



MEXARREND®

LEASING INNOVATION

Mexarrend Second Quarter 2022 Earnings Report

Mexico City, July 26th, 2022 - Mexarrend, S.A.P.I. de C.V. ("Mexarrend" or the "Company"), announced its unaudited consolidated financial results for the second quarter of 2022 ("2Q22" or "6M22"). All figures are expressed in Mexican Pesos ("\$") and were prepared in accordance with International Financial Reporting Standards ("IFRS")

EARNINGS CALL DETAILS

Date: Wednesday, July 27th, 2021

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

Registration: [Earnings Call 2Q22 - Mexarrend](#)

CONTACT INFORMATION

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2Q22 Highlights

- ❖ The results from 2Q22 demonstrated a positive trend compared to the same quarter of last year. Total revenues for the quarter were \$907 million pesos, 77.8% higher than 2Q21, while gross income increased by 10.83%. In addition, net income reached \$48 million pesos, an increase of 5.3x.
- ❖ In 2Q22, the Lending-as-a-Service ("LaaS") product operations reached a Portfolio Under Management of \$2,439 million pesos, an increase of more than 4 times compared to the same quarter of last year. The consistent growth of this portion of the portfolio reaffirms the effectiveness of the Company's new asset-light approach, and the strength of the partnerships formed since 2020. These operations do not represent a balance sheet risk for the company.
- ❖ The Non-Performing Loans ("NPLs") ratio has improved from its peaks during the pandemic in 2020 and 2021, showing the strength of the Company's strategy and the benefits of being an asset-backed lender.
- ❖ Funding for the origination of the asset-backed lending business is covered for 2022 and 2023. The Credit Suisse warehouse facility is at ~20% use and in April we announced a \$3 billion pesos (US\$150 million) 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. Both leverage and capitalization ratios have improved compared with 2Q21 and the end of 2021.
- ❖ In addition, for several months we have been working on the refinancing of the 2022 bond with a credit line backed by the company's Real Estate assets, which is in final stages of negotiation. The 2022 US\$30 million bond (DOCUFO 9 ¼ 10/11/22) matures in October.
- ❖ During the quarter, we announced that Tangelo 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.
- ❖ On June 30th, 2022, we received approval from the Comisión Federal de Competencia Económica ("COFECE") to merge with Zinobe and formalize the creation of Tangelo.
- ❖ We published our second Sustainability Report, detailing all the initiatives we carried out last year and our progress compared to the previous year. We remain committed to continue improving and implementing new projects in both Mexico and Colombia.

Message from the CEO

The second quarter was marked by important achievements and milestones that are key for the future of the Company's strategy. We have reported positive results despite the uncertainty in the local and international environment, and we are more optimistic than ever about our future. We have succeeded in the face of numerous challenges, revealing the strength of our business model and our adaptability.

At Tangelo, we are convinced that success is paired with the ability to create value for our investors, shareholders, employees, and customers. With this in mind, we always seek to make decisions that improve the strength of the company and at the same time lay the foundation for the coming years. This objective has led us to make multiple investments in technology, operational capacity, and human capital to continue innovating and transforming ourselves and serve the needs of the Latin American market.

Tangelo's strategy is based on creating strategic alliances that allow us to reach our clients more efficiently, while also acquiring higher quality information for our risk analysis process. During the second quarter of 2022, we managed to close very important strategic alliances. For instance, our alliance with Waldo's, one of the most important retail commercial chains in the Mexican market, with more than 600 stores and 3 million customers. The scope of this agreement includes a point-of-sale digital credit product (Waldo's Pay) and a motorcycle financing product (Waldo's Motos). Both products fit perfectly with our balance sheet light strategy, as credit risk is distributed from the moment it is originated.

In line with our ESG and Impact strategy, in July we announced an alliance with Lealtad Verde and Cadena Comercial Oxxo. This alliance will allow us to finance collection and recycling equipment through our Value Green Lease product. In its first stage, we will be equipping 30 stores, and are aiming to cover a significant percentage of stores over the next 5 years.

In terms of funding, we continue to strengthen our relationship with global financial institutions such as HSBC and Credit Suisse ("CS") with structures that allow us to grow with an efficient consumption of capital. Last week, we announced the first disbursement of our credit facility with the U.S. International Development Finance Corporation ("DFC", formerly "OPIC"), demonstrating the strength of our product portfolio, processes, and corporate governance practices. This disbursement comes after a very successful and in-depth due diligence process.

We are also very pleased to share that we received the final approval from COFECE to conclude the business combination of Mexarrend and Zinobe to form Tangelo. In the coming weeks we will be moving forward with the subsequent legal procedures.

We are satisfied with yet another quarter of improved financial performance.

Alejandro Monzó

CEO

What is Tangelo?

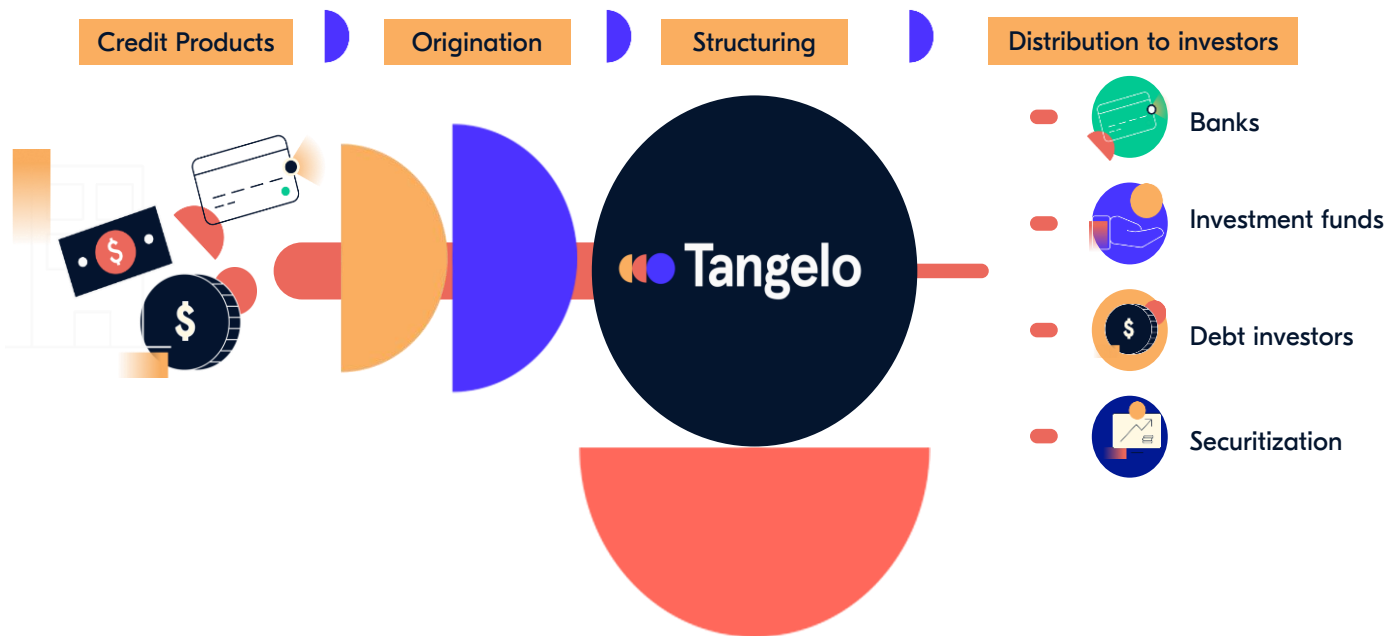
Tangelo was created from the union of a leading Colombian fintech and Mexarrend:



