



MEXARREND®

LEASING INNOVATION

Mexarrend Third Quarter 2022 Earnings Report

Mexico City, October 26th, 2022 - Mexarrend, S.A.P.I. de C.V. ("Mexarrend" or the "Company"), announced its unaudited consolidated financial results for the third quarter of 2022 ("3Q22" or "9M22"). All figures are expressed in Mexican Pesos ("\$") and were prepared in accordance with International Financial Reporting Standards ("IFRS")

EARNINGS CALL DETAILS

Date: Thursday, October 27th, 2022
Time: 10:00 am (Mexico City Time) / 11:00 am (ET)
Registration: [Earnings Call 3Q22 - Mexarrend](#)

CONTACT INFORMATION

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3Q22 Highlights

- ❖ On October 11th, 2022, Mexarrend announced the payment of its Senior International Bond issued in 2017 (DOCUFO 9 ¼). The issuance was originally for US\$150M and the majority was prepaid in 2019 through a tender offer, leaving only US\$30.6M. This concludes the Company's refinancing program and demonstrates its financial strength in a challenging market environment.
- ❖ During 3Q22, the Company further solidified its Lending-as-a-Service product operations, reaching a Portfolio Under Management of \$2,511 million pesos, an increase of more than 3x compared to the same quarter of last year. The steady growth of this portion of our portfolio reaffirms the effectiveness of the Company's new approach, and the strength of the partnerships that have been in place since 2020. These operations do not represent a balance sheet risk for the company.
- ❖ The Non-Performing Loans' portfolio has been stable since the peaks of the pandemic in 2020 and 2021, demonstrating the Company's prudent lending strategy and the benefits of being an asset-backed lender.
- ❖ 3Q22's results reflect the challenging macroeconomic environment we faced during the quarter. Total revenue was \$431 million pesos, down 20.2% compared to 3Q21, while gross income decreased by 59.8%. The accumulated net loss at the end of the quarter was \$11 million pesos.
- ❖ We have over \$5 billion pesos available in credit lines to finance the Company's growth. As of September, the Credit Suisse warehouse facility use was ~22%, while the HSBC warehouse facility was at ~12%. In July, we made the first disbursement of our credit line with the U.S. Development Finance Corporation ("DFC") for US\$10.2 million. This represents approximately a 400-basis point improvement to the cost of funding, compared to our historical cost of funding, and it allows the Company to use cash more efficiently.
- ❖ Similarly, during 3Q22 Mexarrend announced the approval of a new \$600 million peso credit line, collateralized by real estate assets and accounts receivable. This demonstrates the Company's ability to obtain new financing despite adverse market conditions.

Message from the CEO

The third quarter has been a challenging time in the Company's history. We were affected by adverse market conditions caused by the economic slowdown, increasing interest rates, uncertainty in the sector, volatility, and limited liquidity. We implemented several strategies, which have allowed us to maintain necessary cash flows, and meet our financial obligations in a timely manner to successfully navigate this environment. Among the relevant strategies, a cautious approach to lending that prioritized overall portfolio quality and balance sheet liquidity stands out.

We anticipate difficult macroeconomic conditions continuing through the final quarter of 2022, and that the outlook for Non-Bank Financial Institutions in Mexico will remain challenging. However, we are convinced that we have the capabilities and financial position to weather any challenges in the sector, and we furthermore believe that Mexarrend is well positioned to be a leader in the sector for years to come.

In October, we made the payment for the outstanding US\$30.6 million of our bond issued in 2017, thus reaffirming the company's commitment to meet its obligations, maintain liquidity, and uphold sustained growth.

Additionally, we made the first disbursement of our credit line with the U.S. Development Finance Corporation ("DFC") for US\$10.2 million. These resources will be used to provide financing to Mexican SMEs. Also, we announced the approval of a new credit line collateralized by real estate assets and accounts receivable. This transaction demonstrates the diversification of our funding sources, carried out even at this time of uncertainty and volatility. Finally, during the quarter we made 4 disbursements of our warehouse facilities following our funding strategy.

Our capitalization and leverage ratios are at the strongest levels since 2018, all thanks to a prudent growth strategy. The performance of our portfolio remains in line with historical levels and, as always, we are keeping a close eye on economic developments and how they may impact our clients.

I am also proud to announce that we have been named as one of Mexico's "Most Ethical Companies" in the latest assessment from AMITAI Latin America. We are committed to sustainability as a company in the sector and in the region, and we strive to improve every single day, adopting best practices in the market.

As a final note, having already received approval from COFECE to carry out our business combination with Zinobe, we expect to finalize the remaining legal procedures to complete our transformation into Tangelo during the fourth quarter of 2022.

Alejandro Monzó

CEO

What is Tangelo?

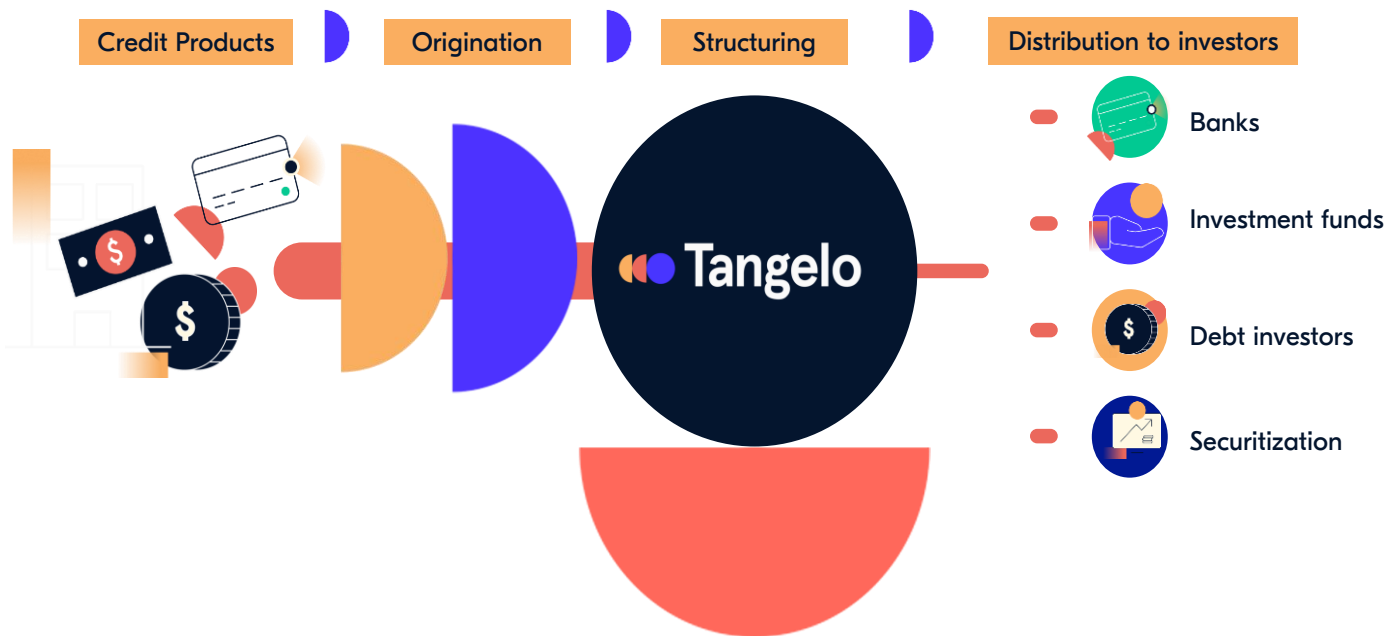
Tangelo was created from the union of a leading Colombian fintech and Mexarrend:



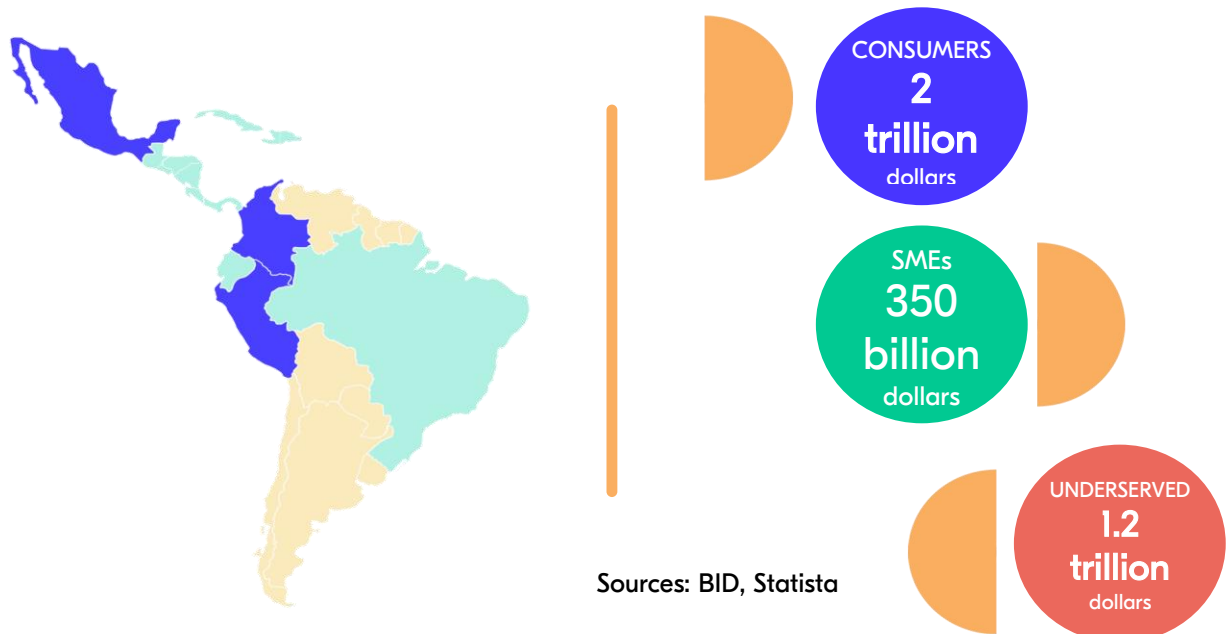
Tangelo brings together Mexarrend's more than twenty-five years of credit risk and operational experience, strengthened by deep institutional relationships, with Zinobe's advanced technological and analytics capabilities to provide integrated credit solutions targeting MSMEs and consumers across the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

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.

3Q22

Tangelo announces its first credit disbursement with the US Development Finance Corporation ("DFC") for US\$10,200,000

On July 20th, 2022, Tangelo announced that it made its first disbursement of the approved credit in 2020 with the DFC. The purpose of the loan is to finance SMEs in Mexico and support their economic development. The favorable credit conditions of the loan allow the company to be more balance-sheet efficient by having two years to use the rest of the credit line, which allows the company to maintain healthy cash levels. DFC approved a credit line to Tangelo for US\$45,000,000; the company expects to use the rest of the facility in the following quarters.

Mexarrend informs that S&P Ratings takes rating actions on the Non-Bank Financial Institutions Sector

On August 16th, 2022, Mexarrend informed that S&P Global Ratings lowered its anchor, the starting point in assigning a rating for Mexican Non-Banking Financial Institutions, to "bb-" from "bb," following the announcement by a sector participant that it will not make its principal and interest payments on its debt on August 8th, 2022.

Mexarrend informs rating agencies' actions

On September 8th, 2022, Mexarrend informed that S&P, Fitch Ratings and HR Ratings downgraded Mexarrend's rating reflecting recent developments in Mexico's Non-Banking Financial Institutions sector.

Mexarrend announces the Refinancing of the Bond Maturing on October 2022

On September 14th, 2022, Mexarrend announced that it received final approval for a credit line with Banco Azteca for \$600 million pesos, collateralized by real estate assets and accounts receivable.

4Q22

Mexarrend Announces Payment of its Senior International Bond "DOCUFO 9 ¼ 10/11/22"

Despite challenging market conditions driven by rising interest rates and sector turbulence, Mexarrend has demonstrated its category leadership in Mexico and Latin America by consistently fulfilling its obligations.

Fitch Affirms Mexarrend's IDRs at 'B'; Outlook Negative; Rating Watch Negative Removed

On October 13th, 2022, Mexarrend informed that Fitch Ratings affirmed Mexarrend's ratings, removing the Rating Watch Negative.

HR Ratings changes Mexarrend's Outlook to Stable from Negative

On October 18th, 2022, Mexarrend informed that HR Ratings has changed the Outlook on the HR BBB+ rating to Stable from Negative. The Outlook for Mexarrend's HR3 rating on its Short-Term CEBURS Program and related debt placements, was also changed to Stable from Negative.

