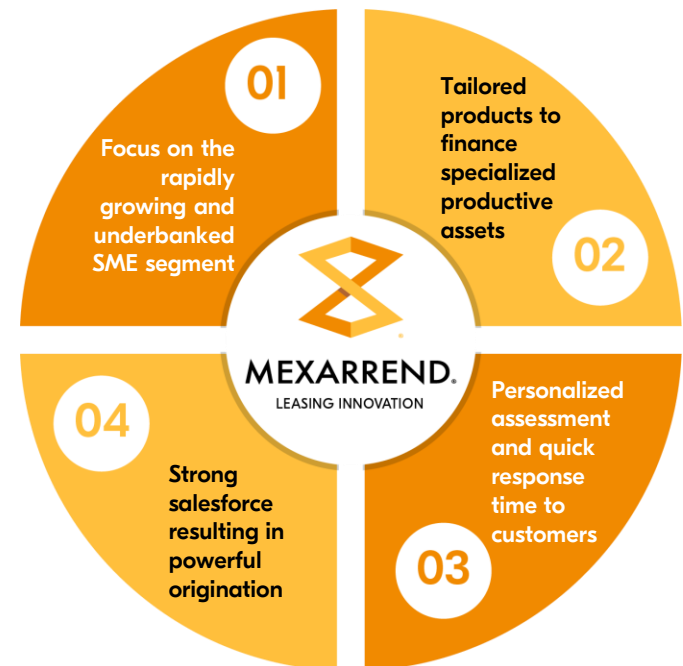
Lender covering the entire relevant market through four specialized divisions:



## Key Milestones and Integrated Business Model



### Business Model



## Recent Relevant Events



On June 1<sup>st</sup>, 2022, **Tangelo**, announced a partnership with Mexican retailer **Waldo's**, to launch two digital credit solutions. Through **Tangelo's** alternative risk models, the solutions enable millions of Mexicans to access credit for the first time, thus expanding financial inclusion in the country.

The solutions, which are custom-built with **Tangelo's** technology embedded into **Waldo's** ecosystem, have the potential to reach over three million people in the more than 600 **Waldo's** stores nationwide, who will be able to finance their purchases quickly and easily; as well as purchase motorcycles with a 24-hour delivery guarantee.



On June 27<sup>th</sup>, 2022, **Tangelo** shared its second Sustainability Report for 2021. Its objective is to present the results of the actions carried out throughout the year, as well as present the impact that **Tangelo** has and will have in promoting digital alternative credit in Latin America throughout its five lines of action:

1. Business management
2. Ethics and corporate governance
3. Link and commitment to the community and its development
4. Quality of life in the company
5. Care and preservation of the environment



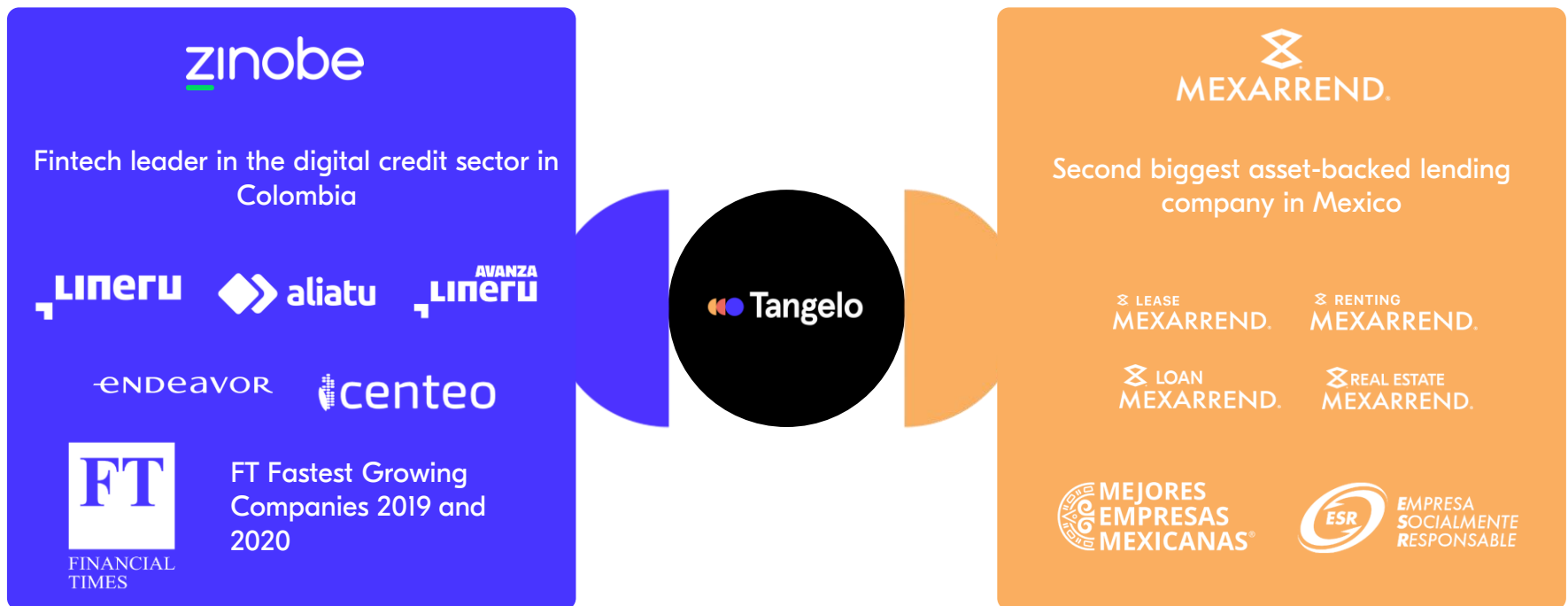
On July 11<sup>th</sup>, 2022, **Tangelo** announced its partnership with **Lealtad Verde** and **Tiendas OXXO**. This partnership has an important Socially Responsible Investment (ESG) component in that the biorecycling machines financed by **Tangelo** allow **OXXO** customers, upon depositing their PET bottles, HDPE, or aluminum cans, to obtain several benefits through the **Lealtad Verde** app such as: discount coupons, **OXXO** promotions, and even Tlalicoin, the carbon footprint valuing cryptocurrency that is part of #LealesAIPlaneta.



