



# MEXARREND®

**2Q21 Corporate Presentation**



**EMPRESA  
SOCIALMENTE  
RESPONSABLE**

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# Company Overview

## Mexarrend at a Glance

### Business Description

- Asset-based 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 the Country.



#### 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

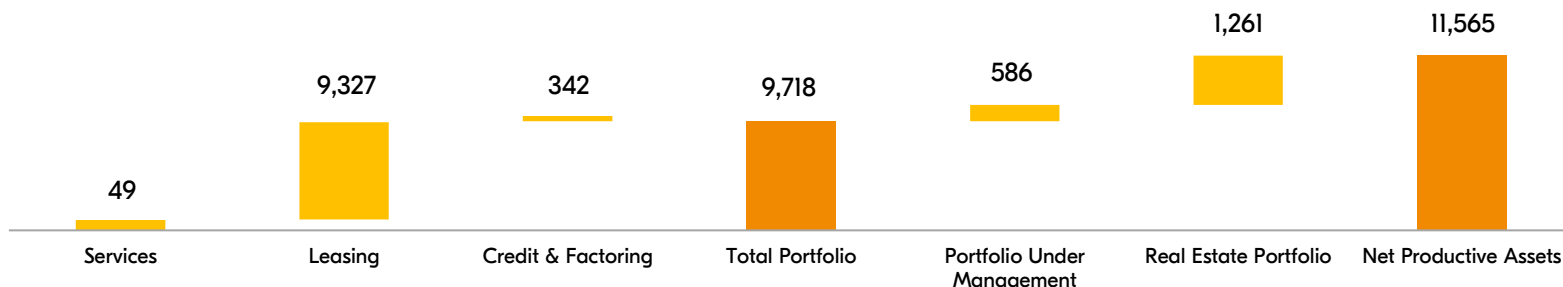


#### Renting

Equipment leasing with supplies, service and maintenance required

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

As of 2Q21 | MXN\$ MM



### Key Financial Highlights

	6M20	6M21	Var. %
Total Revenues	763	895	17.3
Net Income	6	16	166.6
Comprehensive Financing Result	(90)	(157)	(74.4)
Total Portfolio	8,889	9,718	9.3
Total Assets	11,385	11,131	(2.2)
Stockholders Equity & Reserves ("SE")	1,138	1,794	57.6
Financial Debt*/Stockholders' Equity*	5.3x	4.5x	(0.8)x
Capitalization* (SE*/Total Assets*)	14.3%	16.6%	230pbs
SE*/Total Portfolio	17.0%	18.8%	180pbs
R O A A	0.1%	0.3%	20pbs
R O A E*	0.9%	1.9%	100pbs
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 and eliminating the effect of the OCI on Stockholders Equity.

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

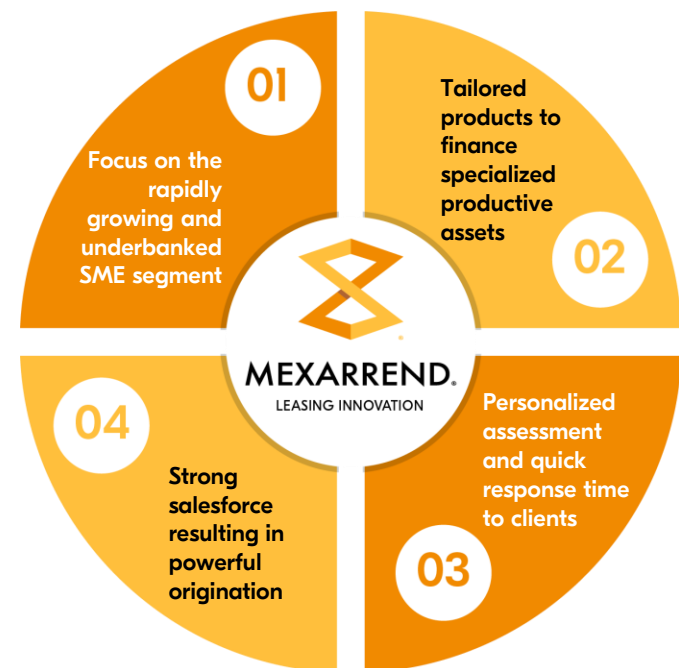
Lender covering the entire relevant market through four specialized divisions:



## Key Milestones and Integrated Business Model



### Business Model



## Relevant Events from the Quarter



On April 22<sup>nd</sup>, 2021, Mexarrend announced that, due to the change of the Company's name on 2019, requested from the Bolsa Mexicana de Valores ("BMV") and Institución para el Depósito de Valores ("Indeval") the change of the ticker under which Mexarrend's securities are listed. These securities were previously listed under the ticker "DOCUFOR" and the new ticker is "MEXAMX".



On May 7<sup>th</sup>, 2021, Mexarrend renewed its short-term and long-term local bond issuance program ("*Certificados Bursátiles*") for up to \$2 billion pesos in the Bolsa Institucional de Valores ("BIVA") with a 5-year term. The program was rated "F2 (mex)" by Fitch and "HR2" by HR Ratings.



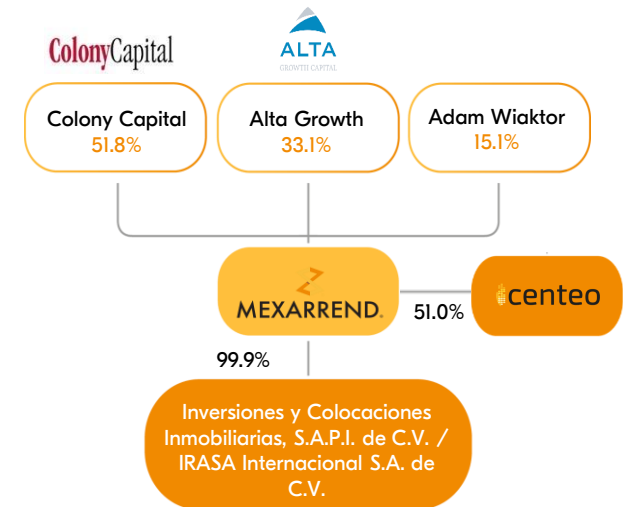
On June 8<sup>th</sup>, 2021, Mexarrend announced the release of its first sustainable product: Value Green Lease. The product stems from Mexarrend's commitment to driving constructive change in the market, having a positive environmental impact and helping in the reduction of CO2 emissions.

