



MEXARREND®

LEASING INNOVATION

Mexarrend Third Quarter 2021 Earnings Report

Mexico City, October 26th, 2021 - Mexarrend, S.A.P.I. de C.V. ("Mexarrend" or the "Company"), announced its unaudited consolidated financial results for the third quarter of 2021 ("3Q21" or "9M21"). 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: Wednesday, October 27th, 2021
Time: 10:00 am (Mexico City Time) / 11:00 am (ET)
Registration: [Earnings Call 3Q21 - Mexarrend](#)

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3Q21 Highlights

- ❖ Total revenues for the quarter were \$540 million pesos, up 53.8% compared to the same period of the previous year and 5.8% vs. 2Q21, while operating income increased by 336.4%, reaching \$96 million pesos, and 90.3% on an accumulative basis to reach \$236 million pesos. Net income for the quarter reached \$40 million pesos, almost 4 times higher than 3Q20.
- ❖ During 3Q21, the expansion and growth of the Lending-as-a-Service ("LaaS") product continued, effectively eliminating credit risk, in which Mexarrend continues servicing this portion of the portfolio that, for reporting purposes, is defined as the "Portfolio Under Management". The operations carried out through this product totaled \$683 million pesos at the end of 3Q21.
- ❖ The Company's total assets increased by 3.9% or \$423 million pesos compared to the same quarter of the previous year, mainly driven by changes in our cash position, accounts receivable, and derivative positions from 3Q20 to 3Q21.
- ❖ Non-performing loans (NPLs) have been stable since the end of 2020, staying at 6.4% during the quarter, demonstrating the effectiveness of the strategies implemented during the most complicated months of the COVID-19 Pandemic to manage the Company's portfolio.
- ❖ Throughout 2020 and 9M21, Mexarrend continued to focus on innovation & technology to improve and accelerate its services and processes. At the end of 3Q21, the onboarding process and our CRM (Customer Relationship Management) platform were 100% digitalized and operational. This has enabled us to reduce our response times with our partnership-based customers and Small and Medium Enterprises ("SME") customers.
- ❖ Centeo, the joint venture between Mexarrend and Zinobe, has successfully deployed several pilot projects with partners in the Mexican market. Given Zinobe's state-of-the-art technology and our knowledge and experience in the market, we will be able to continue to provide a digital value-added offering to Mexican SMEs.

Relevant Events

3Q21

Mexarrend successfully updates its local bond issuance program, extending its short-term issuances up to \$1.5 billion pesos

On August 13th, 2021, Mexarrend received approval from the Mexican National Banking and Securities Commission (CNBV by its initials in Spanish) to update its short-term and long-term local bond issuance program (CEBUREs) of \$2 billion pesos.

This update allows the short-term issuances to be up to \$1.5 billion pesos, up from the originally approved \$1 billion pesos, while the remaining amount will be for long-term issuances.

The program was renewed on May 7th, on the Mexican Institutional Stock Exchange (BIVA by its initials in Spanish) and obtained a rating of “F2 (mex)” by Fitch and “HR2” by HR Ratings.