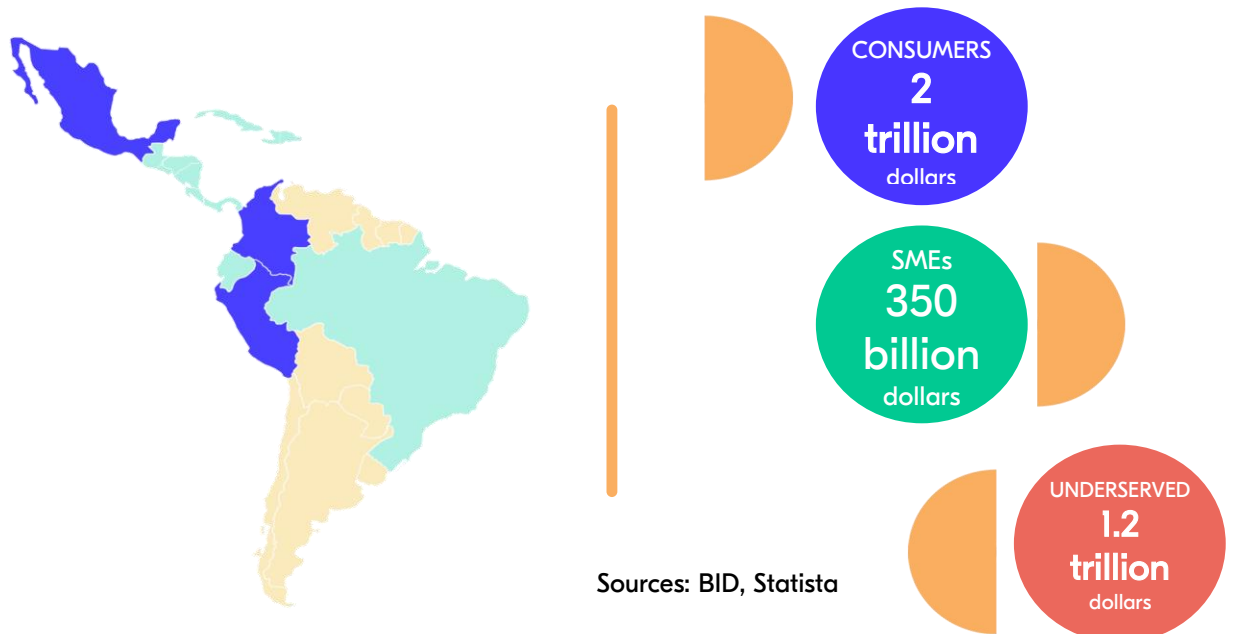
Tangelo brings together Mexarrend's more than twenty-five years of credit risk and operational experience, strengthened by deep institutional relationships, with Zinobe's advanced technological and analytics capabilities to provide integrated credit solutions targeting MSMEs and consumers across the region. The business combination puts Tangelo in a leading competitive position with a combined track record of more than US\$1 billion dollars 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.

Tangelo Announces Partnership with Waldo's to Drive Financial Inclusion by Providing Access to Credit for Millions of Mexican Consumers

On June 1st, 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 partnership has the potential to reach over three million people, who will be able to finance their purchases at more than 600 Waldo's stores through two digital credit products developed by Tangelo.

Tangelo publishes its 2021 Sustainability Report

On June 27th, 2022, Tangelo shared its second Sustainability Report to present the results of its actions throughout the year in this area. The report shows helps to visually demonstrate in more detail the impact that Tangelo has and will have in promoting digital alternative credit in Latin America, as well a closer look at its five action areas:

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

3Q22

Tangelo supports Lealtad Verde and Tiendas OXXO's partnership by financing biorecycling machines.

On July 11th, 2022, Tangelo announced its alliance with Lealtad Verde and Tiendas OXXO, which has an important Socially Responsible Investment (ESG) component. 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.

Financial and Operating Summary

in million pesos

Financial Metrics	2Q21	2Q22	Var.%	6M21	6M22	Var.%
Total Revenues	510	907	77.8	895	1,523	70.2
Cost of Sales	345	725	110.1	636	1,206	89.6
Gross Income	165	182	10.3	259	317	22.4
Gross Margin (%)	32.4	20.1	(1,230)bps	28.9	20.8	(810)bps
Operating Expenses	57	82	43.9	119	159	33.6
Operating Income	108	100	(7.4)	140	158	12.9
Operating Margin (%)	21.2	11.0	(1,020)bps	15.6	10.4	(520)bps
Other (Income) Expenses, Net	2	-	-	5	2	(60.0)
Comprehensive Financing Result	124	71	(42.7)	157	137	(12.7)
Income Before Income Tax	(18)	29	261.1	(22)	19	186.4
Income Tax	(27)	(19)	29.6	(38)	(36)	5.3
Net Income	9	48	433.3	16	55	243.8
Net Margin (%)	1.8	5.3	350bps	1.8	3.6	180bps