Value Green Lease is a product with preferential rates and terms focused on environmentally responsible productive assets, such as electric and hybrid vehicles, water treatment plants, solar panels, recycling machines, amongst others.



On March 30<sup>th</sup>, 2021, Mexarrend's three existing groups of shareholders successfully completed the subscription of the \$10 million-dollar capital increase agreed in the shareholder's resolutions of December 30<sup>th</sup>, 2020.

### Stockholders Structure





# Key Investment Highlights

## Asset-Based Lender Serving SMEs



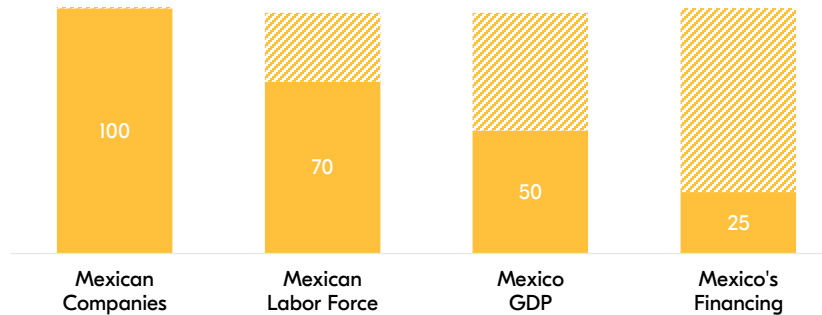
## 1. Mexarrend Attends Underserved Mexican SMEs...

### 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.

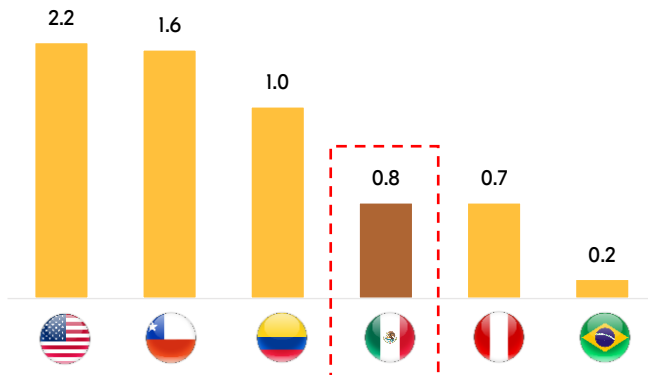
### Within Companies, Mexican **SMEs** are Underserved...

% As of 2017



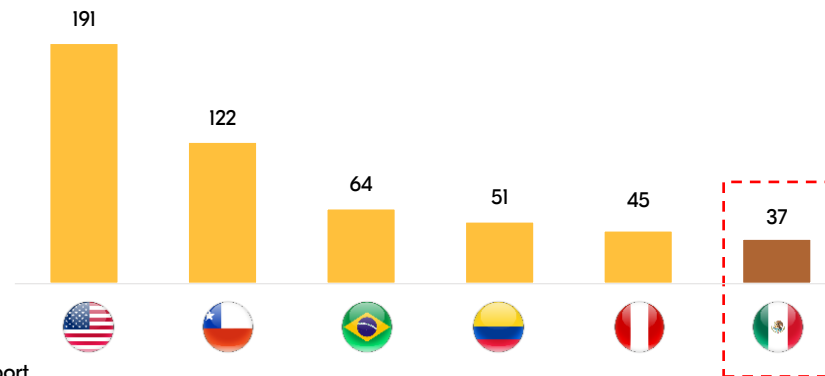
### Leasing Volume

% As of 2019 of GDP






### Domestic Credit to the Private Sector

% As of 2019



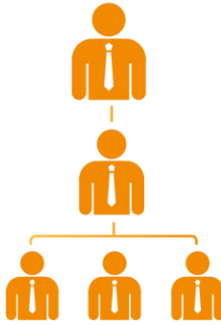
Sources: CNBV, the World Bank and White Clarke Group Global Leasing Report.

## 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</li> <li>Option to purchase at the end of the lease term</li> </ul>	<div>24-60 months</div> <div>5-7 years</div>	<div>MXNS 1-40 MM</div> <div>MXNS 30-150 MM</div>
	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>	<div>12-48 months</div> <div>24-60 months</div>	<div>MXNS 1-40 MM</div> <div>MXNS 1-40 MM</div>
	Fintech Platform	<div>Cash</div> <ul style="list-style-type: none"> <li>Working capital loan</li> </ul> <div>Supply chain financing</div>	<div>3-12 months</div> <div>Up to 12 months</div>	<div>MXNS 100K - 1 MM</div> <div>MXNS 50K - 1 MM</div>

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

### Direct Sales Force

	Organizational Structure	#	% Sales	Key Highlights
<b>Sales Team</b>	 <p>Directors</p> <p>Managers</p> <p>Business Units / Marketing and Contact</p>	+56 Employees	~35%	<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: <ul style="list-style-type: none"> <li>New office in the Bajío region planned to open by the end of 2021.</li> </ul> </li> </ul>