Financial and Operating Summary

in million pesos

Financial Metrics	3Q20	3Q21	Var. %	9M20	9M21	Var. %
Total Revenues	351	540	53.8	1,114	1,435	28.8
Cost of Sales	257	376	46.3	771	1,013	31.3
Gross Income	94	164	74.5	343	422	23.0
Gross Margin	26.8%	30.4%	360bps	30.8%	29.4%	(140)bps
Operating Expenses	72	68	(5.6)	219	186	(15.0)
Operating Income	22	96	336.4	124	236	90.3
Operating Margin	6.3%	17.8%	1,150bps	11.1%	16.4%	530bps
Other (Income) Expenses, Net	2	2	-	6	7	16.6
Comprehensive Financing Result	60	76	26.6	150	234	56.0
Income Before Income Tax	(40)	18	145.0	(32)	(5)	84.3
Income Tax	(51)	(22)	56.9	(50)	(60)	(20.0)
Net Income	11	40	263.6	18	55	205.0
Net Income Margin	3.1%	7.4%	430bps	1.6%	3.8%	220bps
Operational Metrics				9M20	9M21	Var.%
Total Portfolio				9,056	9,622	6.3
Leasing				8,444	9,174	8.6
Credit & Factoring				557	404	(27.5)
Services				55	44	(20.0)
Portfolio Under Management				-	683	-
NPL Ratio				6.1%	6.4%	30bps
Real Estate Portfolio				1,275	1,288	1.0
Net Productive Assets ¹				10,331	11,593	12.2
Financial Ratios				9M20	9M21	Var.%
R O A A (annualized)				0.2%	0.7%	50bps
R O A E* (annualized)				1.6%	4.4%	280bps
Financial Debt* / Capital*				5.2x	4.6x	(0.6)x
Capitalization* (Capital* / Total Assets*)				14.9%	16.9%	200bps
Capital* / Total Portfolio				16.8%	19.4%	260bps
Leasing Portfolio / Total Portfolio				93.2%	95.3%	210bps
Total Portfolio / Financial Debt*				1.1x	1.1x	-
Current Assets / Current Liabilities				1.9x	1.5x	(0.4)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.

Message from the CEO

Over the past few quarters, we continued to expand upon Mexarrend's technological and digitalization transformation. The customer experience is becoming faster and more efficient, reducing response time and giving our customers greater visibility of the process. By the end of the third quarter of 2021, Mexarrend had 100% digitalized its onboarding process and CRM (Customer Relationship Management) platform, and over the next few months we will be wrapping up ambitious projects that will allow our funders, customers, and collaborators to fully leverage our technology.

In the meantime, Mexarrend continued to develop its strategic projects, while maintaining the quality of its portfolio, improving its processes, and expanding the Lending-as-a-Service product alongside our allies, which highlights Mexarrend's history of quality originations. By the end of September 2021, more than 25 alliances and sales channels had been generated, deepening the products expansion.

In August, we obtained approval from the Mexican National Banking and Securities Commission (CNBV) to update our CEBUREs program, listed on the Mexican Institutional Stock Exchange (BIVA). We extended the amount of our short-term issuances to up to \$1.5 billion pesos, based on the strong demand Mexarrend has experienced over the past year. This upgrade will facilitate a more efficient use of the program, reaffirming Mexarrend's reputation in financial markets.

As mentioned, throughout the previous quarter, Centeo is currently in a pilot project testing different technologies and solutions for our target market. We are convinced that our alliance with Zinobe will provide a value-added digital offering for the SME ecosystem in Mexico.

Our financial position is strong, and while economic recovery was slower than expected, we believe the outlook is encouraging. As we have always done, we continue searching for opportunities aligned with our strategic objectives, which have shown the greatest economic resilience in recent months. Proof of this is the solid revenue and earnings growth that we have had over the last two quarters. We have also strengthened and diversified our funding sources, maintaining an efficient capital structure, reducing cash position, and favoring funding in Mexican pesos. This will improve the Company's profitability through structures that are aligned with projected originations for the coming months.

This year we have deepened our commitment to the environment and to society with the launch of our first product aimed at green projects (Value Green Lease), the creation of the Mexarrend Women's Committee, and the first Women's Panel, which had participation from women in top management positions from the largest companies in the country. For all of us who are part of this organization, it is a source of great pride to continue working for the community, the environment, and Mexico's development.

While the last months of 2021 will present challenges, we are seeing hopeful signs of recovery. We remain focused on achieving this year's objectives so that we can continue as one of the main financing institutions for Mexican SMEs.

Alejandro Monzó
CEO, Mexarrend

Digitalization Process (Mexarrend Digital)

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

During 2020 and 2021, Mexarrend, through its digitalization program, has advanced and designed a fully automated management platform ("Mexarrend Digital") for its customers to receive an immediate response to their lease or loan requests. Thanks to this innovation, since April 2021, this platform is available for all products that Mexarrend offers to its customers for the onboarding and CRM (Customer Relationship Management) stages. Customers can make requests or inquiries on the status of their product application from any device, thus putting Mexarrend at the forefront of innovation meeting its highest priority: customer service.