Operational Metrics	6M21	6M22	Var.%
Total Portfolio	9,718	9,135	(5.9)
Leasing	9,327	8,838	(5.2)
Credit & Factoring	342	264	(22.8)
Services	49	33	(32.7)
Portfolio Under Management	586	2,439	316.2
NPL Ratio	6.3%	6.1%	(20)bps
Real Estate Portfolio	1,261	1,433	13.6
Net Productive Assets ¹	11,565	13,007	12.5
Operational Metrics	6M21	6M22	Var.%
R O A A (annualized)	0.3%	0.9%	60bps
R O A E* (annualized)	1.9%	5.5%	360bps
Financial Debt* / Capital*	4.5x	4.5x	-
Capitalization* (Capital* / Total Assets*)	16.6%	16.8%	20pbs
Capital* / Total Portfolio	18.8%	22.0%	320bps
Leasing Portfolio / Total Portfolio	96.0%	96.7%	70bps
Total Portfolio / Financial Debt*	1.2x	1.0x	(0.2)x
Current Assets / Current Liabilities	1.4x	1.1x	(0.3)x

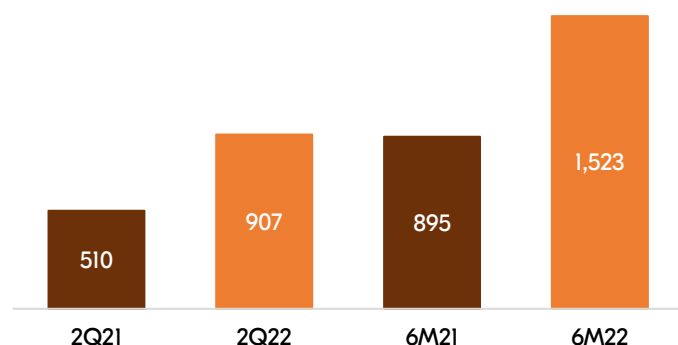
¹Net Productive Assets is equal to the sum of the Total Portfolio, the Portfolio Under Management, and the Real Estate Portfolio.

*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 2Q22 revenue increased by 77.8%, or \$397 million pesos, compared to the same quarter of last year.

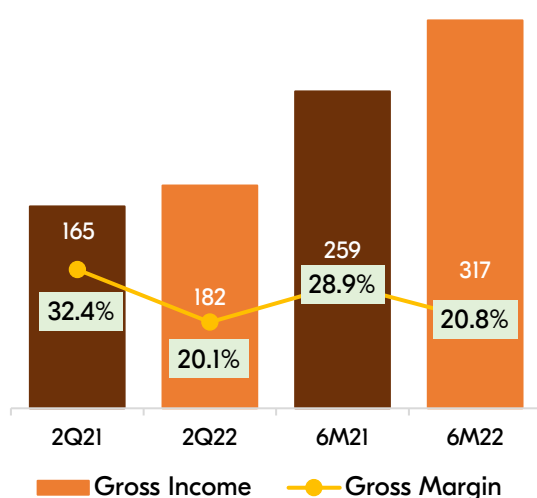
Interest income made up 62.2%, or \$564 million pesos, of total revenue, of which 46.4% or \$262 million pesos corresponded to Lending-as-a-Service operations. The operating leasing line accounted for the remainder of revenues.

Cost of Sales

Total cost of sales for 2Q22 increased by 110.1% compared to 2Q21, which is explained by the increase in operating lease revenues, caused by the prepayment of some operations during the quarter. At the end of June 2022, interest cost was \$431 million pesos, of which 43.4% or \$187 million pesos corresponds to Lending-as-a-Service operations.

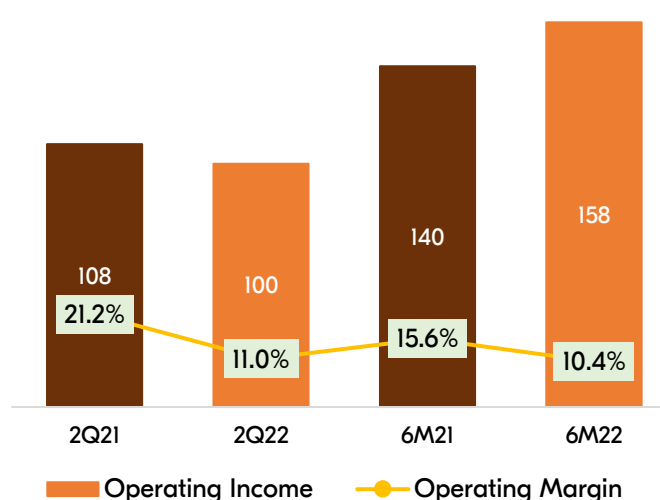
Gross Income

in million pesos



Operating Income

in million pesos



In 2Q22, gross income increased by 10.3% compared to the same period of 2021. The increase is mainly explained by Lending-as-a-Service operations.

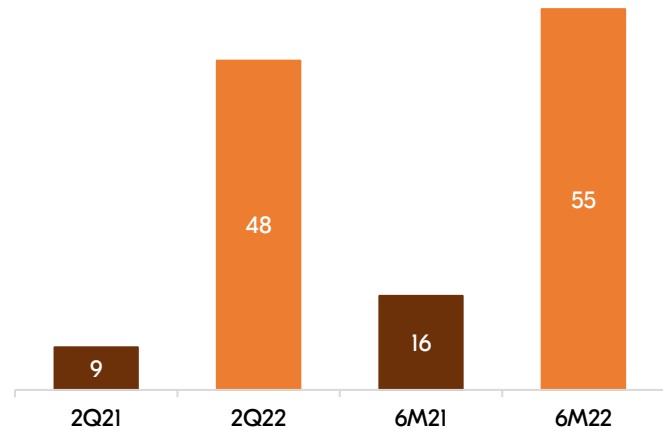
Comprehensive Financing Result

The comprehensive financing result decreased by \$53 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