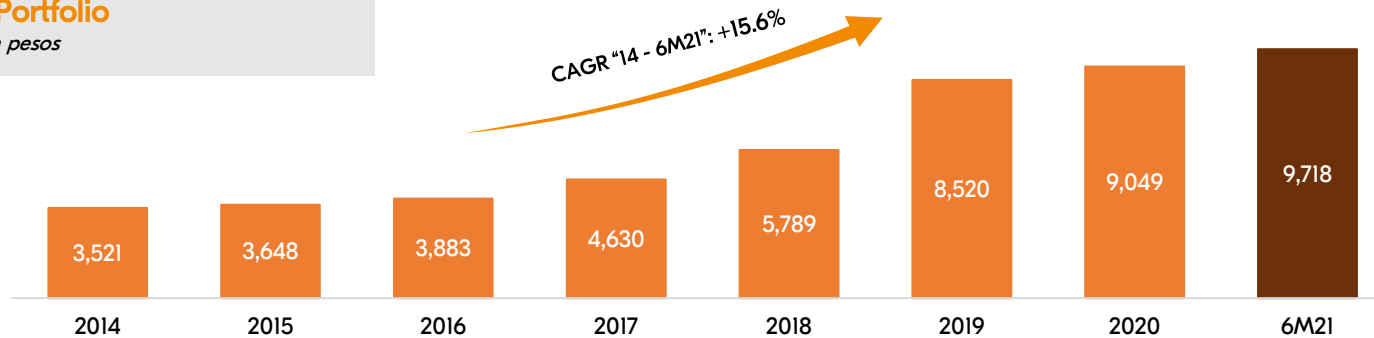
### Indirect Sales Force

	Organizational Structure	#	% Sales	Key Highlights
<b>Vendors</b>		+58 Vendors	~37%	<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>
<b>Brokers</b>	 <p>Presence in 30 States</p>	+45 Brokers	~28%	<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

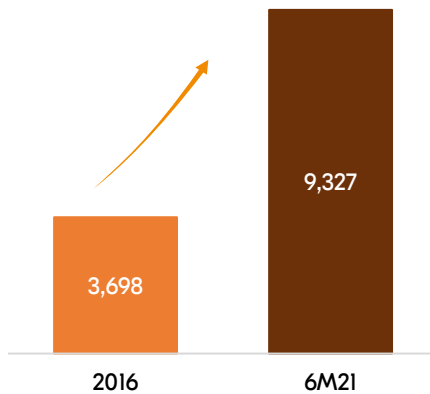
*In million pesos*



### Leasing Portfolio

*In million pesos*

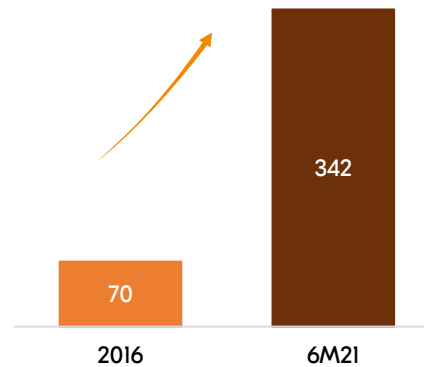
CAGR "16 - 6M21": +20.3%



### Credit & Factoring Portfolio

*In million pesos*

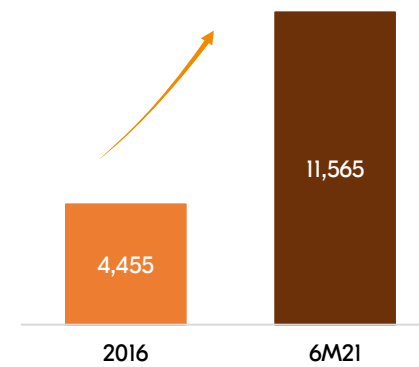
CAGR "16 - 6M21": +37.3%



### Net Productive Assets

*In million pesos*

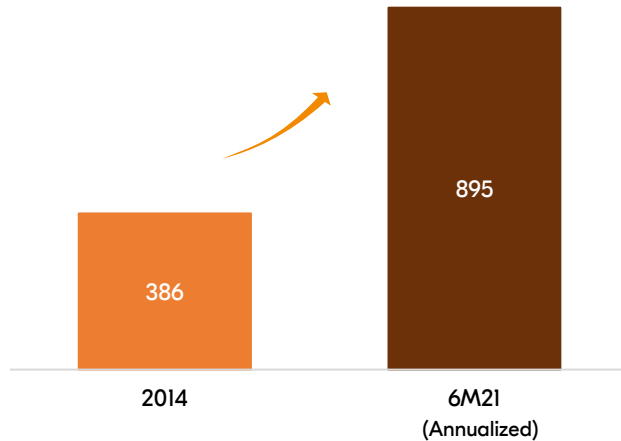
CAGR "16 - 6M21": +21.0%



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

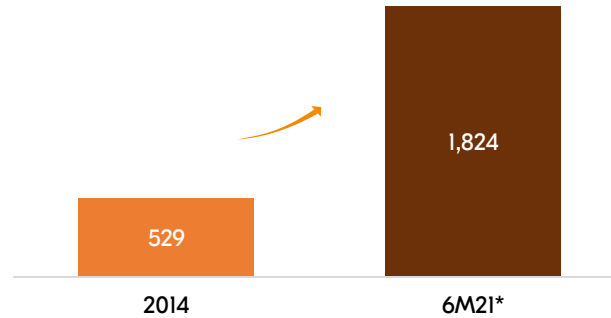
### Revenues

*In million pesos*



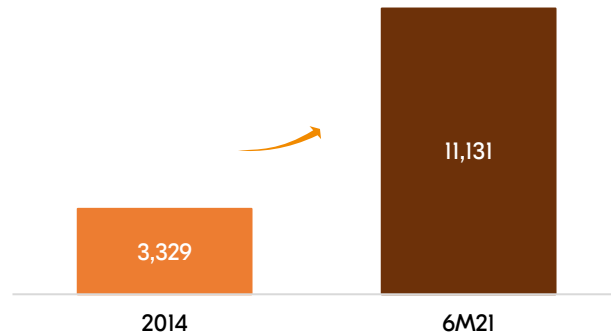
### Stockholders Equity

*In million pesos*



### Total Assets

*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.