# Tangelo

## What is Tangelo?

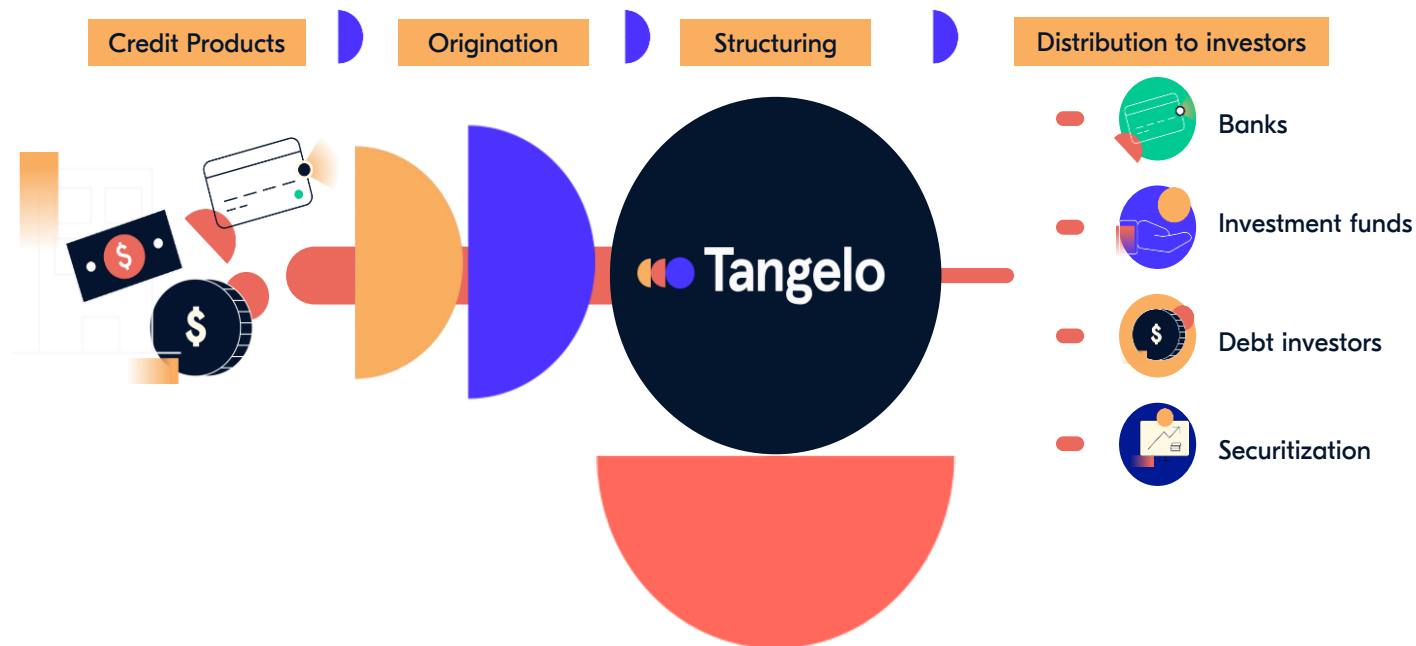
Tangelo brings together Mexarrend's more than twenty-five years' credit risk and operational experience, strengthened by deep institutional relationships, with Zinobe's advanced technological and analytics capabilities to provide integrated credit solutions targeting SMEs and consumers across Latin America.



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.