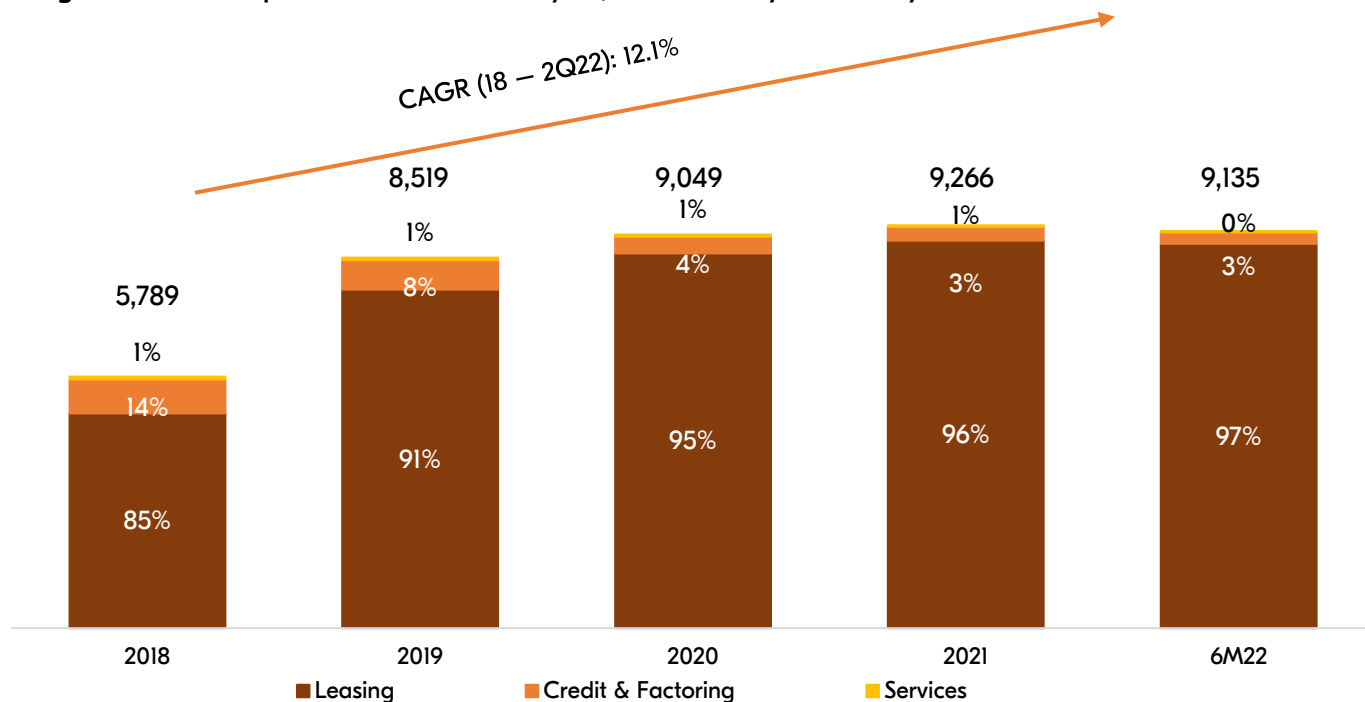
In 2Q22 we achieved a net income of \$48 million pesos, \$39 million pesos higher than 2Q21. Cumulative profit increased 243%, for a total of \$55 million pesos, showing a clear improvement compared to 2021.



Mexarrend's Portfolio*

in million pesos

At the end of June 2022, the total portfolio decreased by 5.9% vs. 2Q21, reaching \$9,135 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 \$1,853 million year over year.



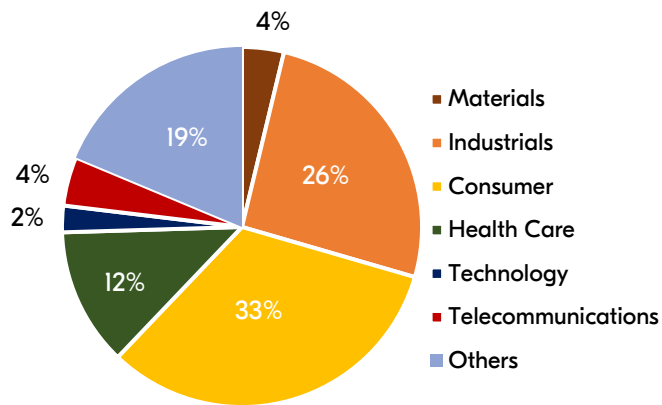
*Some numbers have been rounded for presentation purposes.

Portfolio Diversification

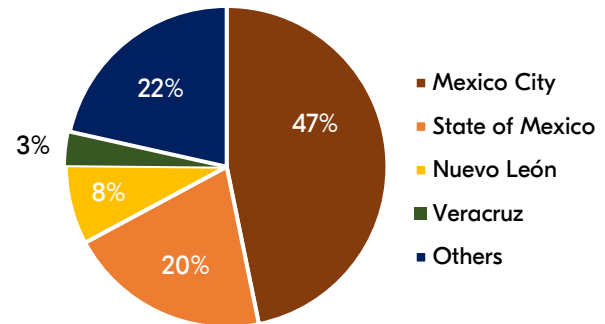
The geographic diversification of our portfolio is in line with the regions' share of economic activity. The highest concentration is found in Mexico City and its metropolitan area, which includes the State of Mexico. In terms of the industry, our portfolio is well diversified.

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

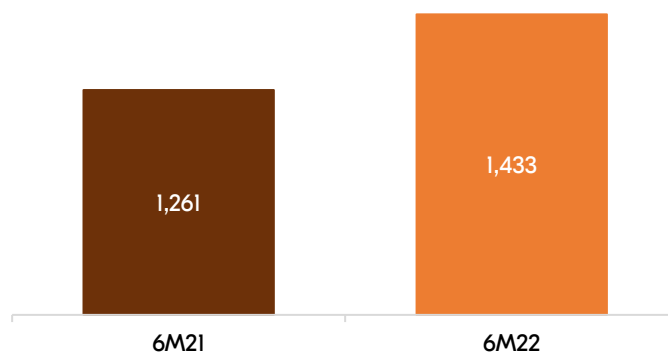


By Region



Real Estate Portfolio

in million pesos



As of June 30th, 2022, real estate assets reached \$1,433 million pesos compared to \$1,261 million pesos from the same period of 2021, which represents an increase of 13.6%. As of 2Q22, the Real Estate Portfolio represented approximately 11.0% of Mexarrend's total Productive Assets.