In 3Q21, the second phase of the development of Mexarrend Digital was completed. Improvements were implemented to the platform in order to make it easier to use and enhance the experience for both customers and Mexarrend's employees. These improvements focused on automating the processes for recurring customers, and requesting customer information, while monitoring the validity of the documents on the platform.

Pilot tests were initiated for the "Funders Platform", which facilitates and automates the process of generating reports through an interactive dashboard between Mexarrend and its allies. This platform allows integration through digital interfaces with service providers over the course of the structure.

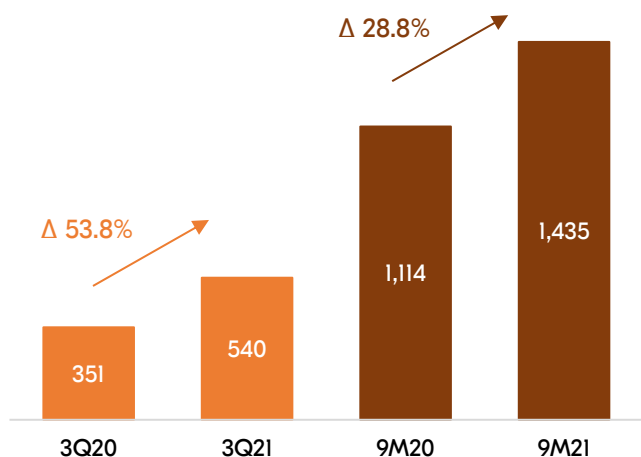
In summary, as of the third quarter of 2021, Mexarrend's onboarding process and CRM are fully digitalized and operational, as well as the Data Warehouse (DWH), which automates and adds value to operative and strategic decision making, and the "Funders Platform", highlights the transparency between Mexarrend and its partners.

Over the rest of 2021, and the beginning of 2022, projects including Credit Score, Customer Management, Customer Servicing, and ERP (Enterprise Resource Planning) phases will be completed.

Income Statement

Total Revenues

in million pesos



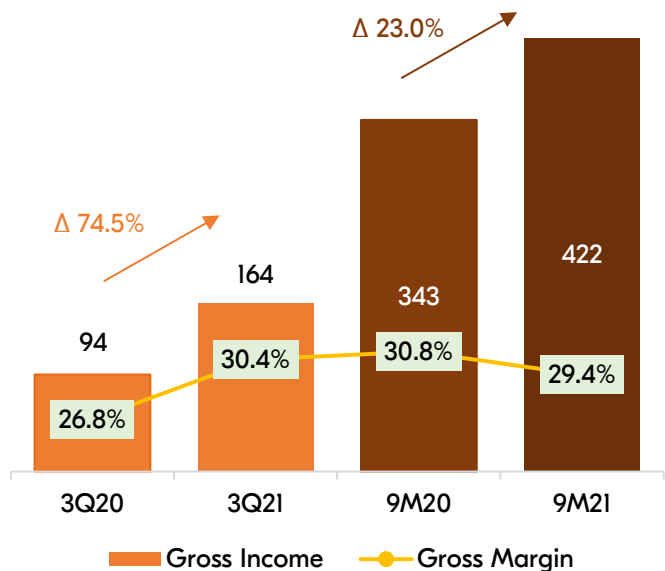
Mexarrend's total accumulated revenue increased by 28.8% with respect to the same quarter last year, or \$321 million pesos. Interest income made up 84.3%, or \$1.209 billion pesos of total revenue, while the remaining amount corresponds to the operating lease line. On a quarterly basis, revenue increased 53.8% vs. 3Q20.

Cost of Sales

Total cost of sales for the quarter increased by 46.3% compared to 3Q20. This increase is mainly explained by the portfolio's increase quarter over quarter and its respective financing costs.