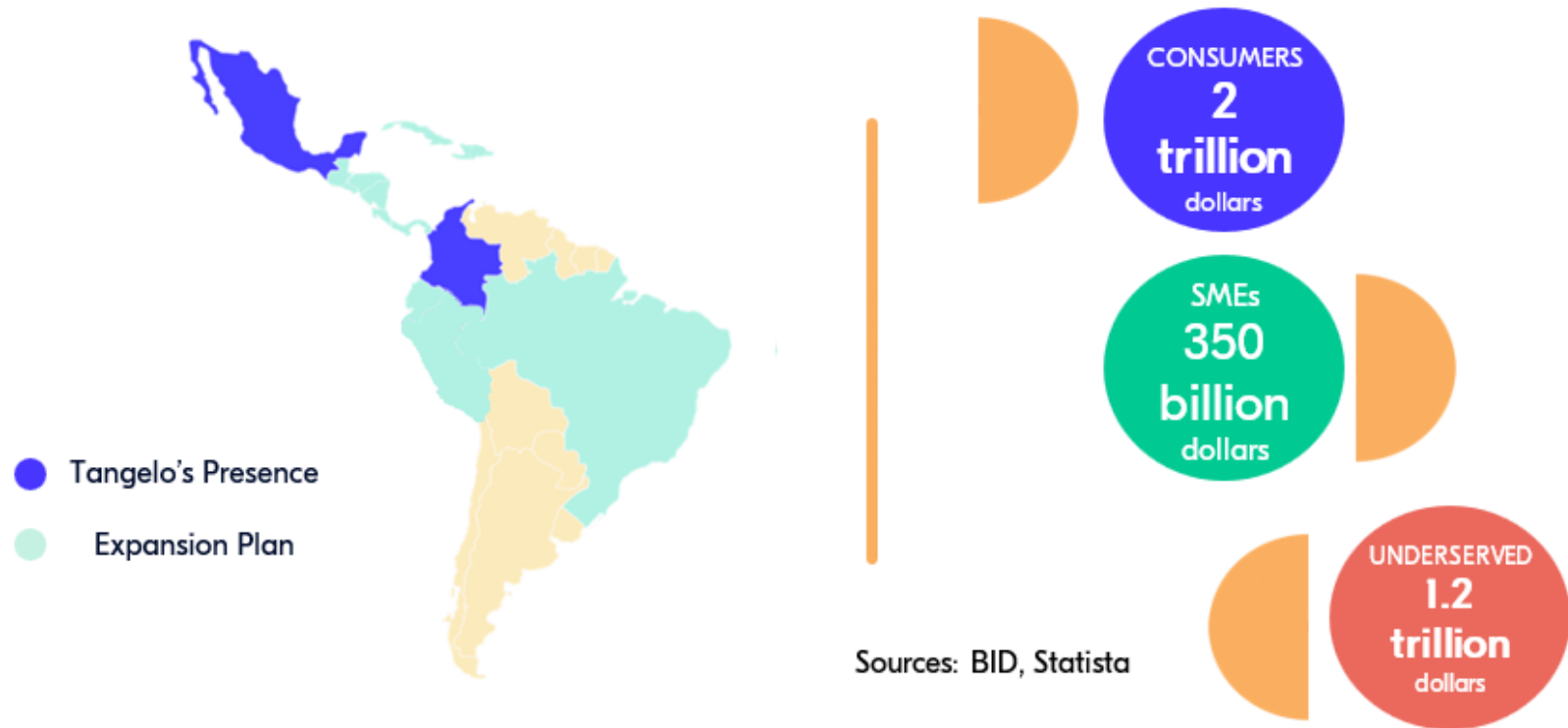
## Capital Markets

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



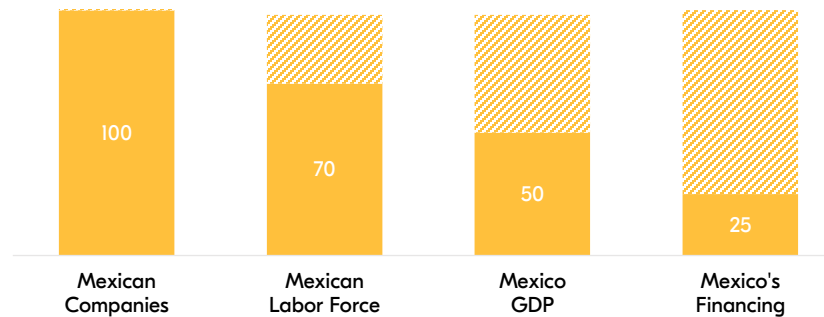
## 1. Mexarrend Attends Underserved Mexican SMEs...

### 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

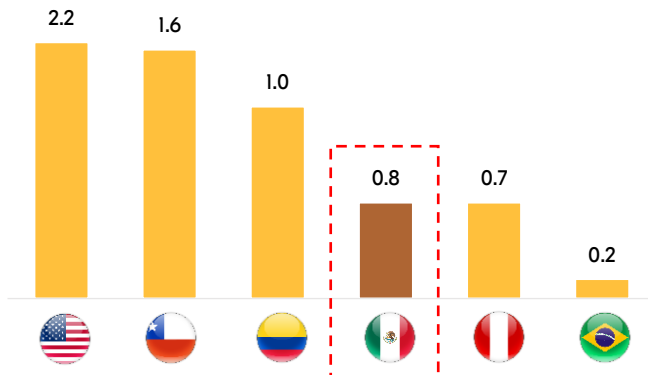
### Within Companies, Mexican **SMEs** are Underserved...

% As of 2017



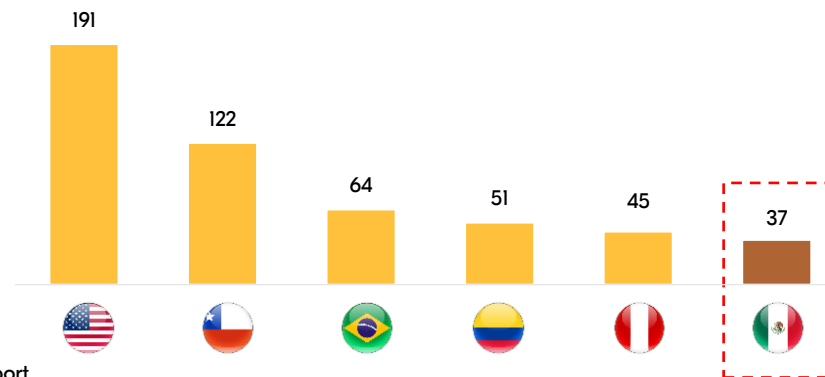
### Leasing Volume

% As of 2019 of GDP






### Domestic Credit to the Private Sector

% As of 2019



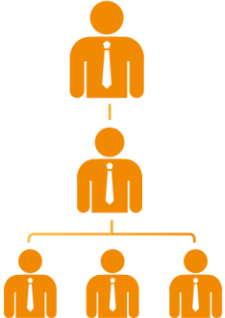
Sources: CNBV, the World Bank and White Clarke Group Global Leasing Report

## 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	 <p>Directors</p> <p>Managers</p> <p>Business Units / Marketing and Contact</p>	+41 Employees	~51%	<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>

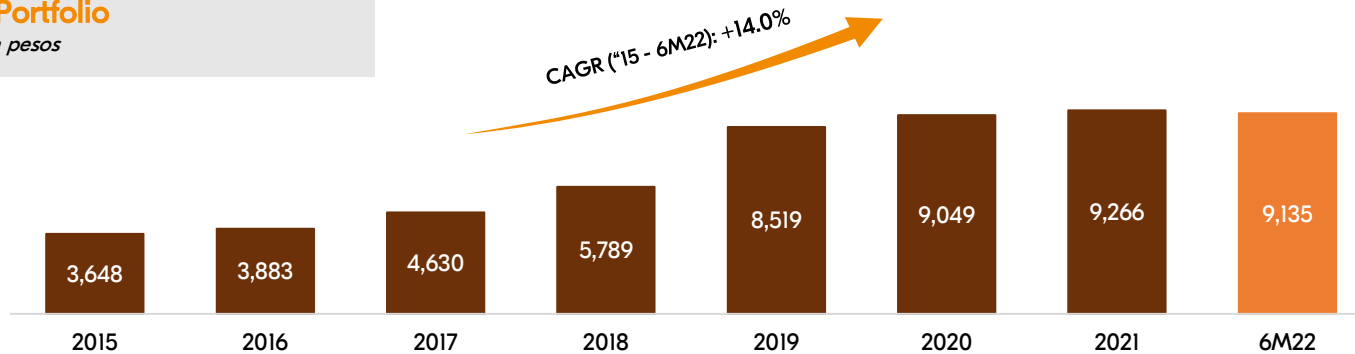
### Indirect Sales Force

	Organizational Structure	#	% Sales	Key Highlights
Vendors		+39 Vendors	~12%	<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>	+31 Brokers	~37%	<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