Customer Composition in the Portfolio

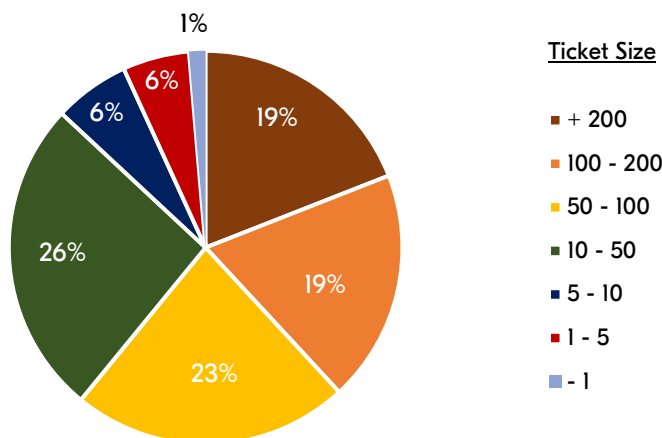
in million pesos

Mexarrend uses the Global Industrial Classification Standard (GICS) to classify its existing customer portfolio. A detailed analysis of the portfolio, as of 2Q22, is presented below:

Sector	Amount		%			Amount		%	
	2Q21	2Q22	2Q21	2Q22		2Q21	2Q22	2Q21	2Q22
Energy	36	120	0.37	1.31	Energy	36	120	0.37	1.31
Materials	432	343	4.45	3.75	Materials	432	343	4.45	3.75
Industrials	3,351	2,351	34.48	25.74	Capital Goods	1,014	1,086	10.43	11.89
					Commercial & Professional Services	829	765	8.53	8.37
					Transportation	1,508	500	15.52	5.47
Consumer Discretionary	3,228	2,351	33.22	25.74	Automobiles & Components	98	185	1.01	2.03
					Consumer Durables & Apparel	831	660	8.55	7.22
					Consumer Services	575	586	5.92	6.41
					Media	1,306	770	13.44	8.43
					Retailing	419	150	4.31	1.64
Consumer Staples	432	631	4.45	6.91	Food & Staples Retailing	186	285	1.91	3.12
					Food, Beverage & Tobacco	228	332	2.35	3.63
					Household & Personal Products	18	14	0.19	0.15
Health Care	1,115	1,132	11.47	12.39	Health Care Equipment & Services	1,100	1,044	11.32	11.43
					Pharmaceuticals, Biotechnology & Life Science	15	88	0.15	0.96
Financials	269	1,221	2.77	13.37	Banks	1	29	0.01	0.32
					Diversified Financials	150	1,068	1.54	11.69
					Insurance	119	124	1.22	1.36
Information Technology	543	218	5.59	2.39	Software & Services	525	197	5.40	2.16
					Technology, Hardware & Equipment	16	21	0.16	0.23
					Semiconductors & Semiconductor Equipment	-	-	-	-
Telecommunication Services	212	401	2.18	4.39	Telecommunication Services	212	401	2.18	4.39
Utilities	18	12	0.19	0.13	Utilities	18	12	0.19	0.13
Real Estate	82	355	0.84	3.89	Real Estate	82	355	0.84	3.89
Total	9,718	9,135	100	100	Total	9,718	9,135	100	100

Portfolio Distribution by Ticket Size

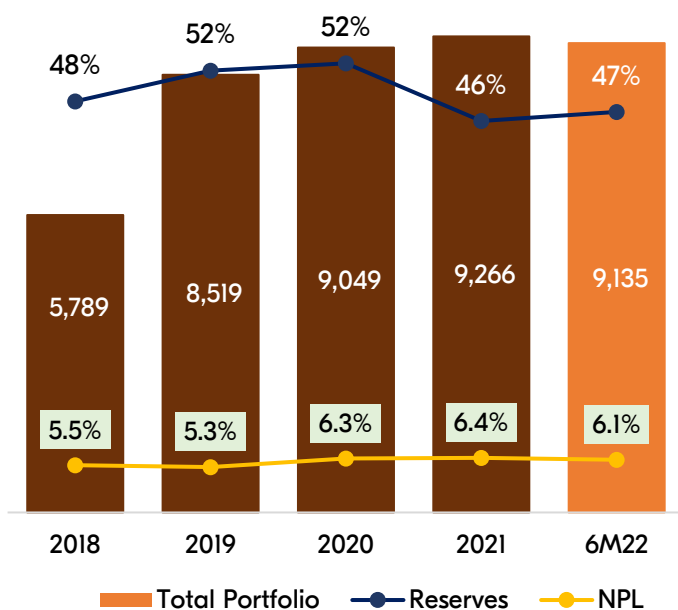
in million pesos



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

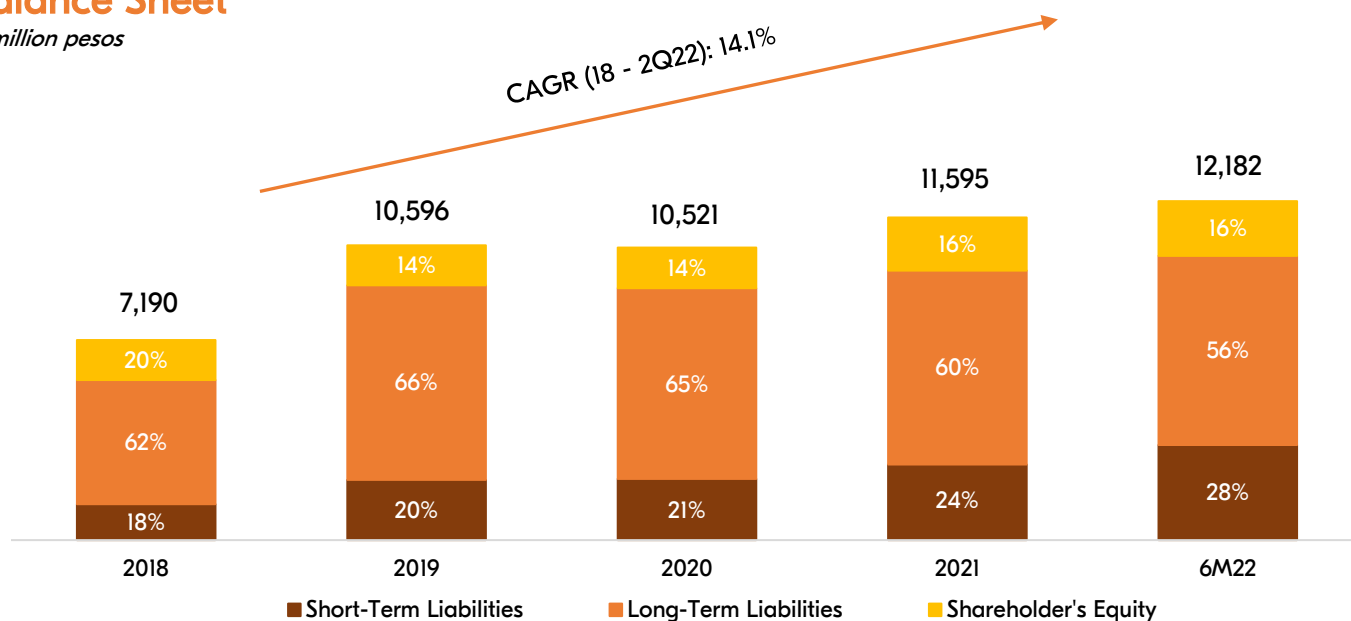


Non-performing loans (NPLs) as of June 30th, 2022, remained positive compared to the end of 2021, and represented 6.1% of the Portfolio. This percentage reflects the controlled performance of the portfolio despite the current environment, which we continue to monitor closely, in addition to the quality of originations of the portfolio under management.