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

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

#### Rigorous Risk Management Standards

##### Fast and Disciplined Credit Approval



Constant communication with potential clients throughout the assessment process

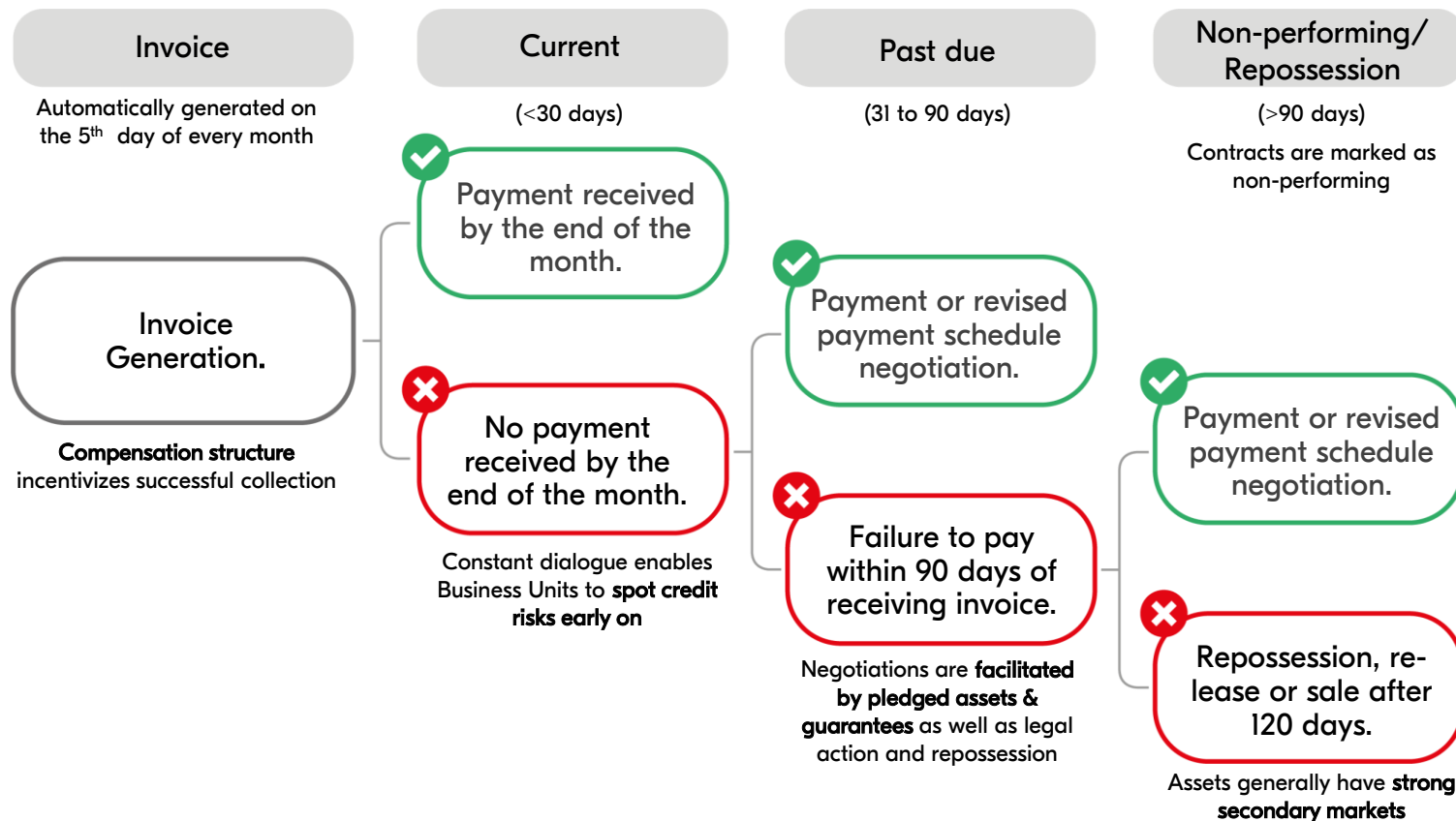
- Credit process enables turnaround times of 5 to 15 business days, significantly faster than a traditional bank.
- Independent members strengthen the Credit Committee.
- The Company follows strict risk assessment processes incorporating quantitative and qualitative parameters.



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

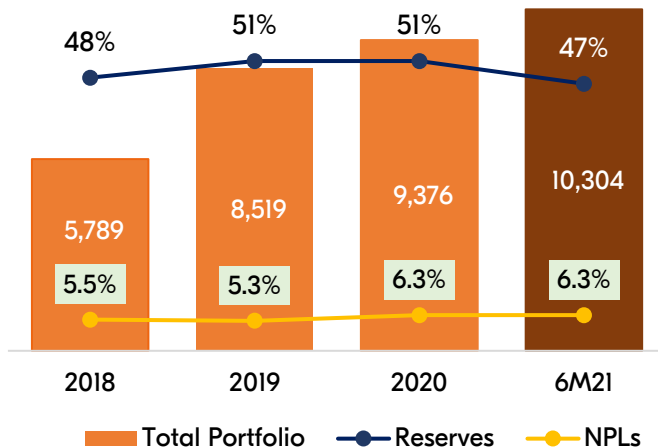
#### Efficient Collection Process

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



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

#### NPLs

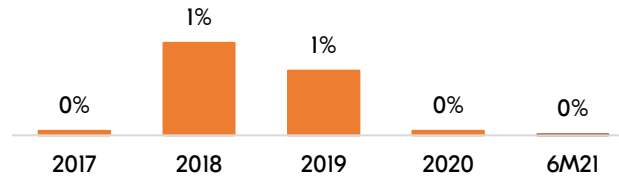


#### Mitigants

- 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.

