



MEXARREND[®]

LEASING INNOVATION

Mexarrend Second Quarter 2021 Earnings Report

Mexico City, July 26th, 2021 — Mexarrend, S.A.P.I. de C.V. (“Mexarrend” or the “Company”), announced its unaudited consolidated financial results for the second quarter of 2021 (“2Q21 or “6M21””). All figures are expressed in Mexican Pesos (“\$”) unless stated otherwise and were prepared in accordance with International Financial Reporting Standards (“IFRS”).

EARNINGS CALL DETAILS

Date: Tuesday, July 27th, 2021
Time: 10:00 am (Mexico City Time) / 11:00 am (ET)
Registration: [Earnings Call 2Q21 - Mexarrend](#)

CONTACT INFORMATION

Ramón Barreda
ramon.barreda@mexarrend.mx
Ricardo Danel
ricardo.danel@mexarrend.mx
Enrique Ibargüengoitia
enrique.ibarguengoitia@mexarrend.mx
Corporate Finance and Investor Relations
ri@mexarrend.mx

Index

2Q21 Highlights	3
Relevant Events	4
Financial and Operating Summary	5
Message from the CEO	6
Digitalization Process (Mexarrend Digital)	7
Income Statement	8
Mexarrend's Portfolio	10
Balance Sheet	14
Global and Local Credit Ratings	18
Sustainability	19
Bond Performance (DOCUFOR 2024)	20
Reading Mexarrend's Financial Statements	21
Consolidated Financial Statements	
Consolidated Income Statement	22
Consolidated Balance Sheet	23
Appendix	24

2Q21 Highlights

- ❖ We are pleased with 2Q21 results, especially given the current economic environment and the impact of the pandemic on the global economy. Total revenue for 2Q21 was \$510 million pesos, an increase of 34.9% compared to the same period of the previous year and 32.8% vs 1Q21, while operating income more than doubled to \$108 million pesos. Net income was positive \$9 million pesos, versus a loss last year.
- ❖ During 2Q21, an additional lending as a service operation was completed (effectively neutralizing credit risk), in which Mexarrend continues to serve this portion of the portfolio that, for reporting purposes, is defined as the “Portfolio Under Management”. The operations carried out through this product amounted to \$586 million pesos at the end of 2Q21.
- ❖ The Company’s total assets decreased by 2.2% or \$254 million pesos compared to the same quarter of the previous year, mainly driven by movements in our cash, accounts receivable, and derivative positions from 2Q20 to 2Q21.
- ❖ Non-performing loans (NPLs) have been stable since the end of 2020, staying at 6.3% during the quarter and demonstrating the effectiveness of the strategies implemented during the most complicated months of the COVID-19 pandemic to manage the company’s portfolio.
- ❖ During the quarter, the first “Value Green Lease” operations closed for \$8 million pesos. The product is focused on environmentally responsible productive assets and goes hand in hand with Mexarrend’s commitment to sustainability.
- ❖ Throughout 2020 and 6M21, Mexarrend continued to digitalize its key processes and, as of today, all operations from our vendor partnerships, as well as our Small and Medium Enterprises (“SMEs”) clients, are fully digitalized. The on-boarding process and our CRM (Customer Relationship Management) are 100% digitalized and in operation, which has enabled us to reduce our response times with our customers.
- ❖ In the previous quarter, there was a positive effect on Mexarrend’s Stockholder Equity, derived from the capitalization of \$10 million dollars by the three groups of shareholders. In addition, thanks to a stable dollar to peso exchange rate, the variations within the OCI account (Other Comprehensive Income) decreased by \$346 million pesos from 2Q20 al 2Q21.
- ❖ As of today, Centeo, joint venture between Mexarrend and Zinobe, is implementing several pilot projects that, given Zinobe’s technology and our knowledge and experience in the Mexican market, will provide a digital value-added offering to SMEs in our country.
- ❖ During 2Q21, Mexarrend continued to implement various initiatives to confront the effects of COVID-19, ensuring the continuity and efficiency of the Company’s operations and the well-being of its employees.

Relevant Events

2Q21

Mexarrend announced the change of its ticker on the Mexican Stock Exchange from "DOCUFOR" to "MEXAMX"

On April 22nd, 2021, due to the change of the company name approved by the shareholders of Mexarrend, the Company submitted its application to the Mexican Stock Exchange ("BMV"), Institución para el Depósito de Valores ("Indeval"), and the National Banking and Securities Commission ("CNBV") to change the ticker symbol under which their securities are listed. The securities are currently listed under the new ticker "MEXAMX" in the CEBUREs program.

Mexarrend successfully concludes the renewal of its Stock Certificates Program ("CEBUREs") for an amount of up to \$2 billion pesos

On May 7th, 2021, Mexarrend successfully 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 under the ticker "MEXAMX"

The program was rated "F2 (mex)" by Fitch and "HR2" by HR Ratings.

Mexarrend releases its first sustainable product: Value Green Lease

On June 8th, 2021, Mexarrend announced the launch of its first sustainable product: Value Green Lease. The product stems from Mexarrend's commitment to drive 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.

Financial and Operating Summary

in million pesos

Financial Metrics	2Q20	2Q21	Var. %	6M20	6M21	Var. %
Total Revenues	378	510	34.9	763	895	17.3
Cost of Sales	260	345	32.7	515	636	23.5
Gross Income	118	165	39.8	248	259	4.4
Gross Margin	31.2%	32.3%	110bps	32.5%	28.9%	(360)bps
Operating Expenses	71	57	(19.7)	147	119	(19.0)
Operating Income	47	108	129.7	101	140	38.6
Operating Margin	12.4%	21.1%	870bps	13.2%	15.6%	240bps
Other (Income) Expenses, Net	2	2	-	4	5	25.0
Comprehensive Financing Result	(62)	(124)	(100.0)	(90)	(157)	(74.4)
Income Before Income Taxes	(17)	(18)	(5.9)	7	(22)	(414.3)
Income Taxes	(2)	(27)	NM	1	(38)	NM
Net Income	(15)	9	160.0	6	16	166.6
Net Income Margin	(3.9)%	1.7%	560bps	0.8%	1.8%	100bps
Operational Metrics				6M20	6M21	Var.%
Total Portfolio				8,889	9,718	9.3
Leasing				8,225	9,327	13.4
Credit and Factoring				606	342	(43.6)
Services				58	49	(15.5)
Portfolio Under Management (lending as a service)				-	586	-
NPL Ratio				5.9%	6.3%	40bps
Real Estate Portfolio				1,277	1,261	(1.2)
Net Productive Assets ¹				10,166	11,565	13.8
Financial Ratios				6M20	6M21	Var.%
R O A A (annualized)				0.1%	0.3%	20bps
R O A E* (annualized)				0.9%	1.9%	100bps
Financial Debt* / Capital*				5.3x	4.5x	(0.8)x
Capitalization* (Capital* / Total Assets*)				14.3%	16.6%	230bps
Capital* / Total Portfolio				17.0%	18.8%	180bps
Leasing Portfolio / Total Portfolio				92.5%	96.0%	350bps
Total Portfolio / Financial Debt*				1.1x	1.2x	0.1x
Current Assets / Current Liabilities				1.9x	1.4x	(0.5)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 the debt coverage and eliminating the effect of the OCI on Stockholders' Equity.