The loan loss reserve was approximately \$308 million pesos representing around 47% 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 June 30th, 2022, increased by 9.4% compared to 2Q21, totaling \$12,182 million pesos. Short-term and long-term accounts receivable increased by \$738 million pesos at the close of June 2022, compared to the same quarter of 2021.

The Company's total liabilities increased 9.4%, compared to the same quarter of the previous year, reaching \$10,214 million pesos. Short-term liabilities increased 62.7%, while long-term liabilities decreased 6.1%. The increase in short-term liabilities is due to the maturity of the bond issued in 2017, being due October 2022. With respect to the bond payment, as we have mentioned before, we are analyzing refinancing alternatives both locally and with international players.

Mexarrend has an adequate debt profile with approximately 66% 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

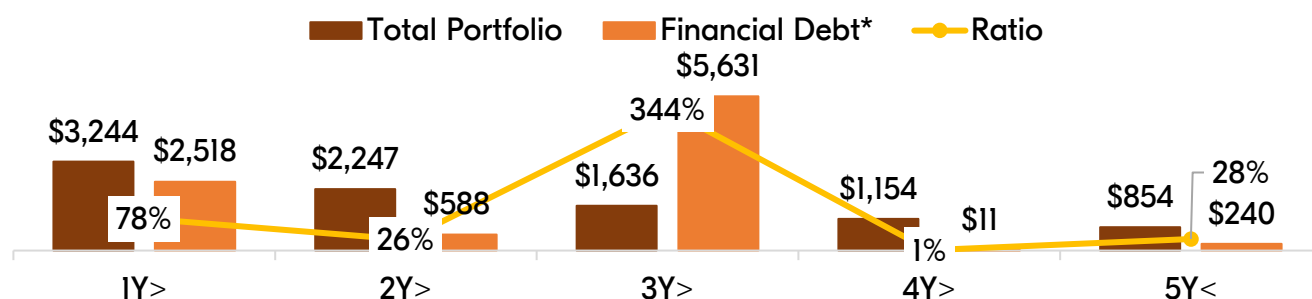
The Company acquired financial derivative instruments to cover the risk of future increases in the peso/dollar exchange rate for the payment of its dollar denominated debt (call spreads to cover the principal and cross currency swaps to cover the payment of interest). These instruments are recorded at 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 June 30th, 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 \$609 million pesos at the end of the period. Financial debt takes the effect of hedging into account.

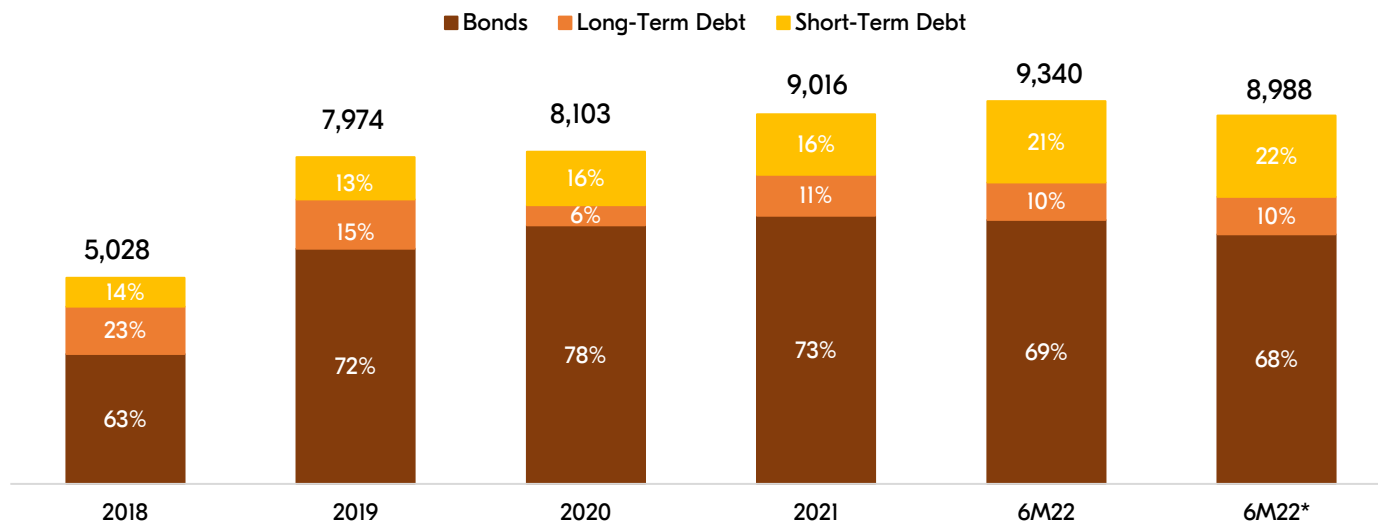
The value of the total liquidation of Mexarrend's portfolio in the next 5 years is \$9,135 million pesos, which compares to the total amortization of the Company's normalized financial debt of \$8,988 million pesos, demonstrating adequate coverage and balance sheet strength.

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 \$1,411 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 from the bond issued in 2017. As previously mentioned, we are making progress with different refinancing alternatives.

Mexarrend has communicated to the market the credit lines it has secured in recent quarters (considering the current volatile environment), including the recently announced warehousing facility 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

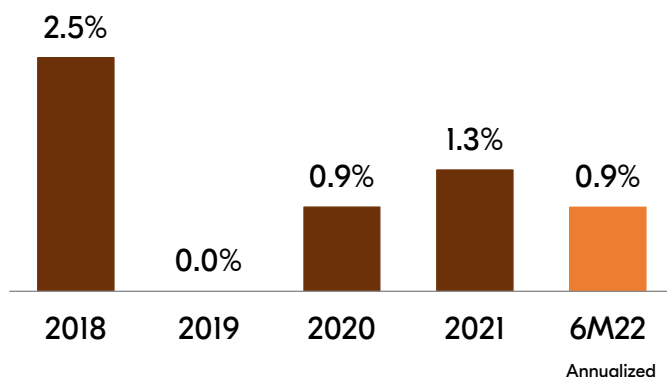


* Note: This takes the effect of the hedges into account.