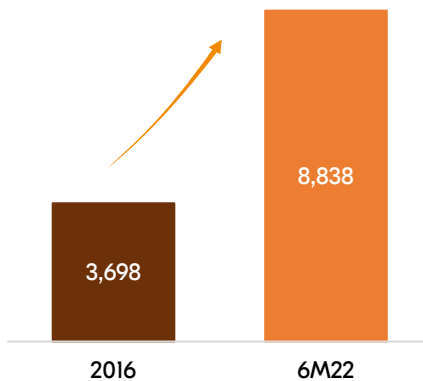
*In million pesos*



### Leasing Portfolio

*In million pesos*

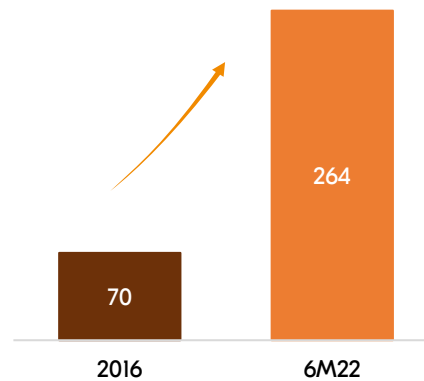
CAGR ("16 - 6M22): +15.6%



### Credit & Factoring Portfolio

*In million pesos*

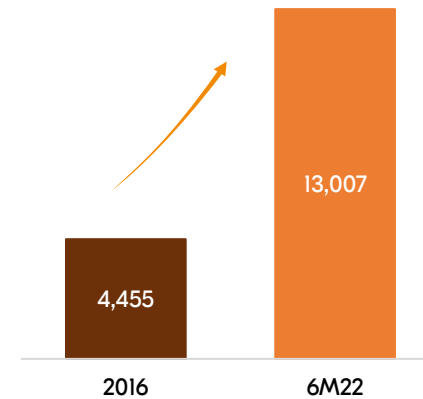
CAGR ("16 - 6M22): +24.8%



### Net Productive Assets

*In million pesos*

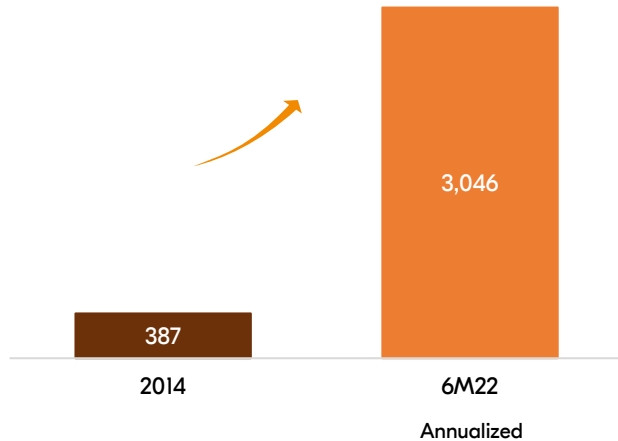
CAGR ("16 - 6M22): +19.6%



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

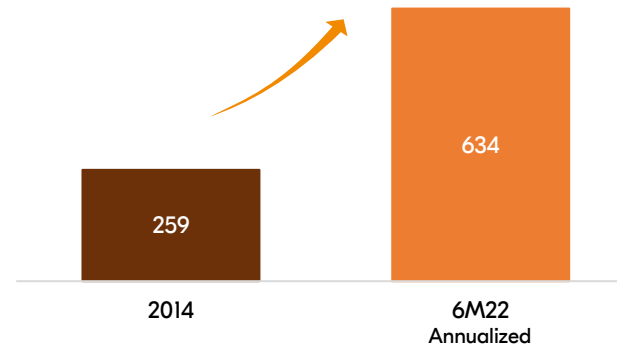
### Revenues

*In million pesos*



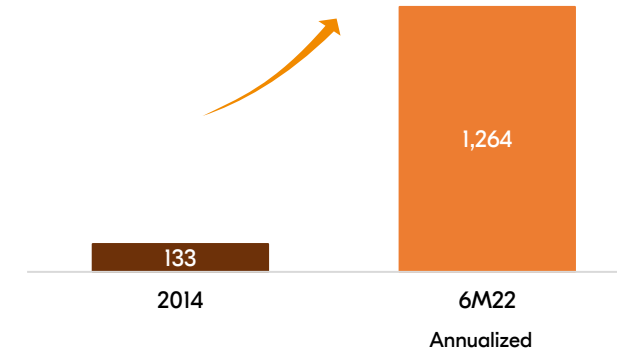
### Gross Income

*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

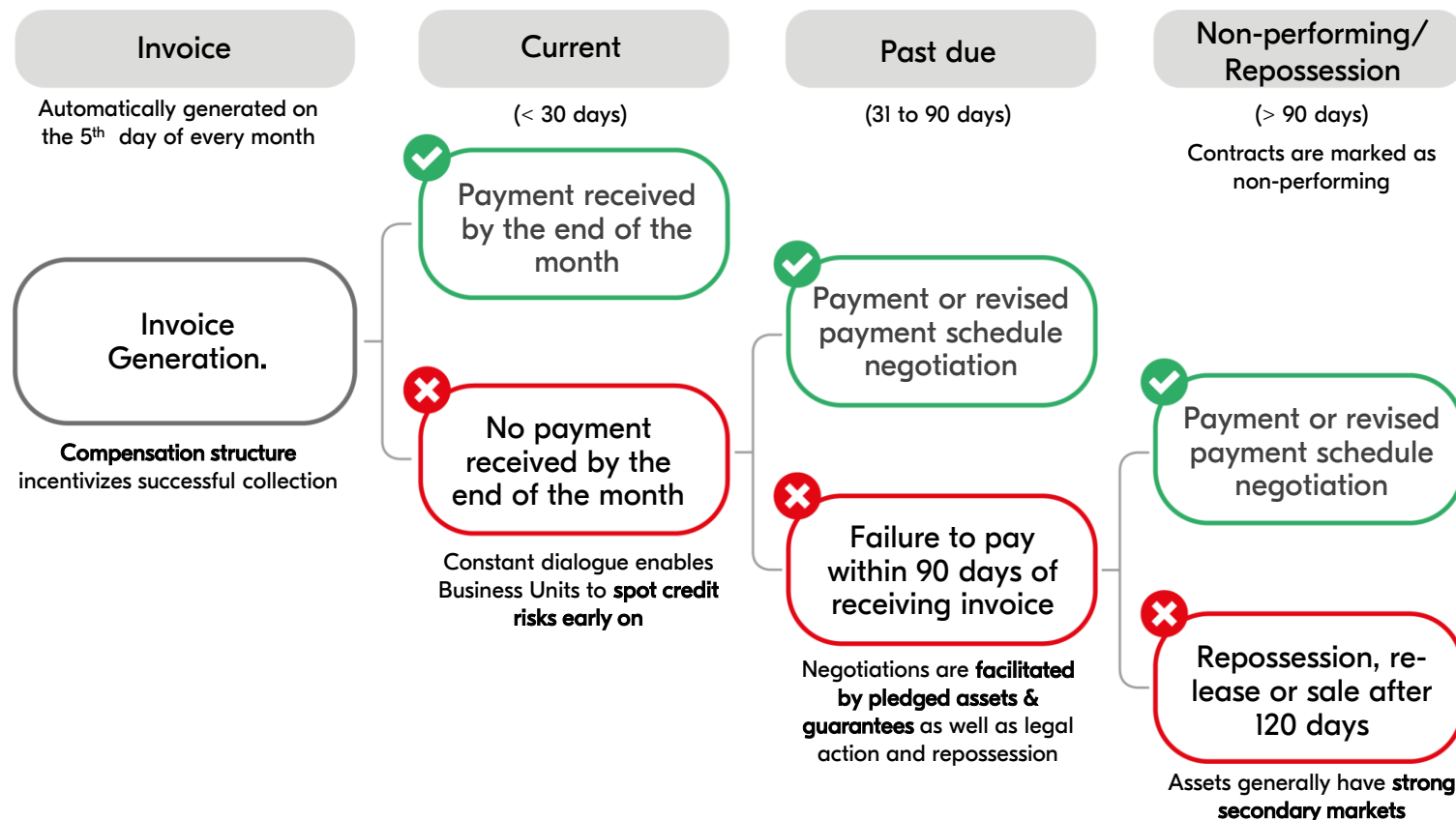


- Credit process enables turnaround times of 5 to 15 business days, significantly faster than a traditional bank
- Independent members strengthen the Credit Committee