Message from the CEO

During the last quarters, we have been working internally so that Mexarrend is an increasingly innovative company in its products and processes. To that end, during the second quarter, we completed our digital on-boarding process for all of our products, as we work to improve the customer experience with every interaction.

Regarding funding, we renewed our CEBUREs program for \$2 billion pesos in the Bolsa Institucional de Valores ("BIVA"), where we have been able to roll over our short-term maturities for several years. This demonstrates Mexarrend's excellent reputation in the national market.

Following the commitment to be a more sustainable Company, we launched our first product aimed at green projects called "Value Green Lease". We are confident that this product will benefit many clients in the market, who, like Mexarrend, are committed to the environment and to build a better and more equitable country.

Our asset quality continues to remain stable, demonstrating the resilience of our clients and the success of our "Plan Cero" relief program, which was implemented during the COVID-19 pandemic and ended the previous quarter. We are committed to continue supporting our current clients and granting financing to companies that are positioned for economic recovery, of which we have seen signs of especially in the past month.

In terms of the Centeo, alliance with Zinobe, we are in the implementation phase for several pilot projects, and we are convinced that we will shortly have a digital value-added offering for the ecosystem of SMEs in our country.

This quarter was marked by a slower economic recovery than initially forecasted. While we are cautious regarding the rest of year, we believe that the dynamism of the United States economy and end of an election period that brought some uncertainty to investment decisions, will bring higher origination levels in the second half of the year. As we have always done, we will conduct thorough analysis to identify the best opportunities with the industries and companies that have demonstrated the greatest resilience in recent months.

Likewise, the Company is taking the necessary measures to protect our team. Our priority is the wellbeing of them and their families. As we have reported since the beginning of the pandemic, we have been able to work fully and partially remote without any disruption to our operations.

Alejandro Monzó
CEO, Mexarrend

Digitalization Process

Over the past two years, Mexarrend has focused its investments on innovation and technology to improve and accelerate its product offering through the development of digitalization-based processes. For 2021 we aim to continue digitalizing each step of our processes, based on market best practices, from when the customer requests a selected product through its resolution.

During 2020 and 2021, Mexarrend, through its innovation program, has advanced and designed a fully automated management platform so that each of our customers receives an immediate response to their lease or loans requests. Thanks to this innovation, since April 2021 this platform is available for all of the products that Mexarrend offers to its customers. On it, customers can make requests or inquiries on the status of their lease or loans application from any device, thus putting Mexarrend at the forefront of innovation for its highest priority: customer service.

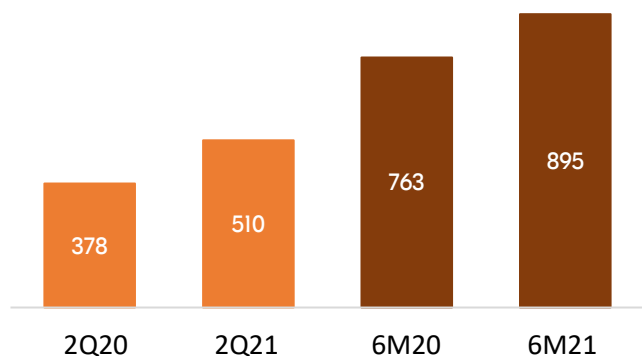
During 2Q21, the second phase of the development of Mexarrend Digital began, in which the implementation of improvements to the platform was carried out in order to make it easier to use for Mexarrend's clients and employees. Likewise, work continues on the automation and improvement of internal processes to make report generation more efficient, through the ERP and the Data Warehouse ("DWH").

In summary, as of the second quarter of 2021, Mexarrend's on-boarding process and CRM are fully digitalized and operational, as well as the DWH, which automates and adds value to decision-making. The ERP (Enterprise Resource Planning), Credit Score, "Platform for Funders", and other projects will be completed over the remainder of 2021.

Income Statement

Total Revenues

in million pesos



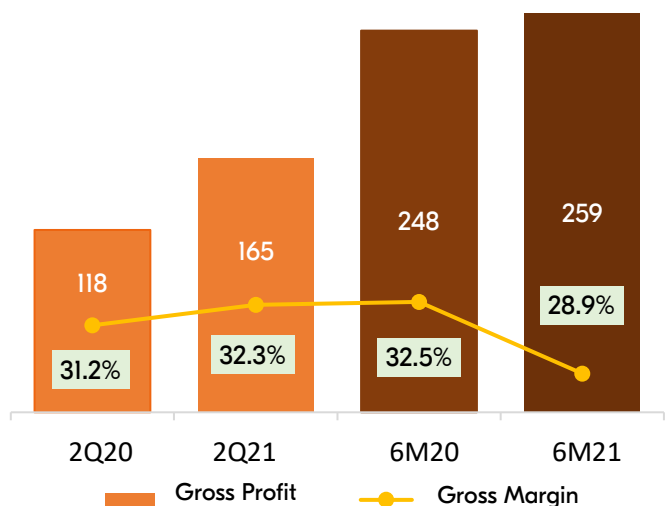
Mexarrend's total cumulative revenue increased by 17.3%, or \$132 million pesos, compared to the same period of the previous year. Interest income made up 83.6%, or \$749 million pesos of total revenue, while the remaining amount corresponds to the operating lease line. On a quarterly basis, revenue increased 34.9% vs. 2Q20 and 32.8% vs 1Q21.