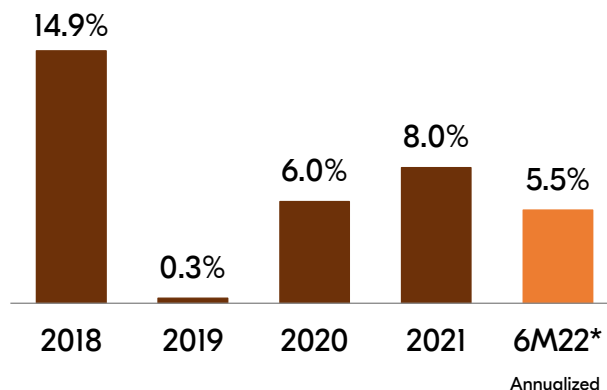
Mexarrend's debt profile is adequate to drive our business' growth, with only 22% of our debt maturing in the short-term. Most of the short-term maturities correspond to the CEBURES Program in the local capital market, which we have participated in for over 15 years, as well as the remaining US\$30 million of the 2022 bond payment. During 2020, 2021, and 1Q22, 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 is reduced to \$8,988 million pesos, where the international bond represents 68% of our total financial obligations. In line with our past actions, we are looking for different refinancing alternatives for the 2024 bond, both in the local market and with bilateral credits with financial institutions. We want to be ahead and have tangible solutions by the first semester of 2023.

Financial Ratios

ROAA



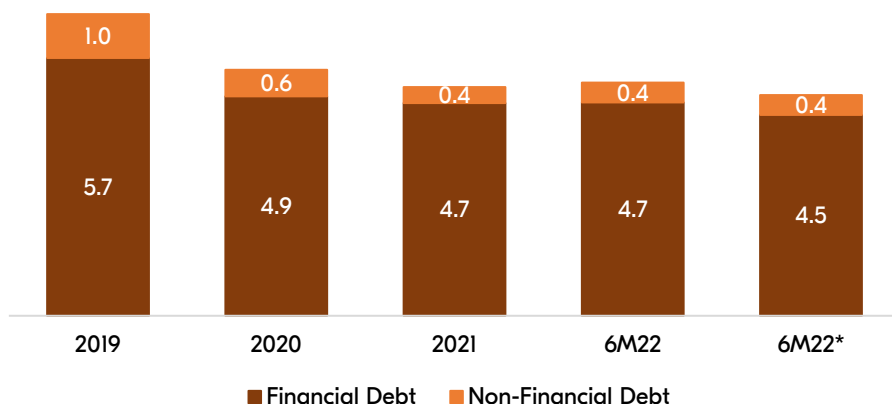
ROAE



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

At the end of June 2022, ROAA and ROAE* were 0.9% and 5.5% respectively (considering the effect of exchange rate hedging for ROAE).

Leverage Ratio

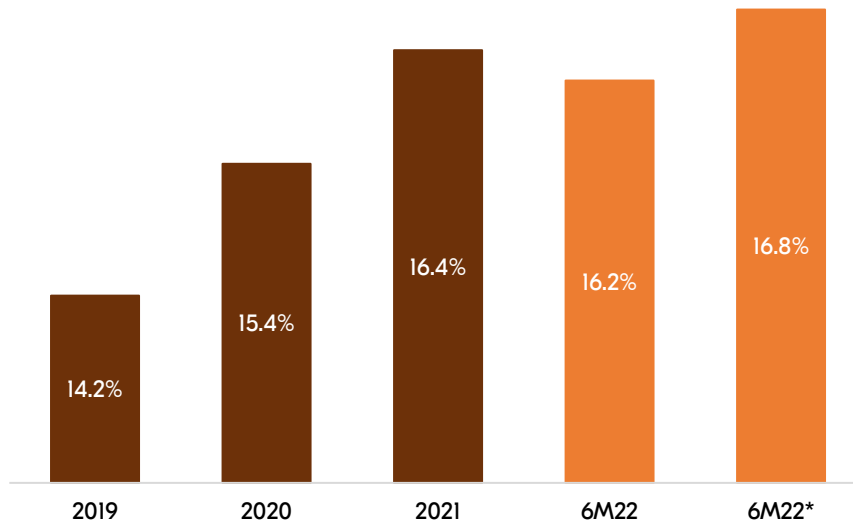


The leverage ratio for the second quarter of 2022, isolating exchange rate effects for both debt and capital, was 4.5x.

As previously explained, dollar debt obligations are duly hedged, and the amounts payable are converted to 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 16.2% at the end of 2Q22, which was affected by the OCI in the capital account. Isolating these effects, the capitalization ratio amounts to 16.8%.

The results continue 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.

Global and Local Ratings


Global

	2020	2021	2Q22
S&P Global	BB-	B	B
Fitch Ratings	BB-	B+	B+

Local (Long Term)

	2020	2021	2Q22
 Credit Rating Agency	HR A	HR A	HR A
Fitch Ratings	BBB+	BBB+	BBB+

Local (Short Term)

	2020	2021	2Q22
 Credit Rating Agency	HR2	HR2	HR2
Fitch Ratings	F2(mex)	F2(mex)	F2(mex)

Primary Servicer

	2020	2021	2Q22
 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 June 2022, Tangelo shared its second Sustainability Report to present the results of its actions throughout the year in this area. The report shows helps to visually demonstrate in more detail the impact that Tangelo has and will have in promoting digital alternative credit in Latin America, as well a closer look at its five action areas:

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

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 2Q22, the second session of the Tangelo Women's Committee was held, with the participation of five Colombian and five Mexican women, with the objective of discussing proposals focused on social and environmental issues to be implemented in the second half of 2022.

On July 11th, 2022, Tangelo announced that it backs the Lealtad Verde and Tiendas Oxxo alliance with the financing of biorecycling machines through its Value Green Lease product. This product is a sustainable financing mechanism designed by Tangelo to finance environmentally responsible productive assets, such as electric or hybrid vehicles, water treatment plants, solar panels, or, in this case, biorecycling machines. Value Green Lease is a product with preferential rates that supports projects with a positive environmental impact, in line with Tangelo's commitment to reduce its carbon footprint.