Financial and Operating Summary

in million pesos

Financial Metrics	3Q21	3Q22	Var.%	9M21	9M22	Var.%
Total Revenues	540	431	(20.2)	1,435	1,954	36.2
Cost of Sales	376	365	(2.9)	1,013	1,571	55.1
Gross Income	164	66	(59.8)	422	383	(9.2)
Gross Margin (%)	30.4	15.3	(1,510)bps	29.4	19.6	(980)bps
Operating Expenses	68	89	30.9	186	249	33.9
Operating Income	96	(23)	(124.0)	236	134	(43.2)
Operating Margin (%)	17.8	(5.3)	(2,310)bps	16.4	6.9	(950)bps
Other (Income) Expenses, Net	2	-	-	7	1	(85.7)
Comprehensive Financing Result	77	81	5.2	233	218	(6.4)
Income Before Income Taxes	17	(104)	(711.8)	(4)	(85)	(2,025.0)
Taxes	(22)	(38)	(72.7)	(60)	(74)	(23.3)
Net Income	39	(66)	(269.2)	56	(11)	(119.6)
Net Margin (%)	7.2	(15.3)	(2,250)bps	3.9	(0.6)	(450)bps

Operational Metrics	9M21	9M22	Var.%
Total Portfolio	9,622	8,877	(7.7)
Leasing	9,174	8,584	(6.4)
Credit & Factoring	404	263	(34.9)
Services	44	30	(31.8)
Portfolio Under Management	683	2,511	267.6
NPL Ratio	6.4%	6.3%	(10)bps
Real Estate Portfolio	1,288	1,427	10.8
Net Productive Assets ¹	11,593	12,815	10.5

Operational Metrics	9M21	9M22	Var.%
R O A A (annualized)	0.7%	(0.1)%	(80)bps
R O A E* (annualized)	4.3%	(0.8)%	(510)bps
Financial Debt* / Capital*	4.6x	4.6x	-
Capitalization* (Capital / Total Assets)	16.9%	16.6%	(30)bps
Capital* / Total Portfolio	19.4%	21.9%	250bps
Leasing Portfolio / Total Portfolio	95.3%	96.7%	140bps
Total Portfolio / Financial Debt*	1.1x	1.0x	(0.1)x
Current Assets / Current Liabilities	1.5x	1.2x	(0.3)x

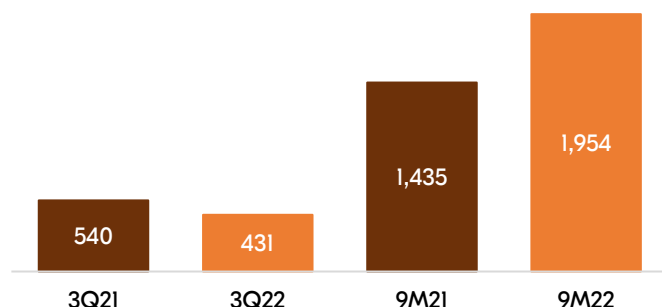
¹Net Productive Assets is equal to the sum of the Total Portfolio, the Portfolio Under Management, and the Real Estate Portfolio.

*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 3Q22 revenues decreased by 20.2%, or \$109 million pesos, compared to the same quarter of last year, which were boosted by important Lending-as-a-Service transactions.

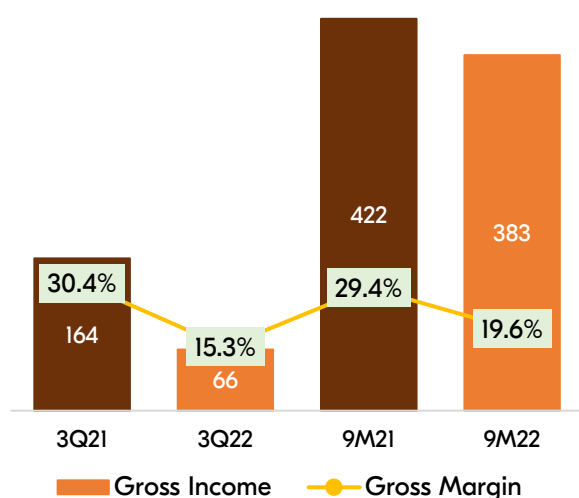
Interest income made up 82.6%, or \$356 million pesos, of total revenue, of which 34.8% or \$124 million pesos corresponded to Lending-as-a-Service operations. The operating leasing line accounted for the remainder of revenues.

Cost of Sales

Total cost of sales for 3Q22 decreased by 2.9% compared to 3Q21. At the end of September 2022, interest cost was \$321 million pesos, of which 23.4% or \$75 million pesos corresponds to Lending-as-a-Service operations.

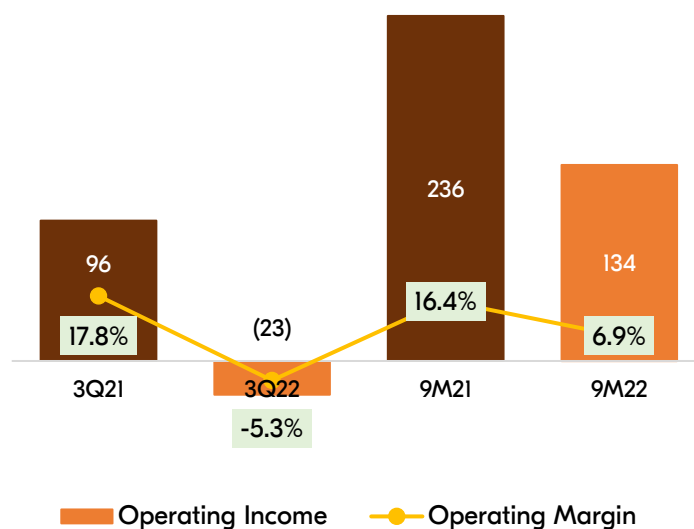
Gross Income

in million pesos



Operating Income

in million pesos



In 3Q22, gross income decreased by 59.8% compared to the same period of 2021.

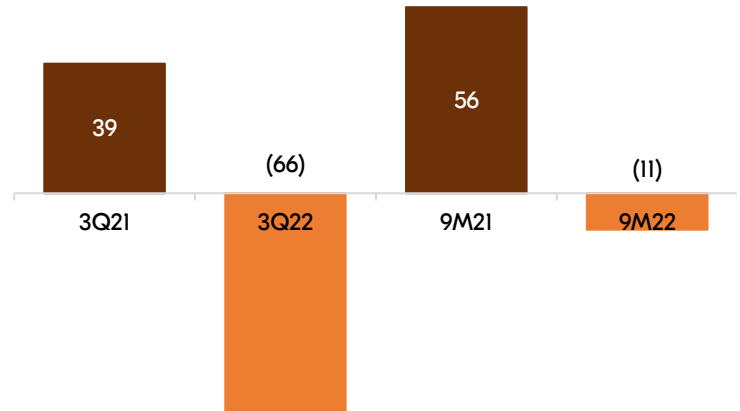
Comprehensive Financing Result

The comprehensive financing result increased by \$4 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) interest expenses and 2) valuation of derivative financial instruments.