Cost of Sales

Total cost of sales for the quarter increased by 32.7% compared to 2Q20. This increase is mainly explained by the portfolio's increase quarter over quarter and its respective financing costs.

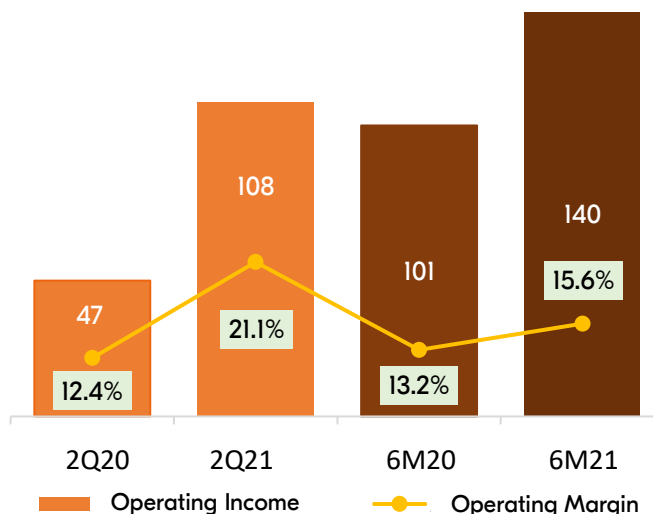
Gross Income

in million pesos



Operating Income

in million pesos



In 2Q21, there was a 39.8% increase in gross income compared to the same period of 2020. This increase is mainly explained by the economic recovery. Thanks to the increase in gross income and a \$14 million pesos improvement in operating expenses, the Company's operating income increased 129.7% compared to the same period of the previous year.

Comprehensive Financing Result

The comprehensive financing result increased by \$62 million pesos or 100% compared to the same quarter of the previous year. The lines with the greatest variation were: 1) interest revenue, 2) premiums for derivative financial instruments, and 3) interest expenses (derived from the cash position during 2Q20).

Mexarrend decreased its cash position in order to have more efficient cash levels, however, we maintained a healthy level during the quarter. This is in line with the objective of preserving the Company's liquidity during 2021, seeking greater visibility of the impact, duration, and depth of the economic recession from the pandemic.

Net Profit

in million pesos

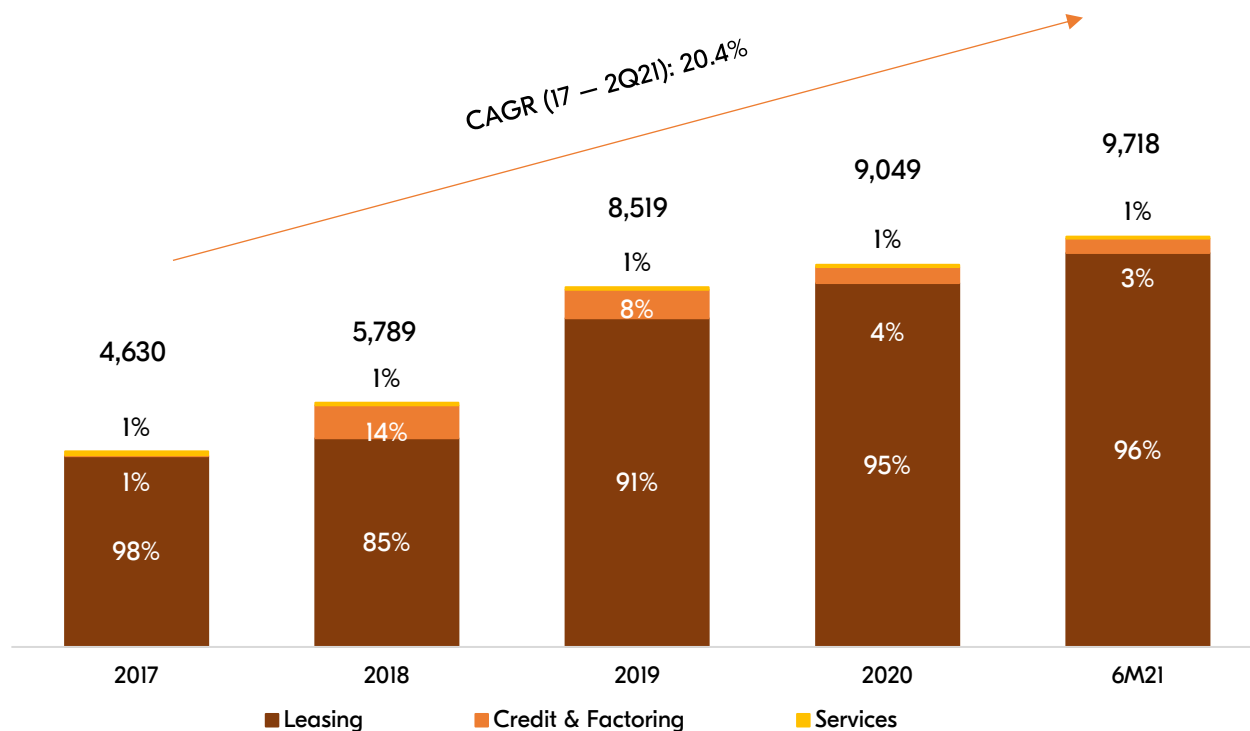
In 2Q21 we reported a net profit of \$9 million pesos, \$24 million pesos above the loss of \$15 million pesos in 2Q20. This is a result of our resilient business model and low risk adopted before the pandemic.



Mexarrend's Portfolio*

in million pesos

At the end of June 2021, the total portfolio grew by 9.3% vs. 2Q20, reaching \$9.718 billion pesos. We are monitoring opportunities and the economic situation to focus on sectors that benefit from the new market dynamics, and where it makes sense to increase our loans over the next few months.



*Some numbers have been rounded for presentation purposes.