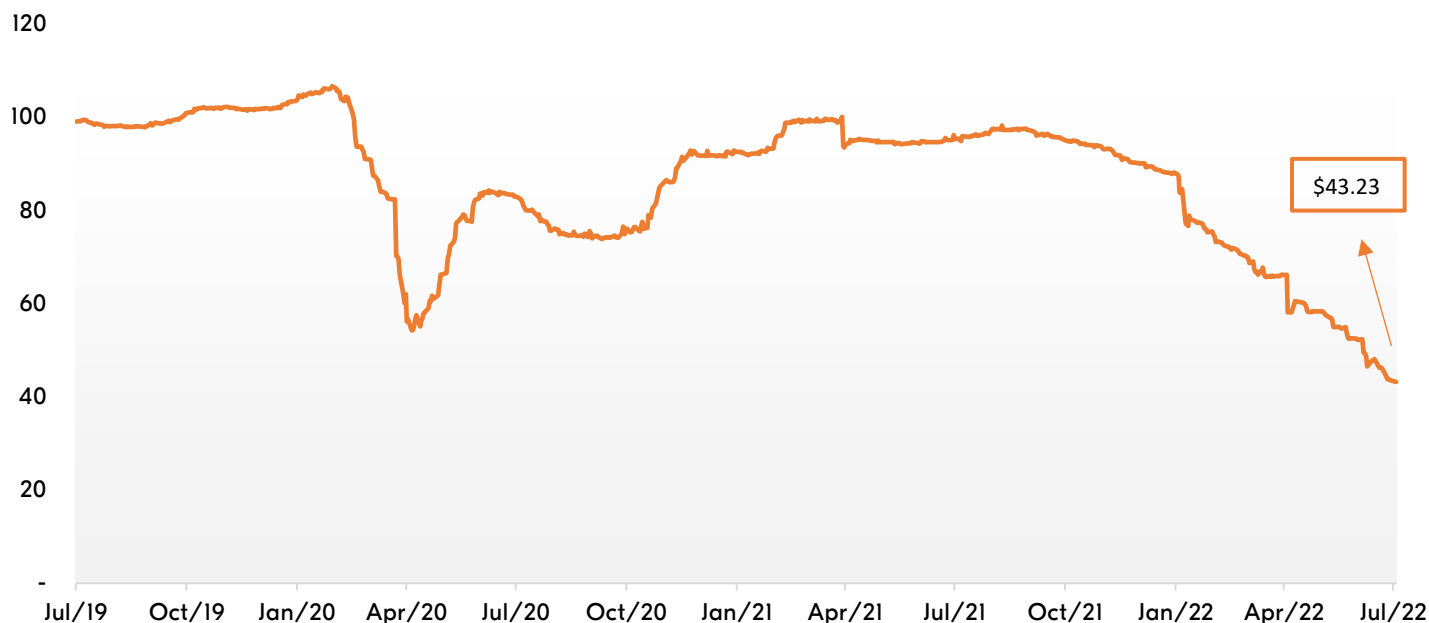
Resulting from the alliance between Tangelo and the Instituto Tecnológico Autónomo de México ("ITAM") announced in 2021, in 2Q22, Tangelo's CEO Alejandro Monzó participated in the Wake Up Speaker Series III and the Entrepreneurship & Innovation Bootcamp events to promote entrepreneurship in Mexico.

As mentioned before, we continue to work on the implementation of the Environmental and Social Risk Management System (SARAS), which aims to identify, evaluate, and monitor socio-environmental risks as part of the financing business, in addition to generating new business opportunities with existing and future clients in terms of sustainability. For example, one of the results obtained thanks to the implementation of the system is that 98% of our operations generated from February 2020 to December 2021 are categorized with a medium-low socio-environmental risk, which demonstrates Mexarrend's commitment to generate a portfolio of clients with a greater focus on caring for the environment.

As part of Tangelo's consolidation, during the first half of 2022 we began to apply the ESG model in Colombia, seeking to bring all the best practices and processes to the offices in Bogota, we also completed and launched the complaint site for both countries. In addition, we carried out updates and training on the Code of Ethics, Anti-Corruption Policy, and the Manual and Methodology for the Management of Money Laundering, Financing of Terrorism and Financing and Proliferation of Weapons of Mass Destruction for Mexico and Colombia.

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 July 25th, 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 June 30th, 2022

in million pesos

INCOME	2Q21	2Q22	Var.%	6M21	6M22	Var.%
Interest on Capital Leases	444	564	27.0	749	1,106	47.7
Operating Lease and Others	66	343	419.7	146	417	185.6
Total Income	510	907	77.8	895	1,523	70.2
COSTS						
Interest Cost	315	431	36.8	562	868	54.4
Depreciation of Assets Under Operating Leases	30	294	880.0	74	338	356.8
Total Costs	345	725	110.1	636	1,206	89.6
GROSS INCOME	165	182	10.3	259	317	22.4
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
Operating Expenses	57	82	43.9	119	159	33.6
OPERATING INCOME	108	100	(7.4)	140	158	12.9
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	-
Comprehensive Financing Result	124	71	(42.7)	157	137	(12.7)
INCOME BEFORE INCOME TAXES	(18)	29	261.1	(22)	19	186.4
Income Taxes	(27)	(19)	29.6	(38)	(36)	5.3
NET INCOME	9	48	422.2	16	55	243.8

Consolidated Balance Sheet As of June 30th, 2022

in million pesos

ASSETS	6M21	6M22	Var.%
CURRENT ASSETS			
Cash & 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 for Sale	8	9	12.5
TOTAL CURRENT ASSETS	2,967	3,884	30.9
NON-CURRENT ASSETS			
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	-
TOTAL NON-CURRENT ASSETS	8,164	8,298	1.6
TOTAL ASSETS	11,131	12,182	9.4
LIABILITIES			
CURRENT LIABILITIES			
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
TOTAL CURRENT LIABILITIES	2,103	3,422	62.7
NON-CURRENT LIABILITIES			
Long-Term Debt	7,234	6,792	(6.1)
Deferred Income Taxes	-	-	-
Derivatives	-	-	-
TOTAL NON-CURRENT LIABILITIES	7,234	6,792	(6.1)
TOTAL LIABILITIES	9,337	10,214	9.4
SHAREHOLDER'S EQUITY AND RESERVES			
Capital Stock	1,530	1,530	-
Retained Earnings	277	423	52.7
Other Comprehensive Income (Valuation of Financial Derivatives)	(29)	(40)	(37.9)
Current Year Net Income	16	55	243.8
TOTAL SHAREHOLDER'S EQUITY AND RESERVES	1,794	1,968	9.7
LIABILITIES + SHAREHOLDER'S EQUITY	11,131	12,182	9.4

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 derivative 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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