Net Income

in million pesos

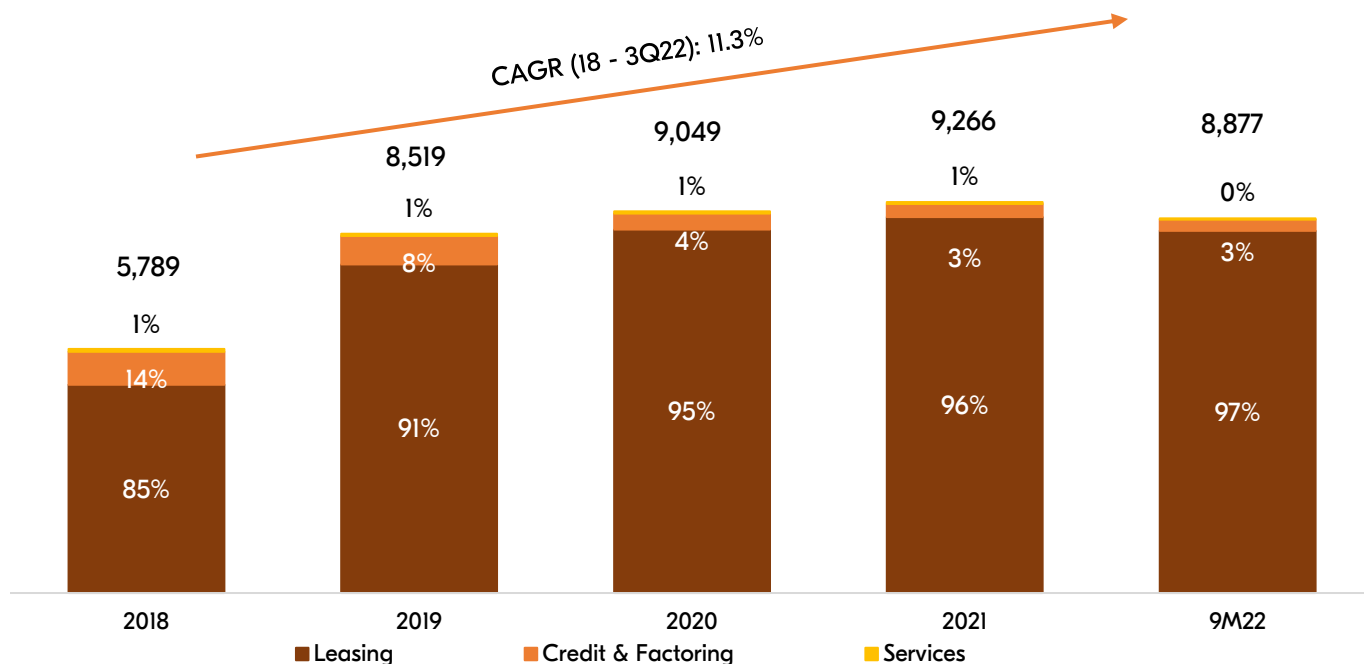
In 3Q22, there was a net loss of \$66 million pesos. Cumulative net income loss was \$11 million pesos as of September 2022.



Mexarrend's Portfolio*

in million pesos

As of September 2022, total portfolio decreased by 7.7% vs. 3Q21, reaching \$8,877 million pesos, in line with expected decrease given the economic circumstances; however, the Lending-as-a-Service portfolio increased by \$1,828 million pesos year over year.



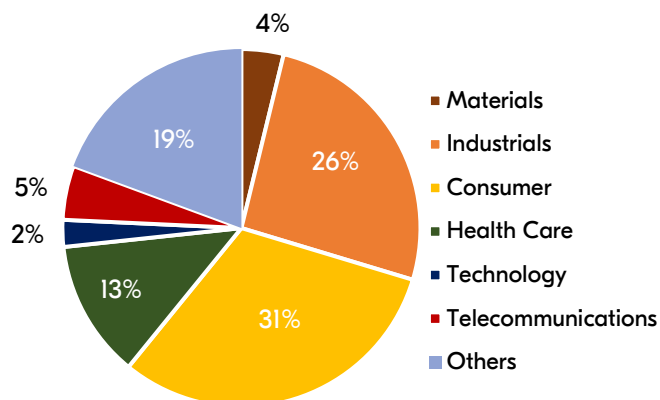
*Some numbers have been rounded for presentation purposes.

Portfolio Diversification

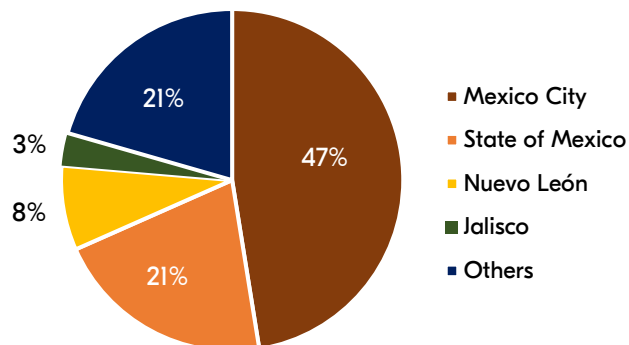
The geographic diversification of our portfolio is in line with the regions' share of economic activity. The highest concentration is found in Mexico City and the metropolitan area, which includes the State of Mexico. In terms of the industry, our portfolio is well diversified.

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

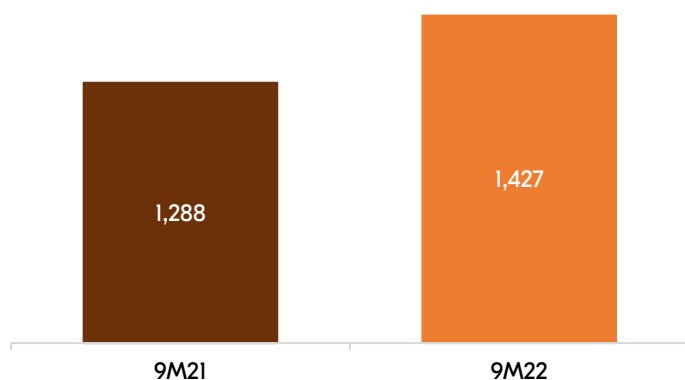


By Region



Real Estate Portfolio

in million pesos



As of September 30th, 2022, real estate assets reached \$1,427 million pesos compared to \$1,288 million pesos from the same period of 2021, an increase of 10.8%. As of 3Q22, the Real Estate Portfolio represented approximately 11.1% of Mexarrend's total Productive Assets.