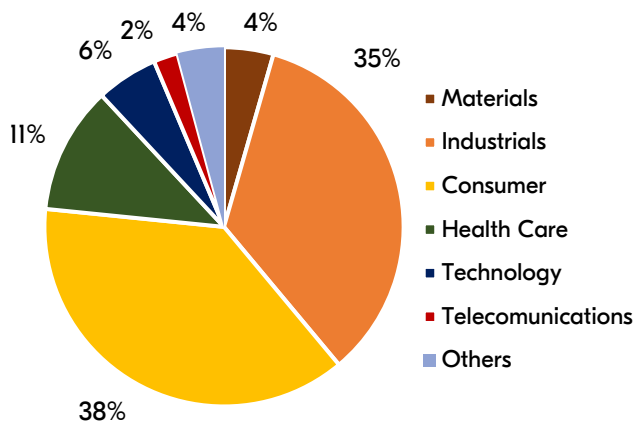
Portfolio Diversification

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 industries, our portfolio is well diversified.

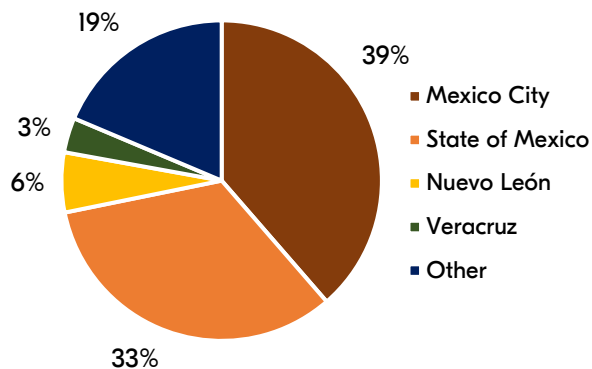
As shown in the "Client Composition in the Portfolio" section, we have low exposure to sectors that are at high risk due to COVID-19 such as the auto parts, tourism, and restaurant sectors.

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

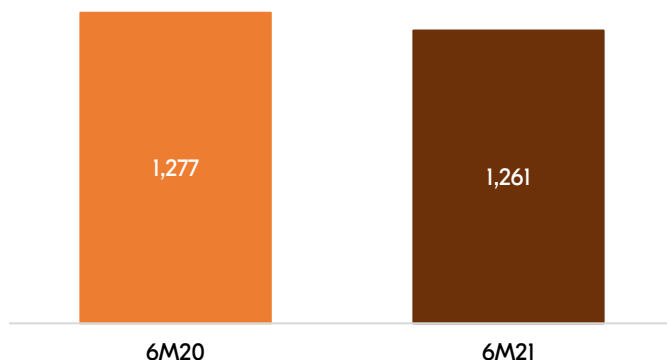


By Region



Real Estate Portfolio

in million pesos



As of June 30th, 2021, real estate assets reached \$1.261 billion pesos compared to \$1.277 billion pesos as of June 30th, 2020, which represents a decrease of 1.2%, as a result of a successful sale within the Real Estate Portfolio. As of 2Q21, the Real Estate Portfolio represented approximately 10.9% of Mexarrend's total Productive Assets.

Client Composition in the Portfolio

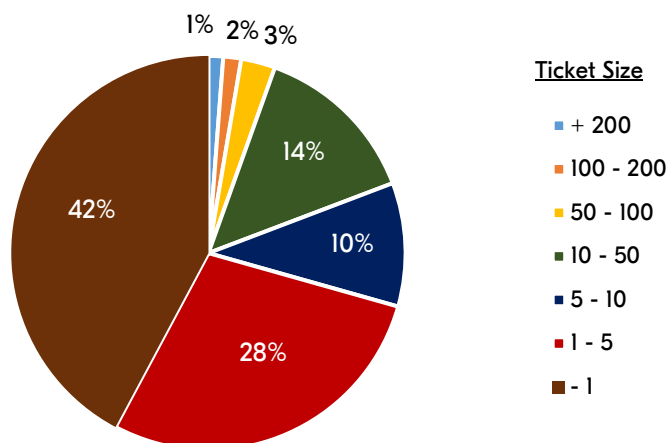
in million pesos

Mexarrend uses the Global Industrial Classification Standard (GICS) to classify its existing customer portfolio. A more detailed analysis of the portfolio is presented below, as of 2Q21:

Sector	Amount		%			Amount		%	
	2Q20	2Q21	2Q20	2Q21		2Q20	2Q21	2Q20	2Q21
Energy	7	36	0.1	0.4	Energy	7	36	0.1	0.4
Materials	464	432	5.2	4.4	Materials	464	432	5.4	4.4
Industrials	2,957	3,351	33.3	34.5	Capital Goods	982	1,014	11.0	10.4
					Commercial & Professional Services	865	829	9.7	8.5
					Transportation	1,110	1,508	12.5	15.5
Consumer Discretionary	3,336	3,228	37.5	33.2	Automobiles & Components	112	98	1.3	1.0
					Consumer Durables & Apparel	871	831	9.8	8.5
					Consumer Services	571	575	6.4	5.9
					Media	1,118	1,306	12.6	13.4
					Retailing	664	419	7.5	4.3
Consumer Staples	480	432	5.4	4.4	Food & Staples Retailing	234	186	2.6	1.9
					Food, Beverage & Tobacco	236	228	2.7	2.3
					Household & Personal Products	10	18	0.1	0.2
Health Care	917	1,115	10.3	11.5	Health Care Equipment & Services	896	1,100	10.1	11.3
					Pharmaceuticals, Biotechnology & Life Science	21	15	0.2	0.2
Financials	195	269	2.2	2.8	Banks	0	1	0.0	0.0
					Diversified Financials	188	150	2.1	1.5
					Insurance	6	119	0.1	1.2
Information Technology	414	543	4.7	5.6	Software & Services	391	525	4.4	5.4
					Technology, Hardware & Equipment	23	16	0.3	0.2
					Semiconductors & Semiconductor Equipment	0	0	0.0	0.0
Telecommunication Services	61	212	0.7	2.2	Telecommunication Services	61	212	0.7	2.2
Utilities	0.0	18	0.0	0.2	Utilities	0	18	0.0	0.2
Real Estate	59	82	0.7	0.8	Real Estate	59	82	0.8	0.9
Total	8,889	9,718	100	100	Total	8,889	9,718	100	100