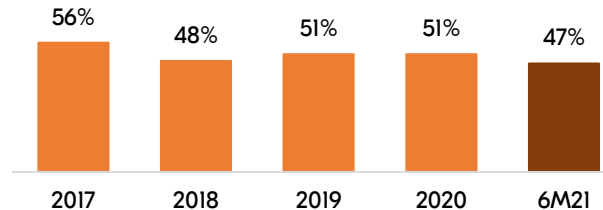
#### Write-Offs

*Write-Offs / Total Portfolio*



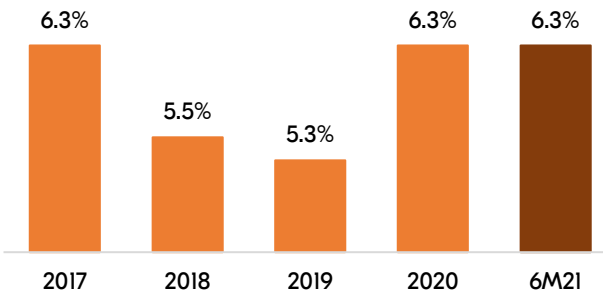
#### Coverage Ratio

*Ending Reserves / Non-Performing Lease Portfolio*



#### Non-Performing Lease

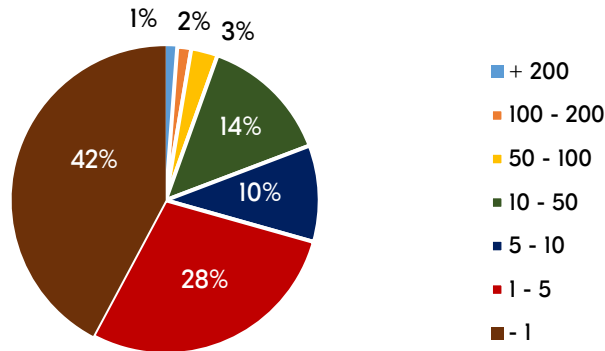
*Non-Performing Lease Portfolio / Portfolio*



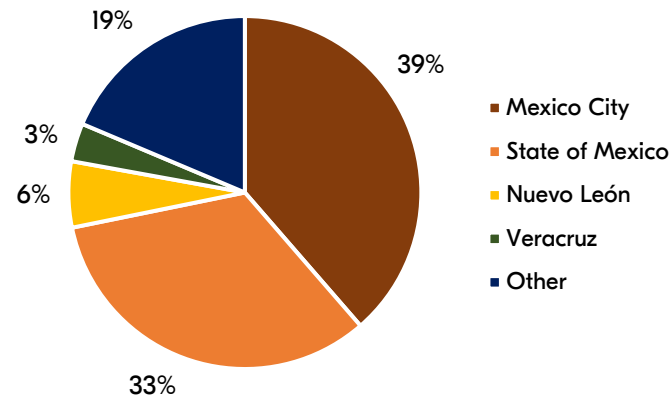
## 4. Solid Balance Sheet Supported by a Diversified Portfolio...

**Portfolio Distribution by Ticket Size**

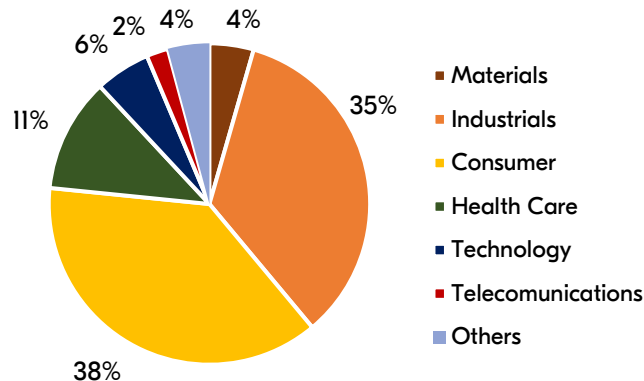
*In million pesos*



**Portfolio Distribution by Geography**



**Portfolio Distribution by Industry**



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.

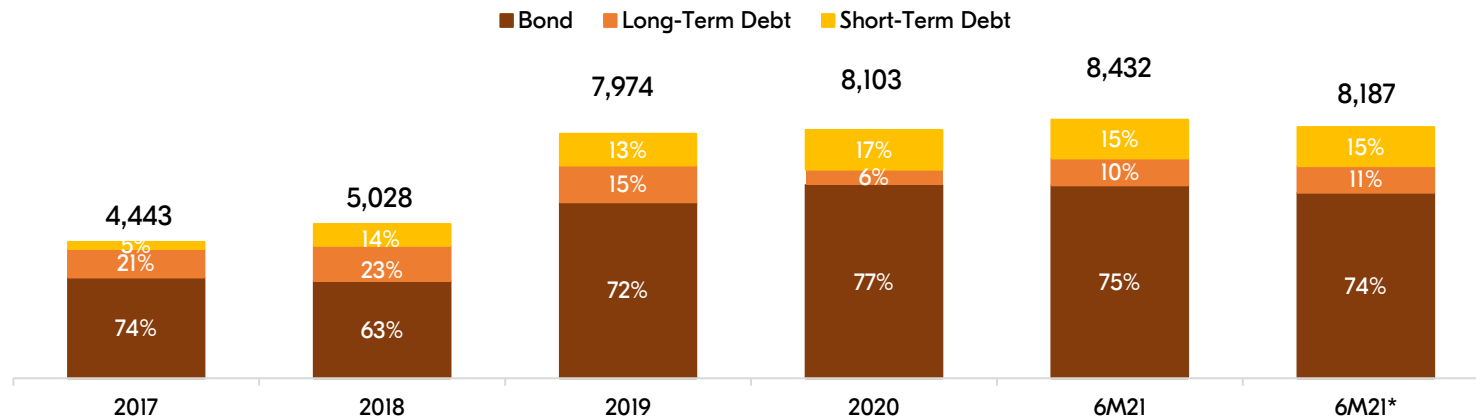
We have low exposure to industries with high susceptibility to COVID-19 such as the auto parts, tourism and the restaurant sector.