- The Company follows strict risk assessment processes incorporating quantitative and qualitative parameters

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

#### Efficient Collection Process

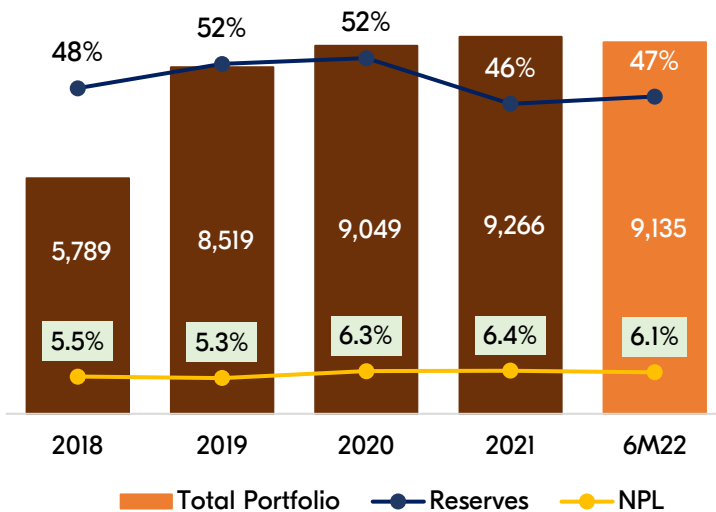
The collection process is greatly facilitated by Mexarrend maintaining ownership of leased assets



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

#### NPL

*In million pesos*

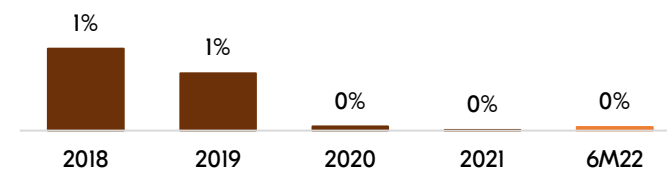


#### Mitigants

- 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

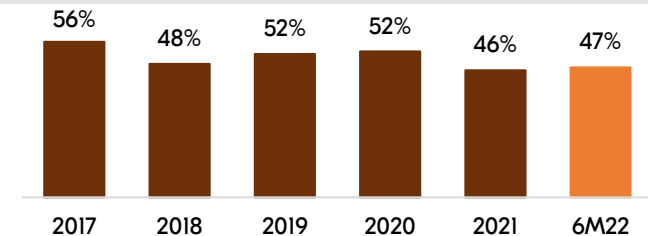
#### Write-Offs

*Write-Offs / Total Portfolio*



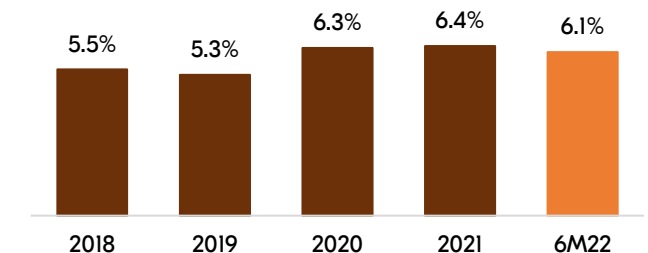
#### Coverage Ratio

*Ending Reserves / Non-Performing Lease Portfolio*



#### Non-Performing Lease

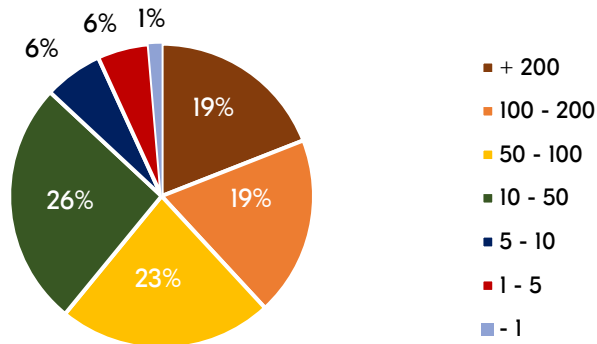
*Non-Performing Lease Portfolio / Portfolio*



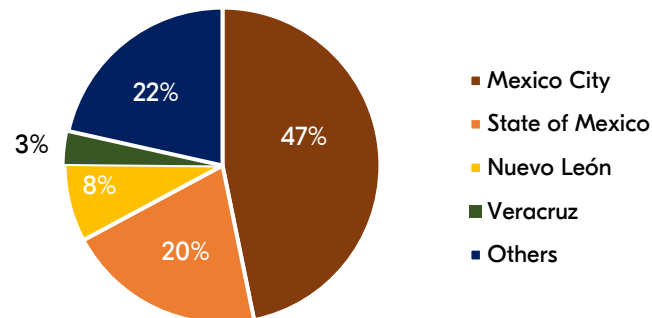
## 4. Solid Balance Sheet Supported by a Diversified Portfolio...