Portfolio Distribution by Ticket Size

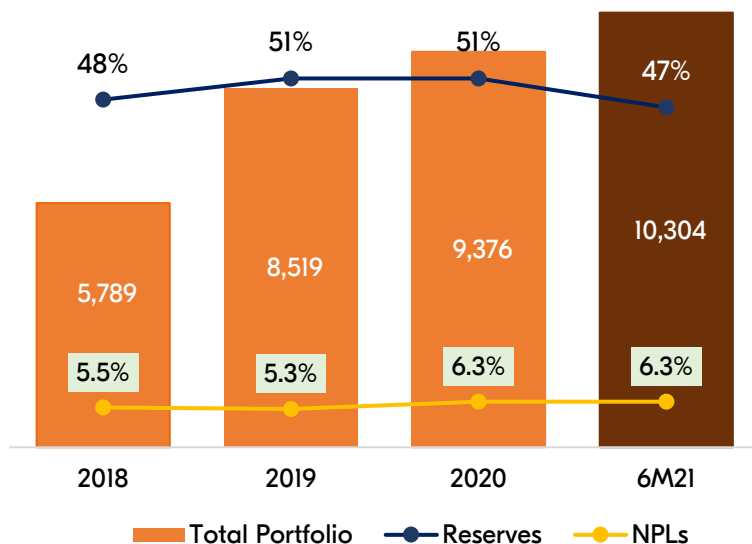
in million pesos



Mexarrend operates under strict credit policies aligned with its priority of maintaining a high-quality portfolio. Approximately 94% of clients 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

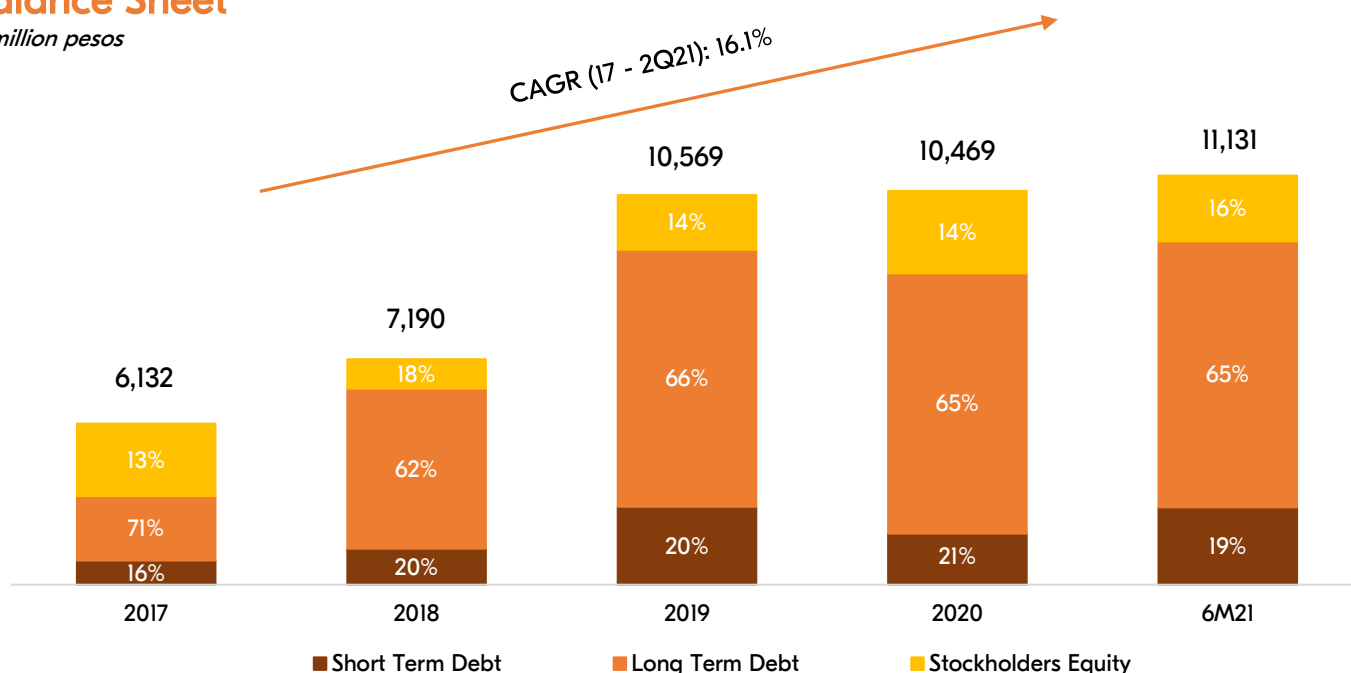


Non-performing loans (NPLs) as of June 30th, 2021 remained stable compared to the end of 2020, and represented 6.3% of the Total Portfolio. This percentage reflects the performance of the controlled portfolio given the current environment, which we continue to monitor closely, in addition to the quality of origination of the Managed Portfolio.

The loan loss reserve was approximately \$302 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 June 30th, 2021, increased by 6.3% compared to December 31st, 2020, amounting to \$11.131 billion pesos. Short-term and long-term accounts receivable increased by \$1.065 billion pesos at the end of June 2021, compared to the same quarter of the previous year.

The Company's total liabilities decreased by \$911 million pesos or 8.9%, compared to the same quarter of the previous year, reaching \$9.336 billion pesos. Short-term liabilities remained almost the same, while long-term liabilities decreased by \$911 million pesos (mainly derived from movements in the USD/MXN exchange rate, affecting the debt in dollars, which is fully hedged).

Our debt profile is adequate for the size of the Company with approximately 85% of financial liability maturities in the long-term. This maturity profile is conservative and provides great operational flexibility. Mexarrend will continue with the active management of its liabilities.