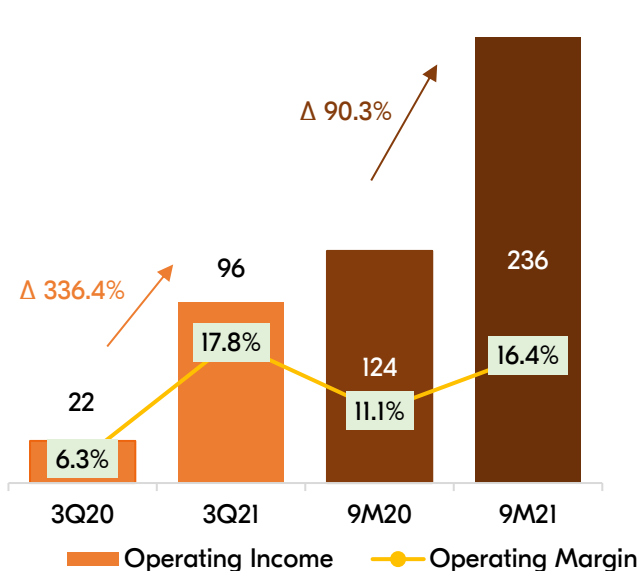
Gross Income

in million pesos



Operating Income

in million pesos



In 3Q21, gross income increased 74.5% compared to the same period of 2020. This increase is mainly explained by the economic recovery and the increase in Portfolio Under Management. Due to the increase in gross income and a \$33 million pesos accumulative decrease in operating expenses, the Company's operating income increased 336.4% compared to the same period of the previous year.

Comprehensive Financing Result

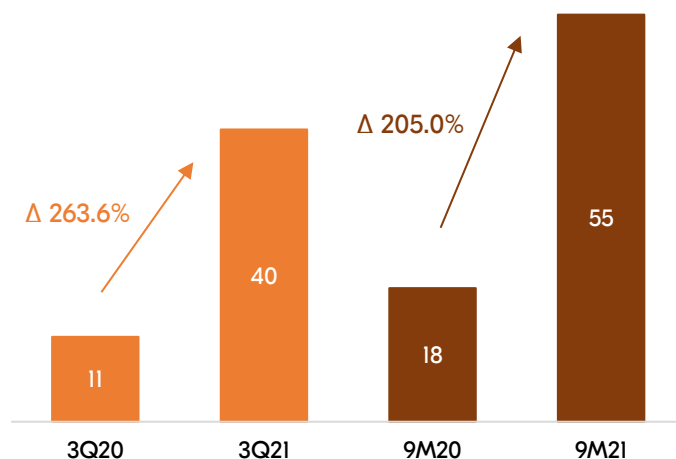
The comprehensive financing result increased by \$16 million pesos or 26.7% compared to the same quarter of the previous year. The lines with the greatest variation were: 1) interest revenue, 2) premiums for derivative financial instruments, and 3) interest expenses (derived from the cash position during 3Q20).

Mexarrend decreased its cash position 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