**Portfolio Distribution by Ticket Size**

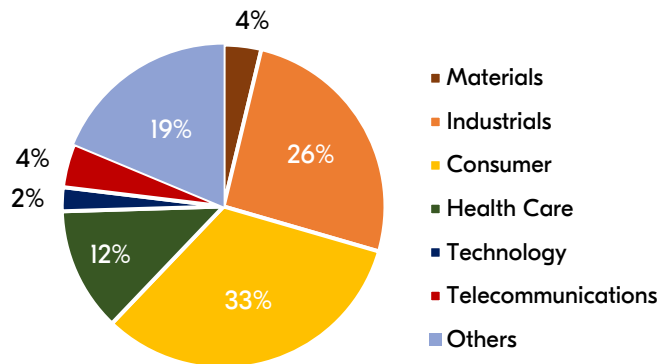
*In million pesos*



**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

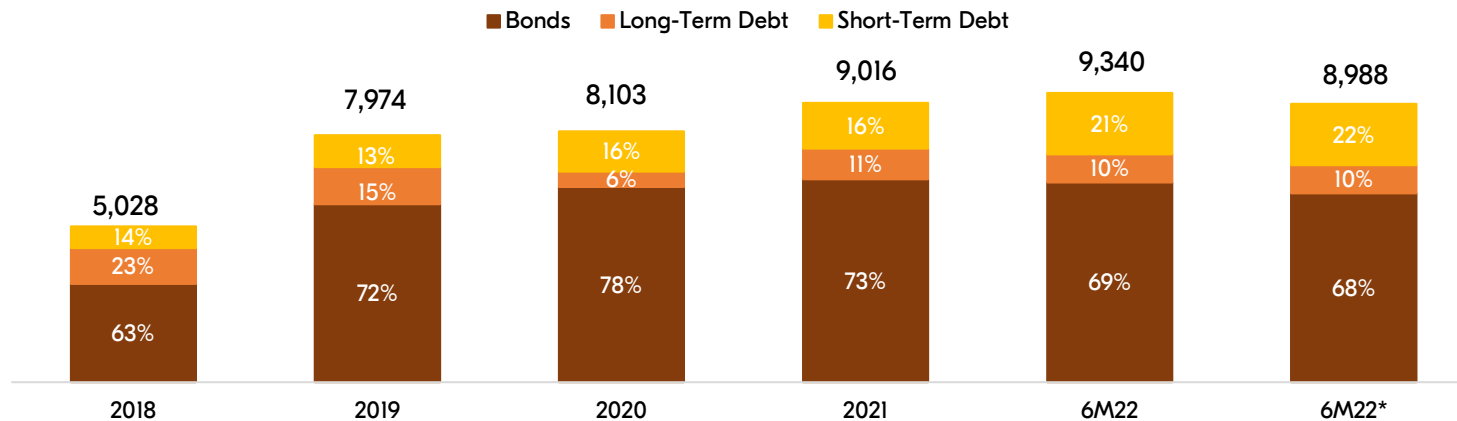
The geographic diversification of our portfolio is in line with the percentage of participation in the economy. The highest concentration is found in Mexico City and the metropolitan area, which includes the State of Mexico. In terms of industry, our portfolio is well diversified

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

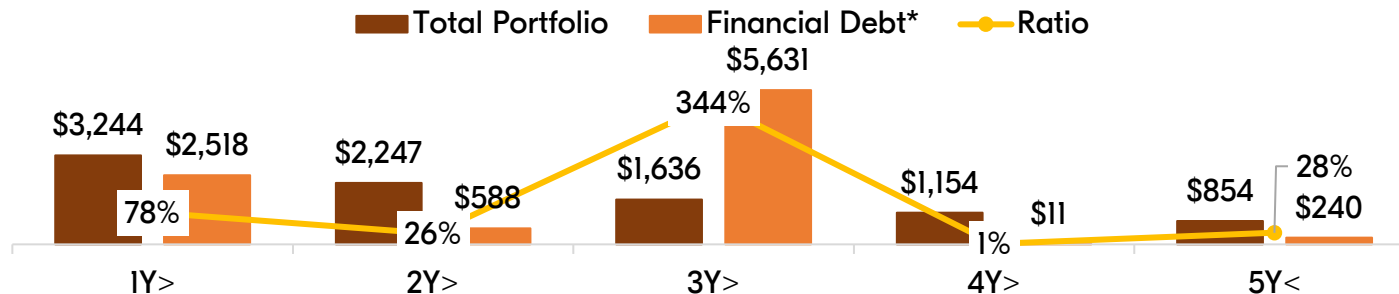
### Financial Debt Composition

*In million pesos*



### Current Debt & Run-Off

*In million pesos*



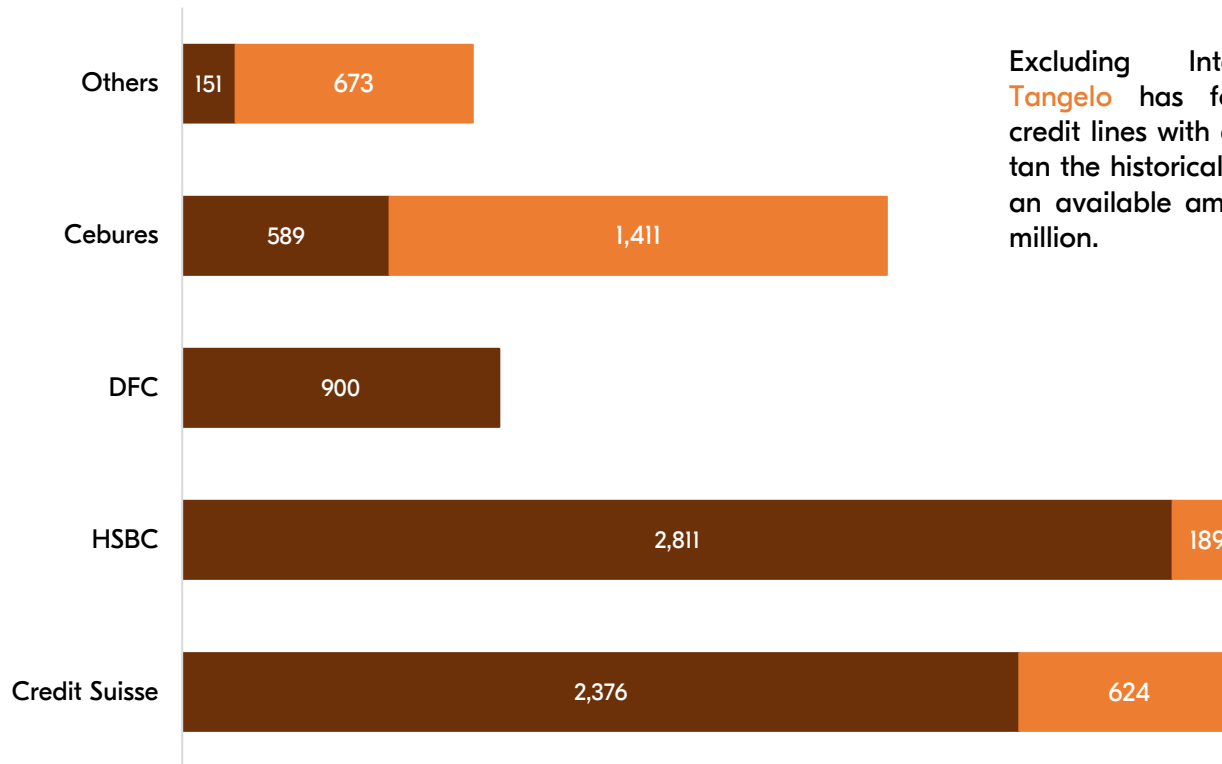
\*Note: Consider the hedges for the US\$ denominated financial debt