Impact of Hedges on the Balance Sheet

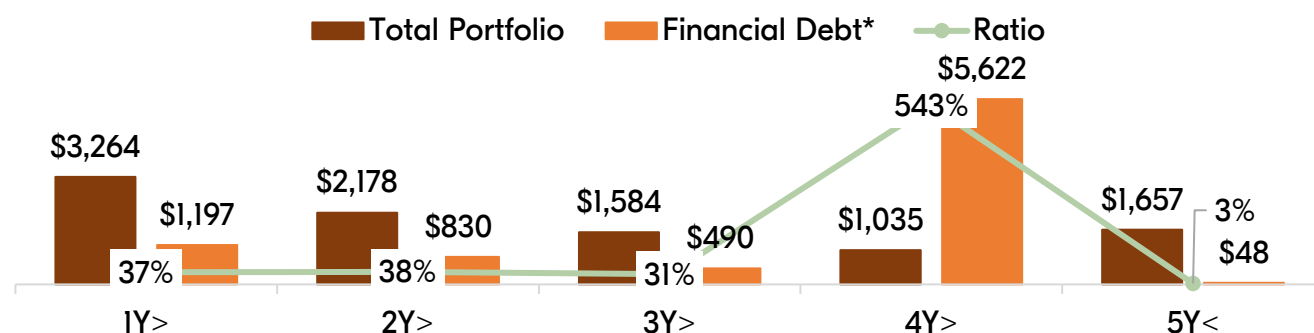
The Company acquired financial derivative instruments in order to cover the risk of future increases in the peso/dollar exchange rate for the payment of its debt denominated in dollars (call spreads to cover the principal and cross currency swaps to cover the payment of interest). These instruments are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

Operating exchange rate losses due to the depreciation of the exchange rate are recorded on the Income Statement within the comprehensive cost of financing 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 the OCI within the Company's Stockholders' Equity.

As of June 30th, 2021, the valuation of financial instruments that neutralizes 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 Stockholders' Equity. This effect was less than in 2Q20 given the appreciation in the exchange rate in the last quarter.

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 \$727 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 \$9.718 billion pesos, which compares to the total amortization of the Company's normalized financial debt of \$8.187 billion pesos, demonstrating adequate coverage and balance sheet strength.

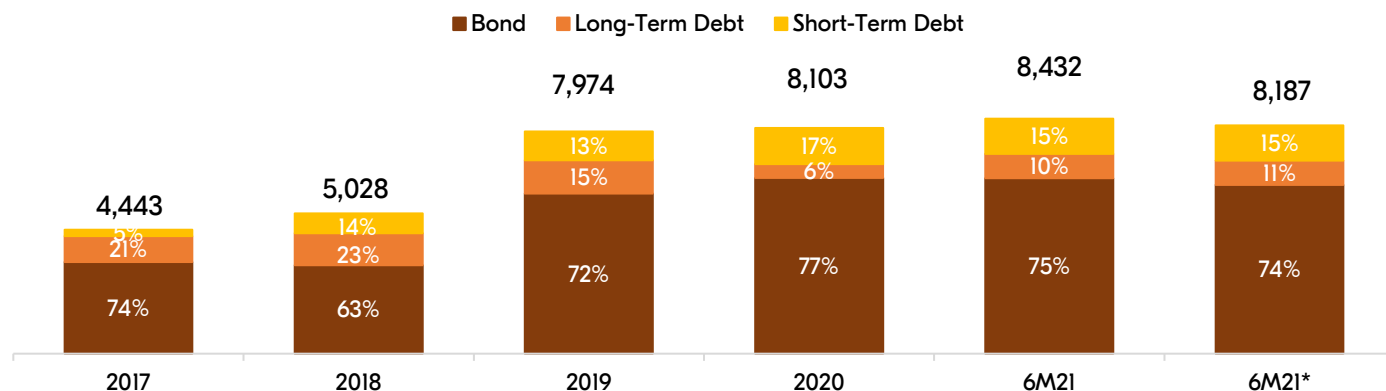
With the issuance of the bond in July 2019, short term debt amortizations for the coming years were significantly reduced, which was one of the key reasons behind the issuance. Mexarrend is committed to actively manage liabilities, seeking the best costs and terms, and diversifying sources of financing.

The different credit lines that Mexarrend has secured during the past quarters have been communicated to the market (considering the volatile environment in which we find ourselves), demonstrating sustainability, financial and reputational strength.

The debt maturities with a term of less than one year shown in the previous graph, represent, for the most part (approximately \$1 billion pesos), the short-term *CEBURES* program, in which we have participated in since 2006 and have been able to renew continuously. The rest of the maturities correspond to the amortizations of the bilateral financing available to the Company.

Financial Debt Composition (Short-term, Long-term & International Bond 2024)

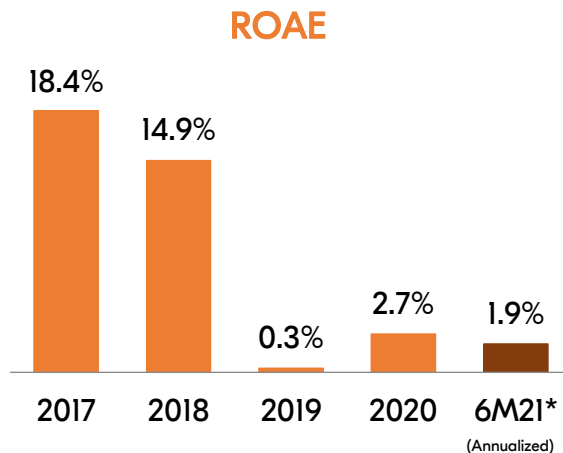
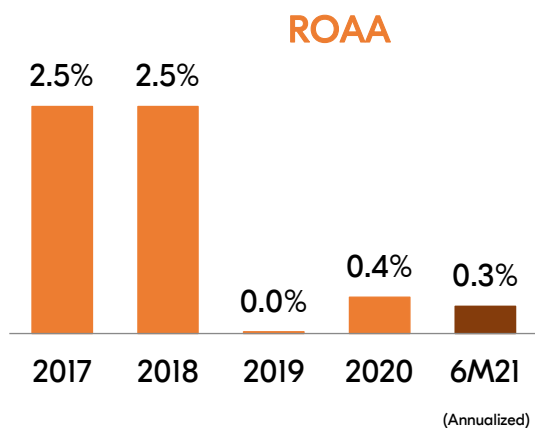
in million pesos



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

Mexarrend's debt profile is adequate for our business, with only 15% 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. Over the last year and the first two quarters of 2021, we were able to refinance those maturities with strong demand, despite the adverse market conditions. Most of our leverage corresponds to the international bond issued in July 2019, which consists in a bullet payment in 2024, that is fully hedged against changes in the exchange rate. By taking the effect of the hedges into account, debt has fallen to \$8.187 billion pesos, with the international bond representing 74% of our total financial obligations.