Customer Composition in the Portfolio

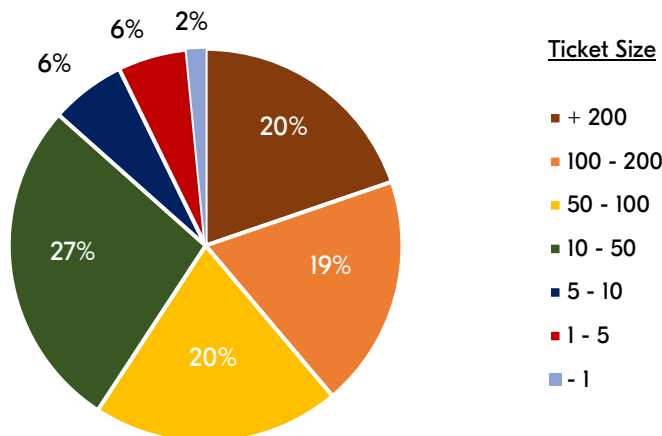
in million pesos

Mexarrend uses the Global Industrial Classification Standard (GICS) to classify its existing customer portfolio. A detailed analysis of the portfolio, as of 3Q22, is presented below:

Sector	Amount		%			Amount		%	
	3Q21	3Q22	3Q21	3Q22		3Q21	3Q22	3Q21	3Q22
Energy	35	66	0.36	0.74	Energy	35	66	0.36	0.74
Materials	377	338	3.92	3.81	Materials	377	338	3.92	3.81
Industrials	3,236	2,296	33.63	25.86	Capital Goods	1,030	1,025	10.70	11.55
					Commercial & Professional Services	794	791	8.25	8.91
					Transportation	1,412	480	14.67	5.41
Consumer Discretionary	3,018	2,241	31.36	25.24	Automobiles & Components	90	167	0.94	1.88
					Consumer Durables & Apparel	653	687	6.79	7.74
					Consumer Services	557	544	5.79	6.13
					Media	1,305	682	13.56	7.68
					Retailing	413	161	4.29	1.81
Consumer Staples	489	528	5.08	5.95	Food & Staples Retailing	232	290	2.41	3.27
					Food, Beverage & Tobacco	240	233	2.49	2.62
					Household & Personal Products	17	5	0.18	0.06
Health Care	1,248	1,105	12.97	12.45	Health Care Equipment & Services	1,174	994	12.20	11.20
					Pharmaceuticals, Biotechnology & Life Science	74	111	0.77	1.25
Financials	284	1,199	2.96	13.51	Banks	1	32	0.01	0.36
					Diversified Financials	167	1,046	1.74	11.78
					Insurance	116	121	1.21	1.36
Information Technology	527	216	5.48	2.43	Software & Services	510	195	5.30	2.20
					Technology, Hardware & Equipment	17	21	0.18	0.24
					Semiconductors & Semiconductor Equipment	-	-	-	-
Telecommunication Services	251	434	2.61	4.89	Telecommunication Services	251	434	2.61	4.89
Utilities	16	16	0.17	0.18	Utilities	16	16	0.17	0.18
Real Estate	141	438	1.47	4.93	Real Estate	141	438	1.47	4.93
Total	9,622	8,877	100	100	Total	9,622	8,877	100	100

Portfolio Distribution by Ticket Size

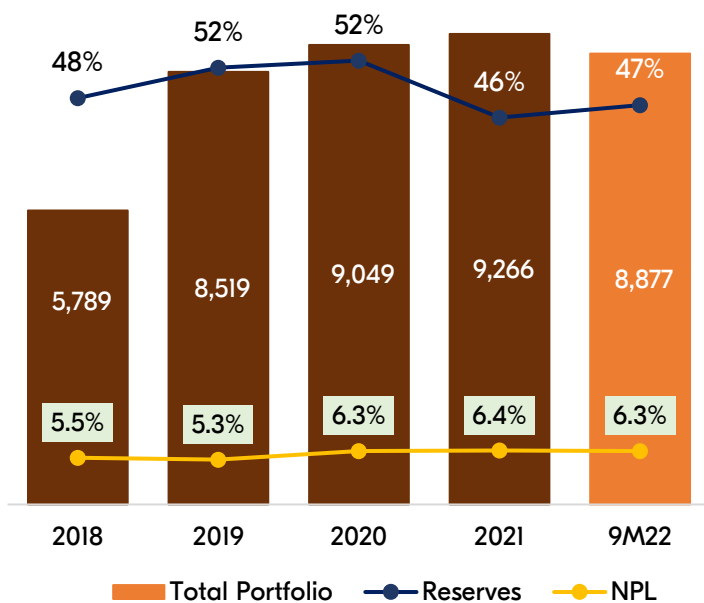
in million pesos



Mexarrend operates under strict credit policies aligned with its priority of maintaining a high-quality portfolio. Approximately 96% 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

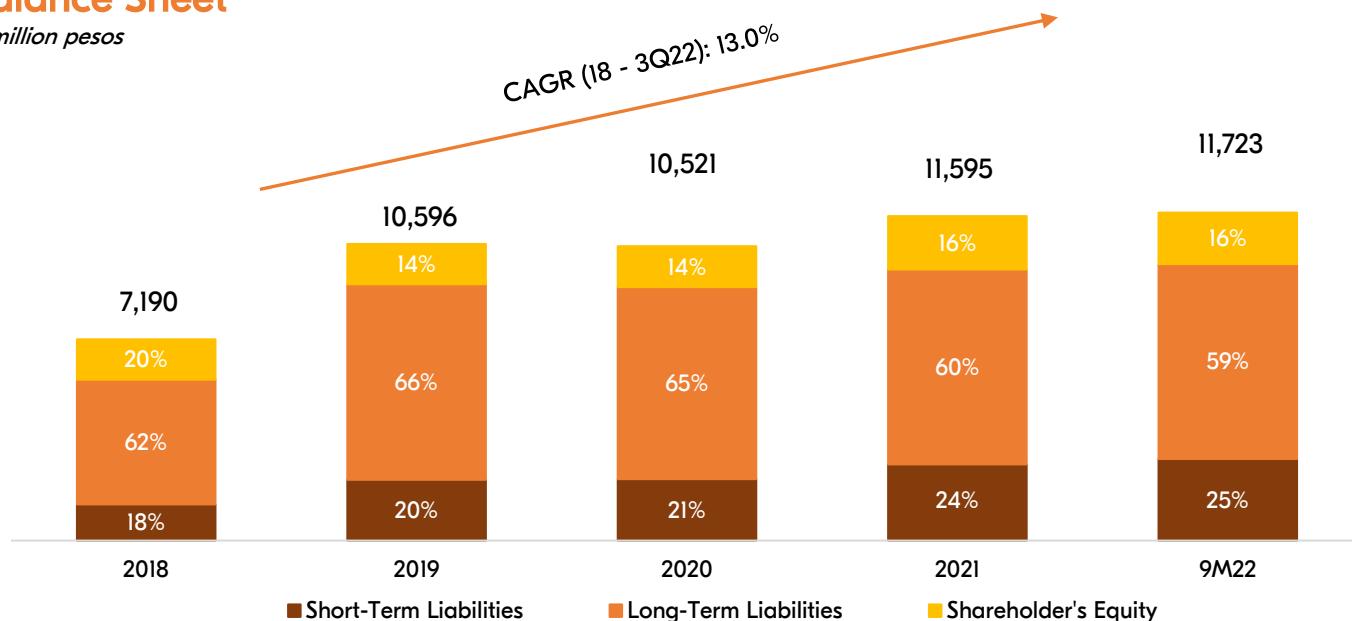


Non-performing loans (NPLs) as of September 30th, 2022, remained stable compared to the end of 2021, and represented 6.3% of the Portfolio. This reflects the controlled performance of the portfolio despite the current environment, which we continue to monitor closely, in addition to the quality of originations of the Portfolio Under Management.