## 4. ... And a Prudent & Diversified Funding Profile (Cont'd)

### Available Funding

En millones de pesos

■ Available ■ Used

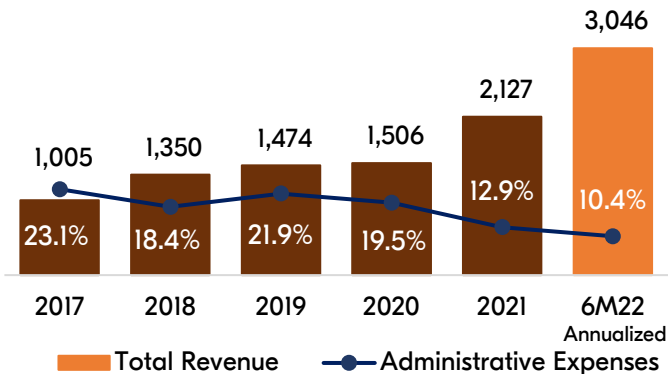


Excluding International Bonds, **Tangelo** has four main financing credit lines with a cost of funds lower than the historical cost, which results in an available amount of MXN \$6,827 million.

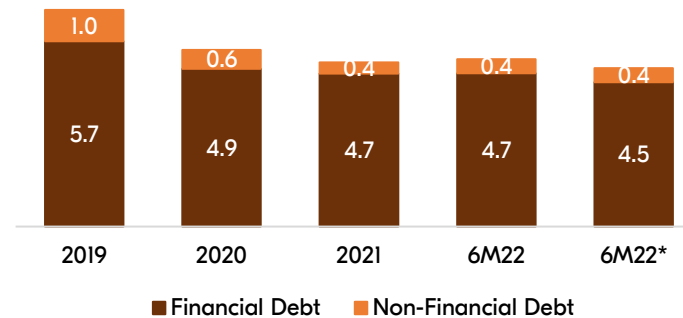
## 5. High Levels of Operational Efficiency and Strong Financial Ratios that Result in Solid Credit Ratings

### Efficiency Ratio

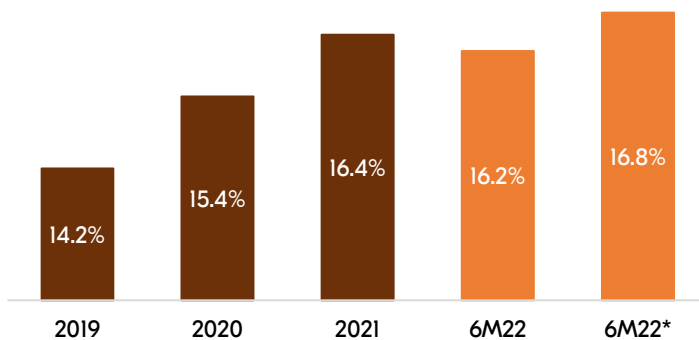
In million pesos



### Leverage Ratio



### Capitalization Ratio



### Credit Ratings

#### Global

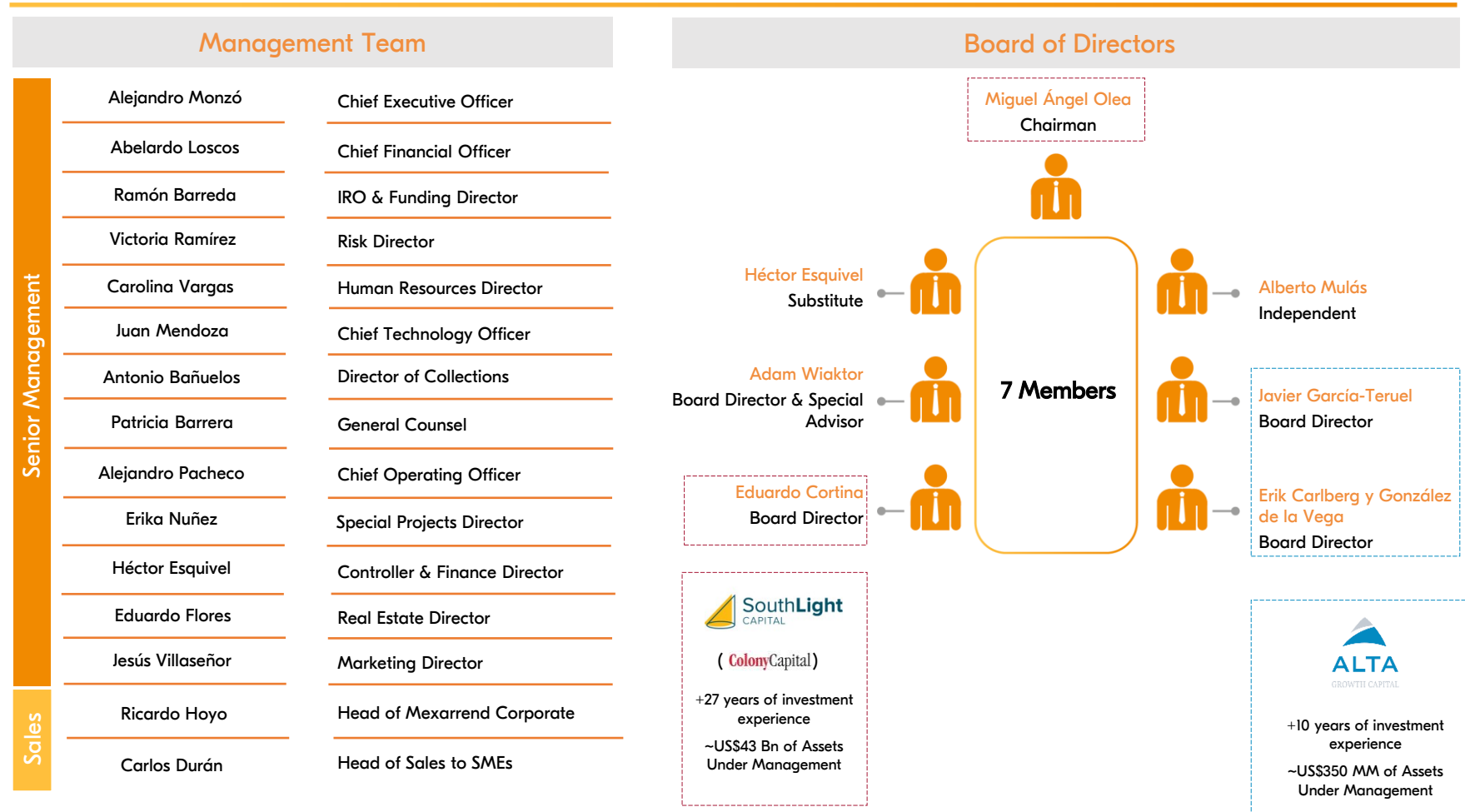
	2021	2Q22
<b>S&amp;P Global</b>	B	B
<b>FitchRatings</b>	B+	B+