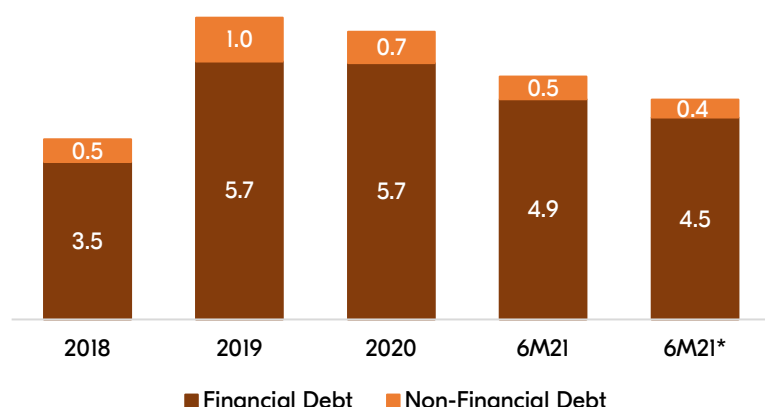
Financial Ratios



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

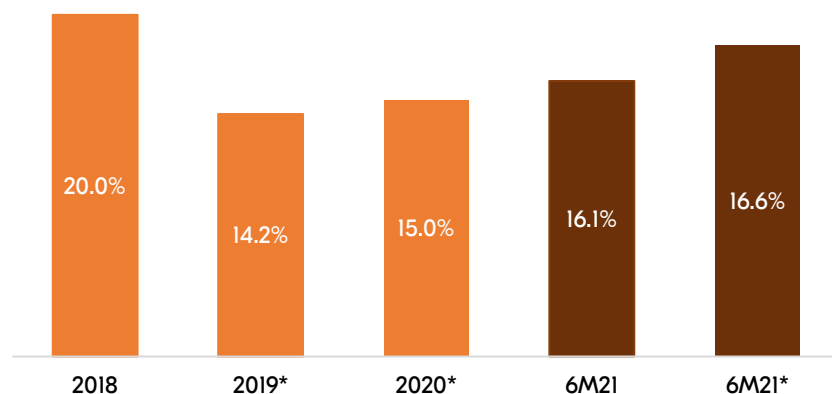
At the end of June 2021, ROAA and ROAE* were 0.3% and 1.9%, respectively (considering the effect of exchange rate hedging for ROAE). The above shows a stable trend despite the slow economic reactivation due to the COVID-19 pandemic.

Leverage Ratio



**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 leverage ratio for the second quarter of 2021, isolating the effects of exchange rate fluctuations, was 4.5x for both debt and capital. As previously explained, dollar debt obligations are duly covered and the amounts to be paid are converted at an exchange rate close to \$19.00 MXN/USD.

The capitalization ratio was 16.1% at the end of 2Q21, which was affected by the OCI in the capital account. If we isolate this effect, the capitalization ratio amounts to 16.6%.

The earnings for the year continue to reflect the gradual deployment of the resources obtained by the bond issued in July 2019. The full profitability of the new portfolio will become apparent in the coming quarters.

Global and Local Ratings

Global

	2019	2020	2Q21
 S&P Global	BB-	B	B
 Fitch Ratings	BB-	B+	B+

Local

	2019	2020	2Q21
 HR Ratings	HR A	HR A	HR A
 Fitch Ratings	BBB+	BBB+	BBB+

On June 7th, 2021 Fitch Ratings ratified the rating of “B+” with a negative outlook for Mexarrend, due to the slow economic recovery as a result of the COVID-19 pandemic. Nonetheless, Mexarrend has an adequate and flexible debt profile, in addition to being in the process of negotiating the opening of new credit lines that align to the Company’s needs.

On April 12th, 2021 HR Ratings ratified Mexarrend’s “HR A” rating, due to the financial stability shown despite the pandemic, in which the Company showed an adequate solvency position and low indicators of delay in payments.

Additionally, during the fourth quarter of 2020, we received a rating of Primary Servicers “HR AP3+” with stable outlook from HR Ratings, recognizing the quality of our origination processes, collection and service of our portfolio in general.

Sustainability

In March 2021, Mexarrend published its first Sustainability Report, detailing all the initiatives, achievements, metrics and objectives that we have as an organization to continue strengthening our efforts and continuously improve on this front. To read the full Report please click the following link: [Sustainability Report](#)

During the second quarter of 2021, for the second consecutive year, we obtained from the CEMEPI (Mexican Center for Philanthropy) distinction for a Socially Responsible Company (*Empresa Socialmente Responsable* in Spanish). This distinction recognizes the Company's initiatives in the award's five pillars: 1) link with the community, 2) environment, 3) ethics and corporate governance, 4) quality of life and 5) management of social responsibility. We remain committed to strengthening these important pillars that contribute to Mexarrend's success and recognition.

Likewise, during the first quarter of 2021 our relationship with the UN was ratified. This resulted in a 3-year association with the UN and an agreement on an annual support to be provided for education in some of Mexico's most deprived states, including Guerrero, Chiapas and Oaxaca. Our initiatives view education as one of the most relevant pillars for the generation of well-being in the long term.

As mentioned in the previous quarter, we continue working on the implementation of the Environmental and Social Risk Management System (SARAS in Spanish). It aims to identify, evaluate and monitor socio-environmental risks as part of the financing business, in addition to generating new business opportunities with existing and future clients in terms of sustainability. An example of a result due to implementing the system is that since February 2020 until June 2021, only 2% of our generated operations are categorized under a high socioenvironmental risk, which shows Mexarrend's commitment to generating a client portfolio with higher focus on safekeeping of the environment.