The loan loss reserve was approximately \$313 million pesos representing 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.*

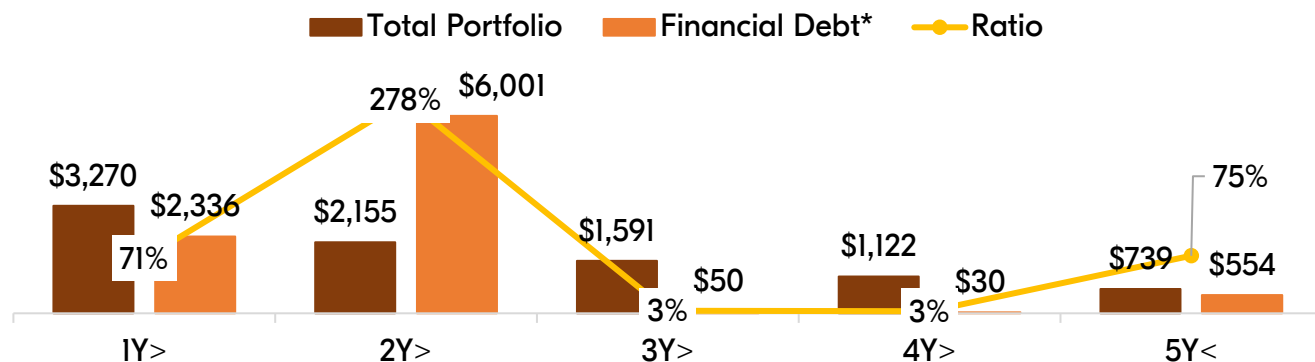
Total assets as of September 30th, 2022, increased by 3.0% compared to 3Q21, reaching \$11,723 million pesos. Short-term and long-term accounts receivable increased by \$769 million pesos at the close of September 2022, compared to the same quarter of 2021.

The Company's total liabilities increased 3.2%, compared to the same quarter of the previous year, reaching \$9,884 million pesos. Short-term liabilities increased 45.9%, while long-term liabilities decreased 8.1%. The increase in short-term liabilities is due to the maturity of the bond issued in 2017, which was due in October 2022, and was paid on October 11th.

Mexarrend has an adequate debt profile with approximately 75% 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.

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 \$258 million pesos at the end of the period. Financial debt takes the effect of hedging into account.

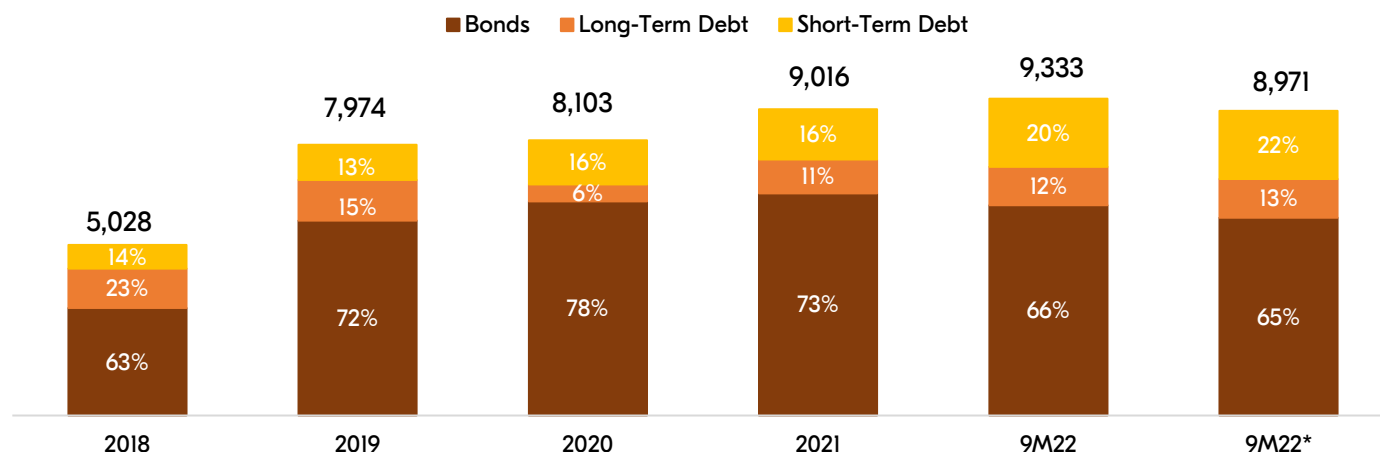
The value of the total liquidation of Mexarrend's portfolio in the next 5 years is \$8,877 million pesos, which compares to the total amortization of the Company's normalized financial debt of \$8,971 million pesos, demonstrating adequate coverage and balance sheet strength.

Mexarrend's strategy is to manage its liabilities actively and responsibly, seeking the best costs and terms, in addition to diversifying its financing sources. The debt maturities with a term of less than one year, shown in the graph above, represent, for the most part (approximately \$1,271 million pesos) the short-term CEBUREs program, which we have participated in since 2006 and have been able to successfully renew and have maturities spread monthly throughout the year for better management. The rest of the maturities correspond to the amortizations of the bilateral financing of the Company and the US\$30 million payment from the bond issued in 2017, which was paid on October 11th.

Mexarrend has communicated to the market different credit lines it has secured in recent quarters (considering the current volatile environment), including the warehouse facility with HSBC, as well as the first disbursement of the US\$10.2 million facility with the U.S. Development Finance Corporation ("DFC"), 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

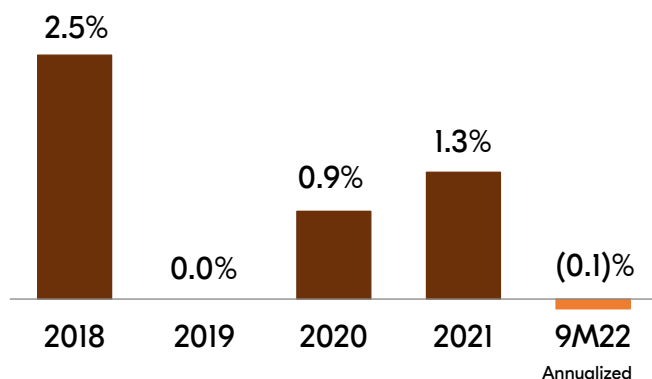


* Note: This takes the effect of the hedges into account.