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

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

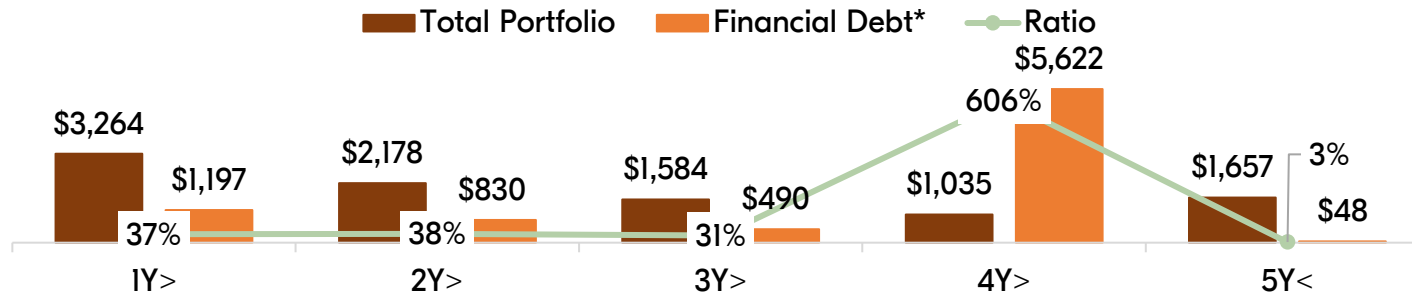
### Financial Debt Composition

In million pesos



### Current Debt & Run-Off

In million pesos

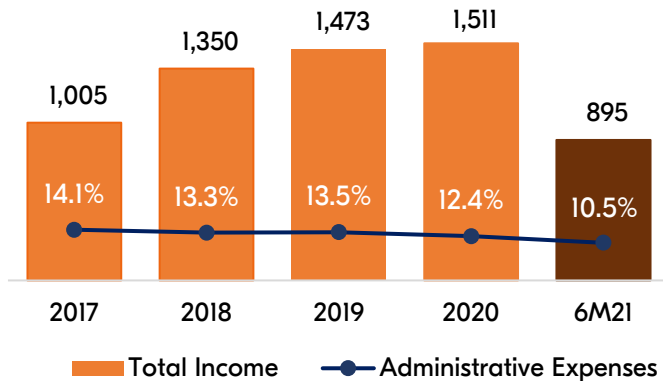


\*Note: Consider the hedges for the US\$ denominated financial debt.

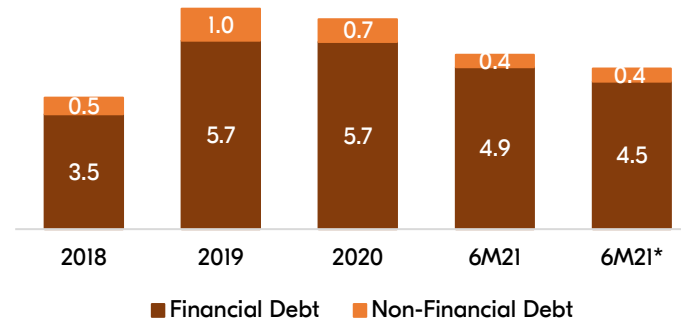
## 5. High Levels of Operational Efficiency and Strong Financial Ratios that Result in Solid Credit Ratings

### Efficiency Ratio

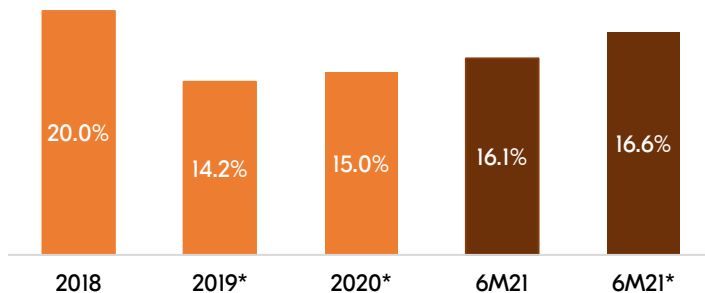
In million pesos



### Leverage Ratio



### Capitalization Ratio



### Credit Rating

#### Global

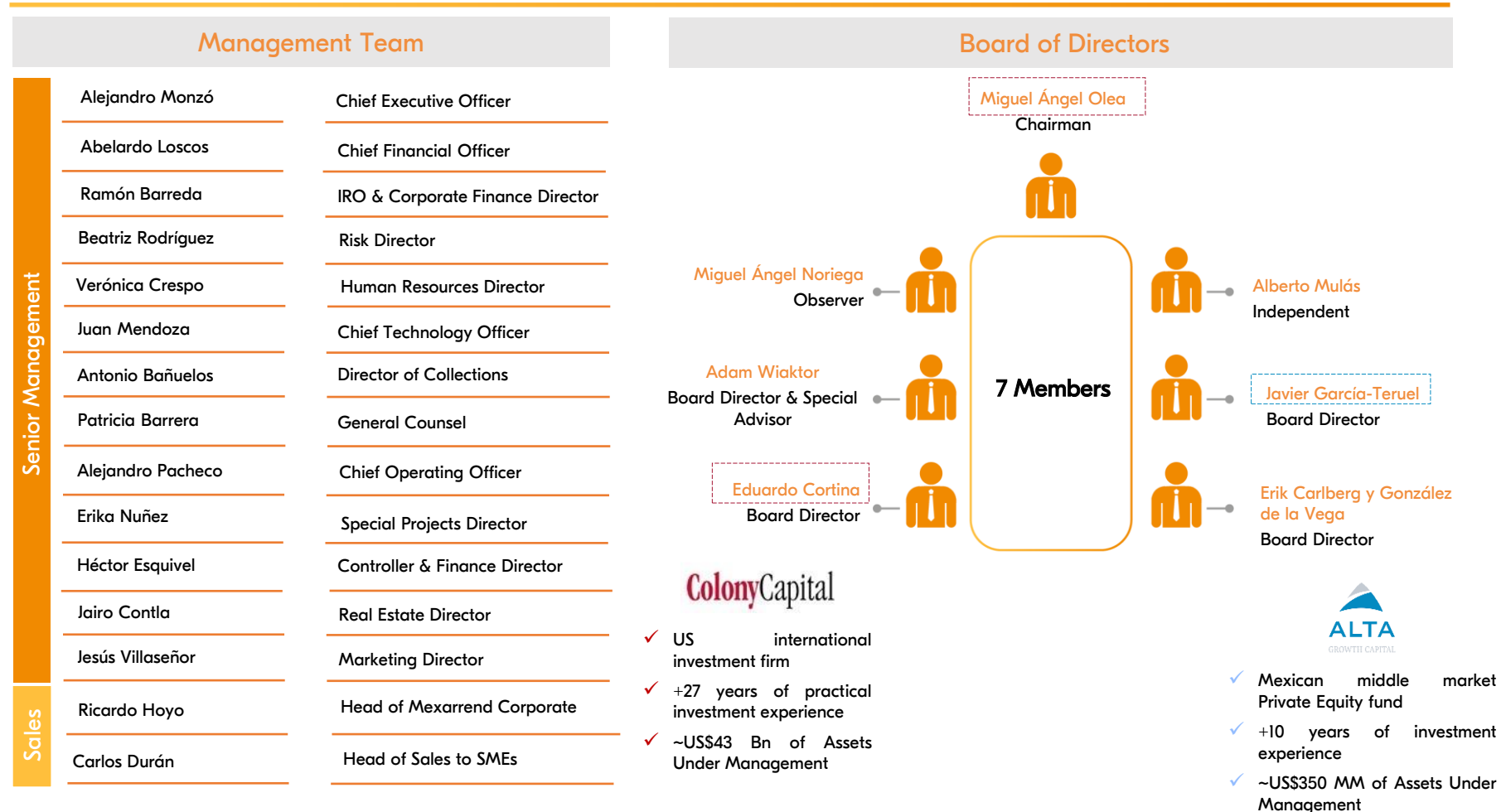
	2020	2Q21
<b>S&amp;P Global</b>	B	B
<b>FitchRatings</b>	B+	B+