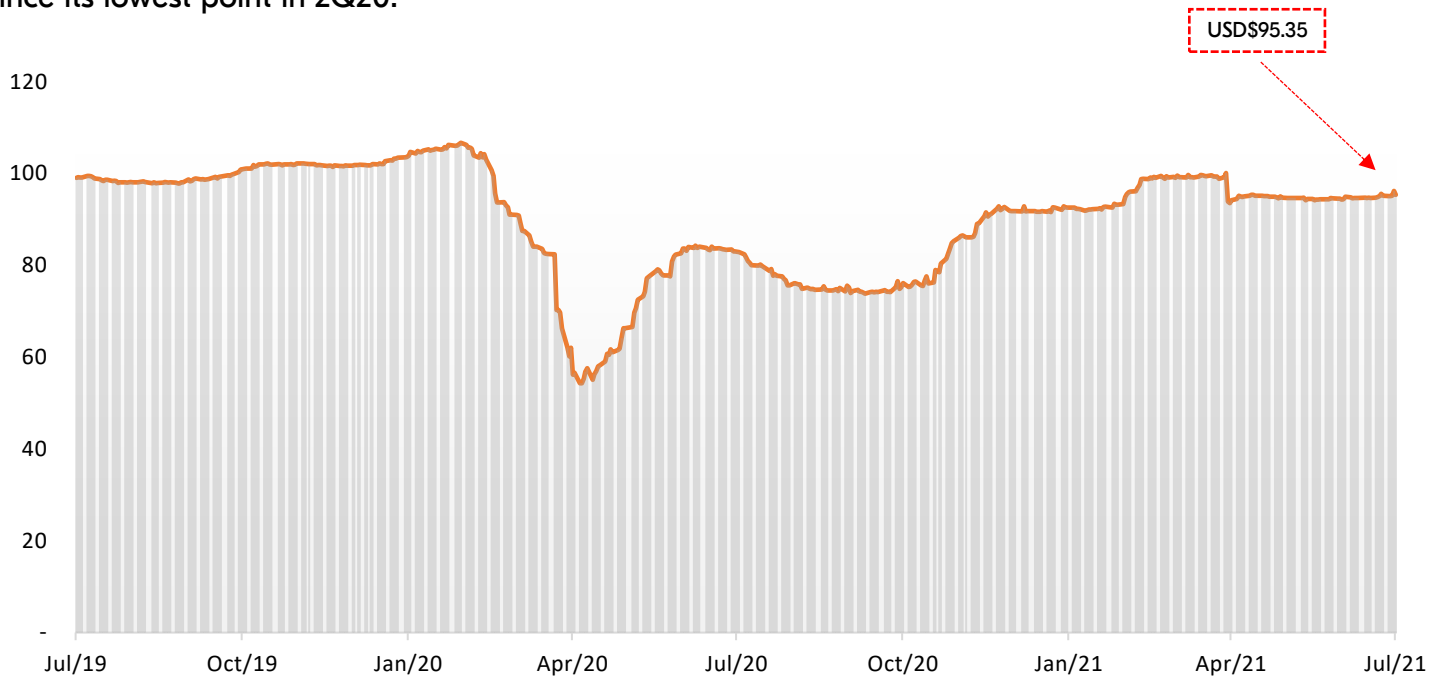
Additionally, during April 2021, the Women Committee was formed in Mexarrend, which aims to highlight women's active participation in an authentic manner, by accentuating the importance of their work, not only in society, but also fostering their role in business. This initiative seeks to contribute to the Gender Equality objective of the Sustainable Development Goals ("SDG") established by the United Nations.

Finally, in June 2021, the month of World Environment Day, Mexarrend announced the launch 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, among others.

Bond Performance (DOCUFOR 2024)

Performance of the bond issued in July 2019 for \$300 million dollars with a 5-year term (2024) and a coupon of 10.25% is shown below. The recent performance of the bond has been impacted by the volatility and uncertainty of the markets due to the COVID-19 pandemic, but it has reported a strong rebound since its lowest point in 2Q20.



Source: Bloomberg, with information at market close on July 23, 2021.

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 Expenses → 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, 2021

in million pesos

INCOME	2Q20	2Q21	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)
Total Income	378	510	34.9	763	895	17.3
COST						
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
Total Costs	260	345	32.7	515	636	23.5
GROSS INCOME	118	165	39.8	248	259	4.4
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)
Operating Expenses	71	57	(19.7)	147	119	(19.0)
OPERATING INCOME	47	108	129.7	101	140	38.6
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)	-
Comprehensive Financing Result	62	124	100.0	90	157	74.4
INCOME BEFORE INCOME TAXES	(17)	(18)	(5.88)	7	(22)	(414.3)
Taxes	(2)	(27)	NM	1	(38)	NM
NET INCOME	(15)	9	160.0	6	16	166.6

Consolidated Balance Sheet As of June 30th, 2021

in million pesos

ASSETS	6M20	6M21	Var. %
CURRENT ASSETS			
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 Recupérate	271	193	(28.8)
Sundry Debtors	2	5	150.0
Other Assets	140	170	21.4
Assets for Sale	21	8	(61.9)
TOTAL CURRENT ASSETS	3,998	2,967	(25.8)
NON-CURRENT ASSETS			
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	-
TOTAL NON-CURRENT ASSETS	7,387	8,164	10.5
TOTAL ASSETS	11,385	11,131	(2.2)
LIABILITIES			
CURRENT LIABILITIES			
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	-
TOTAL CURRENT LIABILITIES	2,103	2,103	-
NON-CURRENT LIABILITIES			
Long-Term Debt	8,144	7,234	(11.2)
Deferred Income Taxes	-	-	-
Derivatives	-	-	-
TOTAL NON-CURRENT LIABILITIES	8,144	7,234	(11.2)
TOTAL LIABILITIES	10,247	9,337	(8.9)
STOCKHOLDERS EQUITY AND RESERVES			
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
TOTAL STOCKHOLDERS' EQUITY AND RESERVES	1,138	1,794	57.6
LIABILITIES + STOCKHOLDERS EQUITY	11,385	11,131	(2.2)

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 Stockholders' 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 Bond 2024 (considering the effect of exchange hedges) / Stockholders' Equity eliminating the effect of the OCI.
- **Capitalization*** — Stockholders' Equity eliminating the effect of OCI / Total Assets eliminating the effect of financial derivative instruments.

**Financial ratios without taking into account the effects of variations in the exchange rate for the quarter and the year due to the hedging of the debt and eliminating the effect of OCI on Stockholders' Equity.*

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



MEXARREND®

LEASING INNOVATION

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 24 years. The company specializes in offering financing solutions to small and medium enterprises (SMEs) that have been neglected 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 four main business lines: capital leases, cash financing, operating leases and renting.

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.



**EMPRESA
SOCIALMENTE
RESPONSABLE**