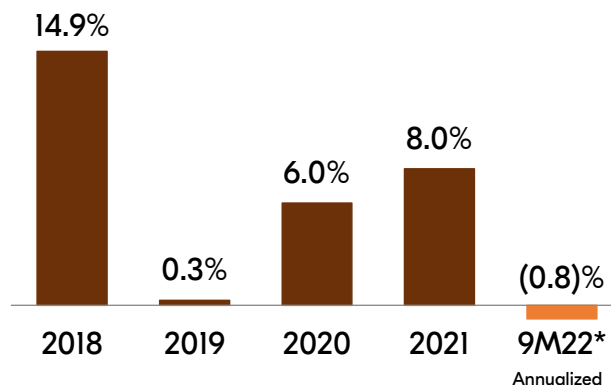
Mexarrend's debt profile is adequate to drive our business' growth, with only 22% of our debt maturing in the short-term. Most of the short-term maturities correspond to the CEBUREs Program in the local capital market, in which we have participated for over 15 years, as well as the remaining US\$30 million of the 2022 bond payment paid on October 11th, 2022. Most of our leverage corresponds to the international bond issued in July 2019, consisting of a bullet payment in 2024. By taking the effect of the hedges into account, debt is reduced to \$8,971 million pesos, where the international bond represents 65% 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



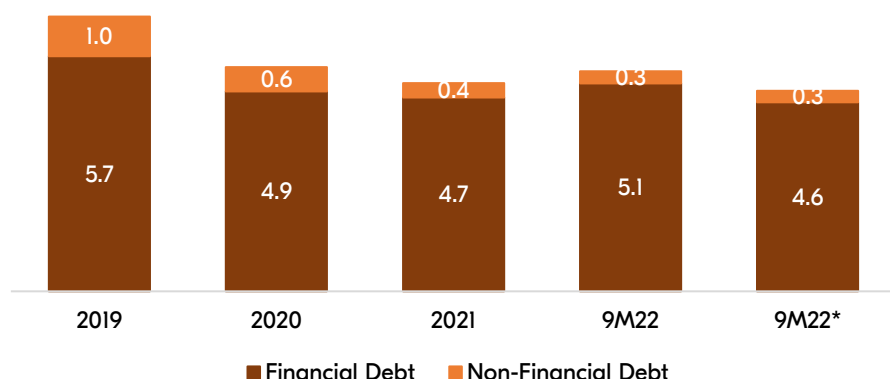
ROAE



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

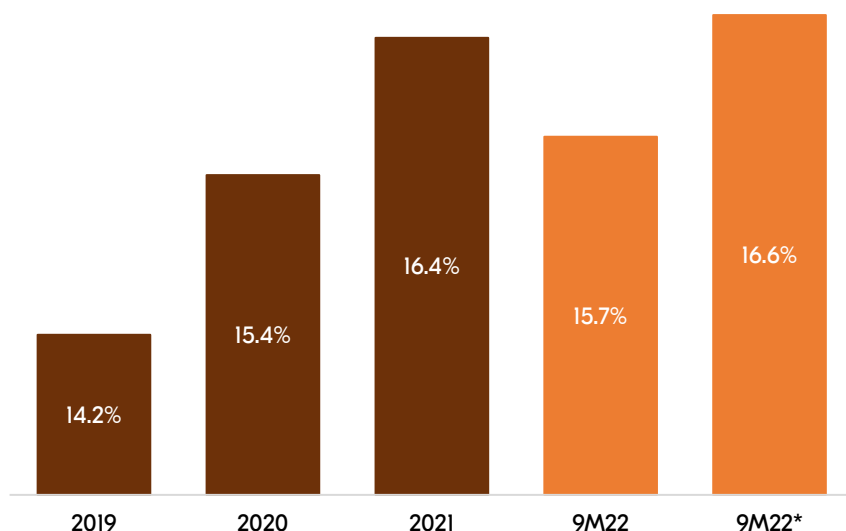
As of September 2022, ROAA and ROAE* were (0.1)% and (0.8)%, respectively.

Leverage Ratio



The leverage ratio for the third quarter of 2022, isolating exchange rate effects for both debt and capital, was 4.6x.

Capitalization Ratio



The capitalization ratio was 15.7% at the end of 3Q22, which was affected by the OCI in the capital account. Isolating these effects, the capitalization ratio amounts to 16.6%.

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.


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

Global and Local Ratings


Global

	2020	2021	3Q22
S&P Global	BB-	B	CCC+
FitchRatings	BB-	B+	B

Local (Long Term)

	2020	2021	3Q22
 Credit Rating Agency	HR A	HR A	HR BBB+
FitchRatings	BBB+	BBB+	BBB-

Local (Short Term)

	2020	2021	3Q22
 Credit Rating Agency	HR2	HR2	HR3
FitchRatings	F2(mex)	F2(mex)	F3(mex)

Primary Servicer

	2020	2021	3Q22
 Credit Rating Agency	N/A	HR AP3+	HR AP3+

On September 8th, 2022, S&P Ratings downgraded Mexarrend's rating to 'CCC+' from 'B-'. According to the agency, the change reflects weak liquidity levels and is therefore dependent on favorable financial and economic conditions.

On October 12th, 2022, Fitch Ratings affirmed Mexarrend's 'B' rating on Negative Outlook, removing the Rating Watch Negative. According to the agency, the rating affirmation and removal of the Rating Watch Negative reflects that the refinancing risk associated with the maturity of the company's international bond on October 11th, 2022, has been sufficiently addressed by available credit facilities and balance sheet cash and has been paid in full. The affirmation is secondarily supported by stable asset quality and leverage.

On October 17th, 2022, HR Ratings changed the Outlook on Mexarrend's HR BBB+ rating to Stable from Negative. The Outlook for Mexarrend's HR3 rating on its Short-Term CEBURS Program and related debt placements, was also changed to Stable from Negative. According to the rating agency, the modification of Mexarrend's Outlook to Stable from Negative was based on the US\$30.6 million

payment made for the remaining amount of the International Senior Bond, on October 11th, 2022. This reduced Mexarrend's short-term liquidity pressures and the rating agency considers that the Company can cover its short-term obligations with its normal collection levels and the disbursements of its available credit lines.

On October 26th, 2021, HR Ratings ratified the "AP3+" rating for Mexarrend, derived from the quality of the origination, collection, and servicing processes of our portfolio in general.

Sustainability

In June 2022, Tangelo shared its second Sustainability Report to present the results of its actions throughout 2021 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.