#### Local

	2021	2Q22
<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, Tangelo partnered with the EPIC Lab seeking to inspire more young people to become entrepreneur



### Value Green Lease

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



### Sustainability Report

On June 27<sup>th</sup>, 2021, Tangelo published its second [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	2Q21	2Q22	Var.%	6M21	6M22	Var.%
Interest on Capital Leases	444	564	27.0	749	1,106	47.7
Operating Leases	66	343	419.7	146	417	185.6
<b>Total Income</b>	<b>510</b>	<b>907</b>	<b>77.8</b>	<b>895</b>	<b>1,523</b>	<b>70.2</b>
<b>COST</b>						
Interest Cost	315	431	36.8	562	868	54.4
Depreciation of Assets Under Operating Leases	30	294	880.0	74	338	356.8
<b>Total Costs</b>	<b>345</b>	<b>725</b>	<b>110.1</b>	<b>636</b>	<b>1,206</b>	<b>89.6</b>
<b>GROSS INCOME</b>	<b>165</b>	<b>182</b>	<b>10.3</b>	<b>259</b>	<b>317</b>	<b>22.4</b>
Selling Expenses	12	12	-	21	25	19.0
Administrative Expenses	47	64	36.2	94	122	29.8
Loan Loss Reserves	(2)	6	400.0	4	12	200.0
<b>Operating Expenses</b>	<b>57</b>	<b>82</b>	<b>43.9</b>	<b>119</b>	<b>159</b>	<b>33.6</b>
<b>OPERATING INCOME</b>	<b>108</b>	<b>100</b>	<b>(7.4)</b>	<b>140</b>	<b>158</b>	<b>12.9</b>

## Income Statement (Cont'd)

*in million pesos*

	2Q21	2Q22	Var.%	6M21	6M22	Var.%
Other (Income) Expenses, Net	2	-	-	5	2	(60.0)
Interest Income	(4)	(3)	25.0	(7)	(6)	14.3
Interest Expenses	24	42	75.0	45	55	22.2
Net Exchange Profit (Loss)	(238)	79	133.2	(44)	(124)	(181.8)
Valuation of Financial Derivative Instruments	263	(93)	(135.4)	39	121	210.3
Premiums of Financial Derivative Instruments	80	46	(42.5)	125	90	(28.0)
Extraordinary Expenses	(1)	-	-	(1)	-	-
Equity Income in Affiliates	-	-	-	-	1	-
<b>Comprehensive Financing Result</b>	<b>124</b>	<b>71</b>	<b>(42.7)</b>	<b>157</b>	<b>137</b>	<b>(12.7)</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>(18)</b>	<b>29</b>	<b>261.1</b>	<b>(22)</b>	<b>19</b>	<b>186.4</b>
Taxes	(27)	(19)	29.6	(38)	(36)	5.3
<b>NET INCOME</b>	<b>9</b>	<b>48</b>	<b>433.3</b>	<b>16</b>	<b>55</b>	<b>243.8</b>

## Balance Sheet

*in million pesos*

ASSETS	6M21	6M22	Var.%
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	727	609	(16.2)
Accounts Receivables	2,166	3,154	45.6
Loan Loss Reserves	(302)	(308)	2.0
Taxes to Recupérate	193	217	12.4
Sundry Debtors	5	15	200.0
Other Assets	170	188	10.6
Assets Held for Sale	8	9	12.5
<b>TOTAL CURRENT ASSETS</b>	<b>2,967</b>	<b>3,884</b>	<b>30.9</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment - Net	1,813	2,069	14.1
Long-Term Receivables	5,535	5,285	(4.5)
Other Assets	109	89	(18.3)
Financial Derivative Instruments	156	195	25.0
Deferred Taxes	317	426	34.4
Intangible Assets	234	234	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>8,164</b>	<b>8,298</b>	<b>1.6</b>
<b>TOTAL ASSETS</b>	<b>11,131</b>	<b>12,182</b>	<b>9.4</b>

## Balance Sheet (Cont'd)

*in million pesos*

LIABILITIES	6M21	6M22	Var.%
<b>CURRENT LIABILITIES</b>			
Current Portion of Long-Term Debt	1,198	2,548	112.7
Accounts Payable	182	115	(36.8)
Sundry Creditors	695	723	4.0
Related Party Creditors	13	11	(15.4)
Income Taxes and Other Taxes Payable	15	25	66.7
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,103</b>	<b>3,422</b>	<b>62.7</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-Term Debt	7,234	6,792	(6.1)
Deferred Income Taxes	-	-	-
Derivatives	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7,234</b>	<b>6,792</b>	<b>(6.1)</b>
<b>TOTAL LIABILITIES</b>	<b>9,337</b>	<b>10,214</b>	<b>9.4</b>
<b>SHAREHOLDER'S EQUITY AND RESERVES</b>			
Capital Stock	1,530	1,530	-
Retained Earnings	277	423	52.7
Other Comprehensive Income (Valuation of Financial Derivatives)	(29)	(40)	(37.9)
Current Year Net Income	16	55	243.8
<b>TOTAL SHAREHOLDER'S EQUITY AND RESERVES</b>	<b>1,794</b>	<b>1,968</b>	<b>9.7</b>
<b>LIABILITIES + SHAREHOLDER'S EQUITY</b>	<b>11,131</b>	<b>12,182</b>	<b>9.4</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).