#### Local

	2020	2Q21
<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. Experience Management Backed by High Profile and Committed Stockholder'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.



### Participation in a Global Compact Network

Share best practices and share those of other companies worldwide. We align 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.



### Mexarrend Contributes to the Community

Mexarrend will support a Civil Association through a Financial Education strategy.



### Environmental Wellbeing Program

Creation of an environmental welfare plan with the Mexarrend stakeholders.



### Continuous Improvement

- Anti-Corruption Policy.
- Gender Equal Strategy.
- Participation in the 2030 Compact Schedule.
- Complaint line.

## Sustainability Report

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- On March 18<sup>th</sup>, 2021, Mexarrend published its first Sustainability Report, which focuses on explaining the Company's sustainability model, which has enabled it to build a business strategy committed to social and environmental responsibility through its five lines of action.
- The integration of the 10 principles of the Global Compact, the Sustainable Development Goals ("SDGs") and other initiatives as part of the business strategy have positively impacted the way the Company operates. Through these initiatives, the Company aims to add value to its employees, clients, investors and society. As a progressive financial company in the Mexican market, Mexarrend is always seeking to adopt international best practices.
- To read the full report please click the following link:  
[Sustainability Report \(2020\)](#)

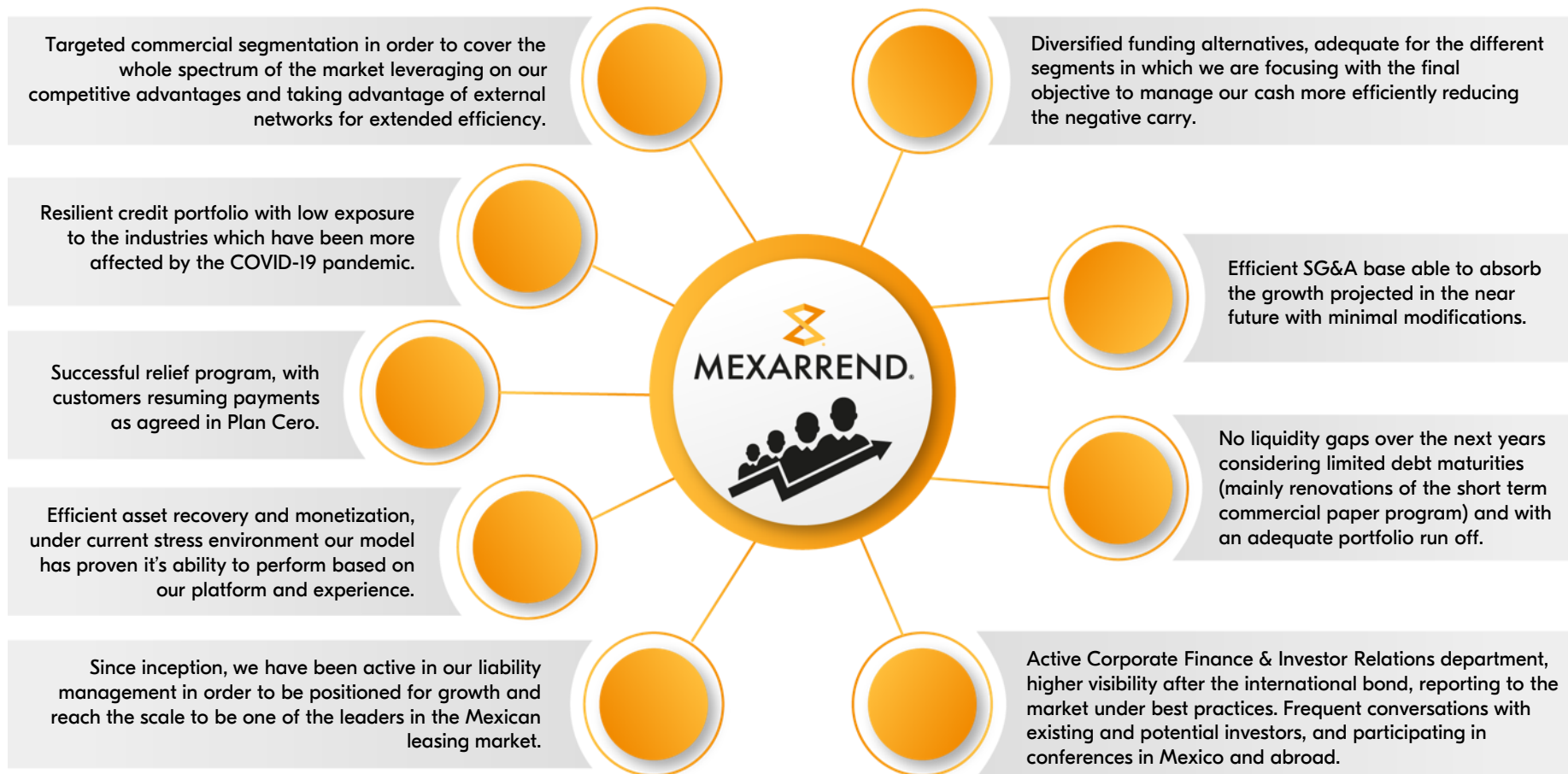


## Value Green Lease



# Opportunities Under a New Reality

## Opportunities Under a New Reality





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 tables of data. The overall scene suggests a professional discussion of financial information.