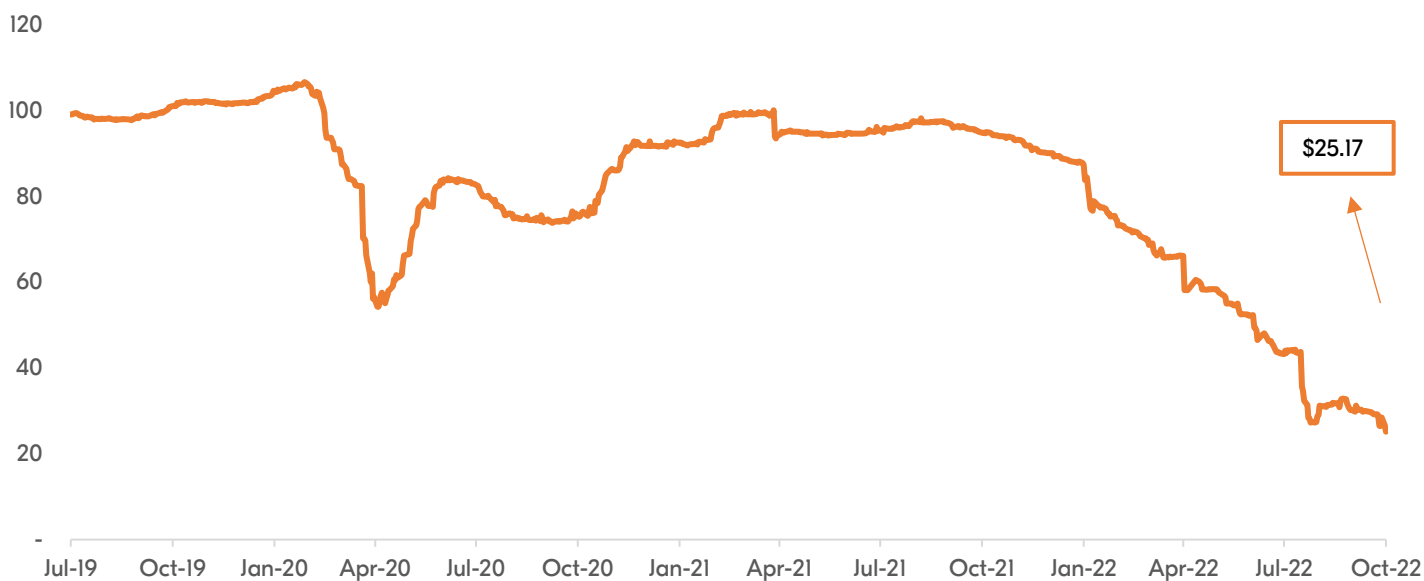
Resulting from the alliance between Tangelo and the Instituto Tecnológico Autónomo de México ("ITAM") announced in 2021, in 2Q22, Tangelo's CEO Alejandro Monzó participated in the Wake Up Speaker Series III and the Entrepreneurship & Innovation Bootcamp events to promote entrepreneurship in Mexico.

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.

In 3Q22, Tangelo participated in the Empresas+Éticas evaluation led by AMITAI, a company dedicated to running a comprehensive ethics and compliance system in Latin America. Mexarrend received 33rd place in the evaluation.

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 October 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 September 30th, 2022
in million pesos

INCOME	3Q21	3Q22	Var.%	9M21	9M22	Var.%
Interest on Capital Leases	460	356	(22.6)	1,209	1,462	20.9
Operating Lease and Others	80	75	(6.3)	226	492	117.7
Total Income	540	431	(20.2)	1,435	1,954	36.2
COSTS						
Interest Cost	332	321	(3.3)	894	1,189	33.0
Depreciation of Assets Under Operating Leases	44	44	-	119	382	221.0
Total Costs	376	365	(2.9)	1,013	1,571	55.1
GROSS INCOME	164	66	(59.8)	422	383	(9.2)
Selling Expenses	12	14	16.7	32	39	21.9
Administrative Expenses	52	69	32.7	146	192	31.5
Loan Loss Reserves	4	6	50.0	8	18	125.0
Operating Expenses	68	89	30.9	186	249	33.9
OPERATING INCOME	96	(23)	(124.0)	236	134	(43.2)
Other (Income) Expenses, Net	2	-	-	7	1	(85.7)
Interest Income	(3)	(5)	(66.7)	(11)	(12)	(9.1)
Interest Expenses	24	61	154.2	69	116	68.1
Net Exchange Profit (Loss)	203	13	(93.6)	159	(110)	(169.2)
Valuation of Financial Derivative Instruments	(227)	37	116.3	(187)	158	184.5
Premiums of Financial Derivative Instruments	80	41	(48.8)	204	131	(35.8)
Extraordinary Expenses	-	(65)	-	(1)	(65)	(6,400)
Equity Income in Affiliates	-	(1)	-	-	-	-
Comprehensive Financing Result	77	81	5.2	233	218	(6.4)
INCOME BEFORE INCOME TAXES	17	(104)	(711.8)	(4)	(85)	(2,025.0)
Income Taxes	(22)	(38)	(72.7)	(60)	(74)	(23.3)
NET INCOME	39	(66)	(269.2)	56	(11)	(119.6)

Consolidated Balance Sheet As of September 30th, 2022

in million pesos

ASSETS	9M21	9M22	Var.%
CURRENT ASSETS			
Cash & Cash Equivalents	685	258	(62.3)
Accounts Receivables	2,169	3,188	47.0
Loan Loss Reserves	(306)	(313)	(2.3)
Taxes to Recupérate	203	186	(8.4)
Sundry Debtors	6	37	516.7
Other Assets	179	186	3.9
Assets for Sale	14	9	(35.7)
TOTAL CURRENT ASSETS	2,950	3,551	20.4
NON-CURRENT ASSETS			
Property, Plant and Equipment - Net	1,812	2,045	12.9
Long-Term Receivables	5,590	5,340	(4.5)
Other Assets	106	112	5.7
Financial Derivative Instruments	349	(2)	(100.6)
Deferred Taxes	346	443	28.0
Intangible Assets	234	234	-
TOTAL NON-CURRENT ASSETS	8,437	8,172	(3.1)
TOTAL ASSETS	11,387	11,723	3.0
LIABILITIES			
CURRENT LIABILITIES			
Current Portion of Long-Term Debt	1,379	2,367	71.6
Accounts Payable	3	1	(66.7)
Sundry Creditors	595	524	(11.9)
Related Party Creditors	11	11	-
Income Taxes and Other Taxes Payable	11	14	27.3
TOTAL CURRENT LIABILITIES	1,999	2,917	45.9
NON-CURRENT LIABILITIES			
Long-Term Debt	7,578	6,967	(8.1)
Deferred Income Taxes	-	-	-
Derivatives	-	-	-
TOTAL NON-CURRENT LIABILITIES	7,578	6,967	(8.1)
TOTAL LIABILITIES	9,577	9,884	3.2
SHAREHOLDER'S EQUITY AND RESERVES			
Capital Stock	1,530	1,530	-
Retained Earnings	277	423	52.7
Other Comprehensive Income (Valuation of Financial Derivatives)	(53)	(103)	(94.3)
Current Year Net Income	56	(11)	(119.6)
TOTAL SHAREHOLDER'S EQUITY AND RESERVES	1,810	1,839	1.6
LIABILITIES + SHAREHOLDER'S EQUITY	11,387	11,723	3.0

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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