# Appendix Financial Information

## Reading Mexarrend's Financial Statements

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

<p><b>Total Revenues</b></p>	<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>
<p><b>Costs</b></p>	<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>
<p><b>Balance Sheet (Assets)</b></p>	<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	2T20	2T21	Var.%	6M20	6M21	Var.%
Interest on Capital Leases	293	444	51.5	611	749	22.6
Equipment Financing	-	-	-	4	-	-
Operating Leases	85	66	(22.3)	148	146	(1.4)
<b>Total Income</b>	<b>378</b>	<b>510</b>	<b>34.9</b>	<b>763</b>	<b>895</b>	<b>17.3</b>
<b>COST</b>						
Interest Expenses	219	315	43.8	441	562	27.4
Cost of Credit Operations	-	-	-	4	-	-
Depreciation of Assets Under Operating Leases	41	30	(26.8)	70	74	5.7
<b>Total Costs</b>	<b>260</b>	<b>345</b>	<b>32.7</b>	<b>515</b>	<b>636</b>	<b>23.5</b>
<b>GROSS INCOME</b>	<b>118</b>	<b>165</b>	<b>39.8</b>	<b>248</b>	<b>259</b>	<b>4.4</b>
Selling Expenses	7	12	71.4	19	21	(10.5)
Administrative Expenses	46	47	2.2	93	94	1.1
Loan Loss Reserves	18	(2)	(111.1)	35	4	(88.5)
<b>Operating Expenses</b>	<b>71</b>	<b>57</b>	<b>(19.7)</b>	<b>147</b>	<b>119</b>	<b>(19.0)</b>
<b>OPERATING INCOME</b>	<b>47</b>	<b>108</b>	<b>129.7</b>	<b>101</b>	<b>140</b>	<b>38.6</b>



## Income Statement (Cont'd)

*in million pesos*

	2T20	2T21	Var.%	6M20	6M21	Var.%
Other (Income) Expenses, Net	2	2	-	4	5	25.0
Interest Income	(20)	(4)	80.0	(48)	(7)	85.4
Interest Expenses	52	24	(53.8)	107	45	(57.9)
Net Exchange Profit (Loss)	(362)	(238)	34.3	1,360	(44)	(103.2)
Valuation of Financial Derivative Instruments	350	263	(24.9)	(1,410)	39	97.2
Premiums of Financial Derivative Instruments	42	80	90.5	81	125	54.3
Extraordinary Expenses	-	(1)	-	-	(1)	-
<b>Comprehensive Financing Result</b>	<b>62</b>	<b>124</b>	<b>100.0</b>	<b>90</b>	<b>157</b>	<b>74.4</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>(17)</b>	<b>(18)</b>	<b>(5.88)</b>	<b>7</b>	<b>(22)</b>	<b>(414.3)</b>
Taxes	(2)	(27)	NM	1	(38)	NM
<b>NET INCOME</b>	<b>(15)</b>	<b>9</b>	<b>160.0</b>	<b>6</b>	<b>16</b>	<b>166.6</b>

## Balance Sheet

*in million pesos*

ASSETS	6M20	6M21	Var. %
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	1,462	727	(50.3)
Accounts Receivables	2,368	2,166	(8.5)
Loan Loss Reserves	(266)	(302)	(13.5)
Taxes to Recuperate	271	193	(28.8)
Sundry Debtors	2	5	150.0
Other Assets	140	170	21.4
Inventory	21	8	(61.9)
<b>TOTAL CURRENT ASSETS</b>	<b>3,998</b>	<b>2,967</b>	<b>(25.8)</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment - Net	1,745	1,813	3.9
Long-Term Receivables	4,268	5,535	29.7
Other Assets	93	109	17.2
Financial Derivative Instruments	790	156	(80.3)
Deferred Taxes	257	317	23.3
Intangible Assets	234	234	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>7,387</b>	<b>8,164</b>	<b>10.5</b>
<b>TOTAL ASSETS</b>	<b>11,385</b>	<b>11,131</b>	<b>(2.2)</b>

## Balance Sheet (Cont'd)

*in million pesos*

LIABILITIES	6M20	6M21	Var.%
<b>CURRENT LIABILITIES</b>			
Current Portion of Long-Term Debt	1,177	1,198	1.8
Accounts Payable	13	182	NM
Sundry Creditors	899	695	(22.7)
Related Party Creditors	14	13	(7.1)
Income Taxes and Other Taxes Payables	-	15	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,103</b>	<b>2,103</b>	<b>-</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-Term Debt	8,144	7,234	(11.2)
Deferred Income Taxes	-	-	-
Derivatives	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>8,144</b>	<b>7,234</b>	<b>(11.2)</b>
<b>TOTAL LIABILITIES</b>	<b>10,247</b>	<b>9,337</b>	<b>(8.9)</b>
<b>STOCKHOLDERS EQUITY AND RESERVES</b>			
Capital Stock	1,323	1,530	15.7
Retained Earnings	184	277	50.5
Other Comprehensive Income (Valuation of Financial Derivatives)	(375)	(29)	92.3
Current Year Net Income	6	16	166.6
<b>TOTAL STOCKHOLDERS EQUITY AND RESERVES</b>	<b>1,138</b>	<b>1,794</b>	<b>57.6</b>
<b>LIABILITIES + STOCKHOLDERS EQUITY</b>	<b>11,385</b>	<b>11,131</b>	<b>(2.2)</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).