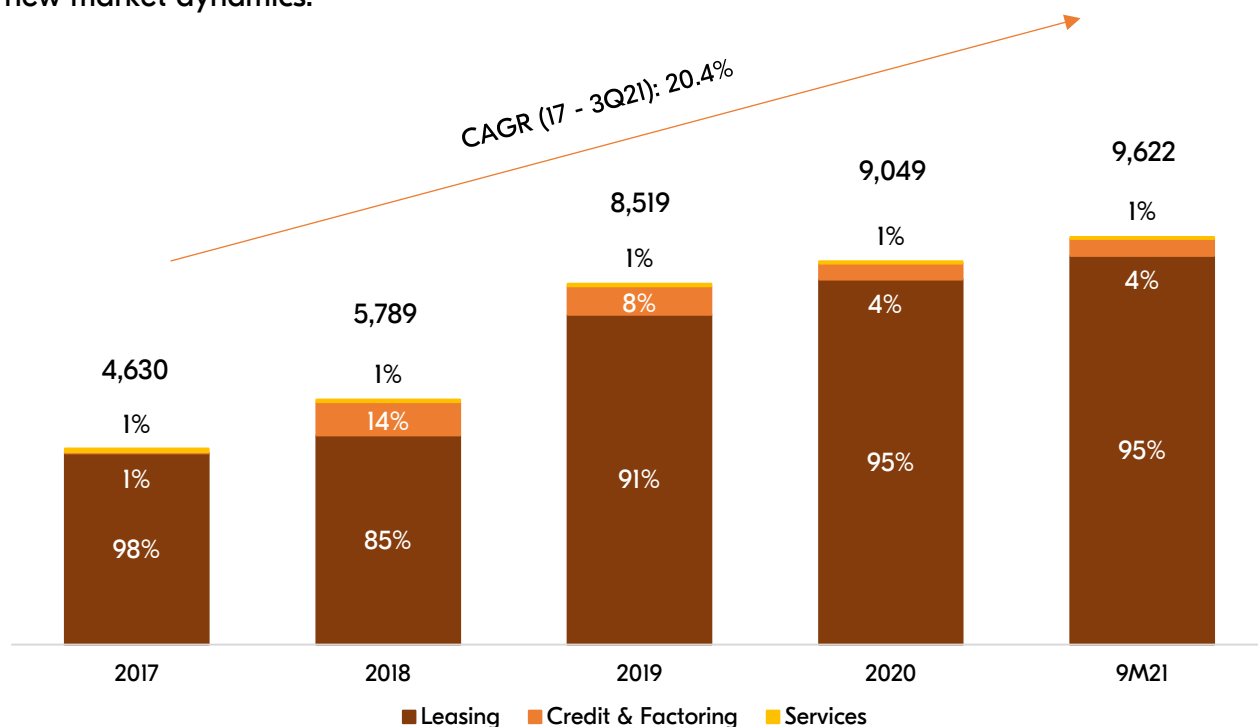
In 3Q21 we achieved a net profit of \$40 million pesos, \$29 million pesos above the \$11 million pesos reported in 3Q20. This was a result of our resilient business model, the low-risk approach adopted during the Pandemic, and the increase in Portfolio Under Management.



Mexarrend's Portfolio*

in million pesos

At the end of September 2021, the total portfolio grew by 6.3% vs. 9M20, or by \$566 million pesos to reach \$9.622 billion pesos at the end of the period. We are monitoring opportunities and the economic situation to focus on industries where it makes sense grow over the next few months, and that are resilient to new market dynamics.



*Some numbers have been rounded for presentation purposes.

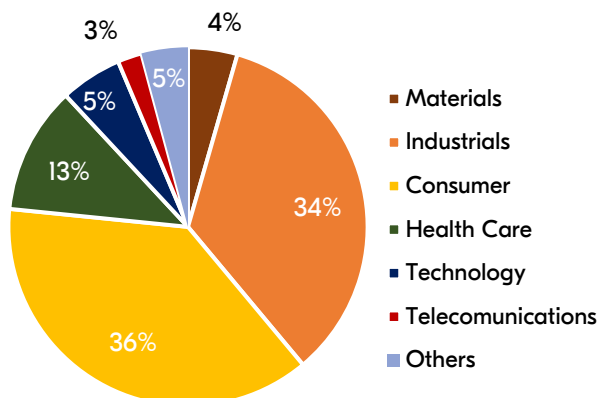
Portfolio Diversification

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.

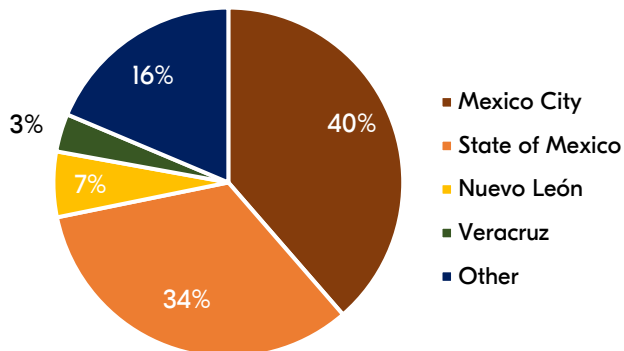
As shown in the "Customer Composition in the Portfolio" section, we have low exposure to sectors that are at high risk due to COVID-19 such as the auto parts, tourism, and restaurant sectors.

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

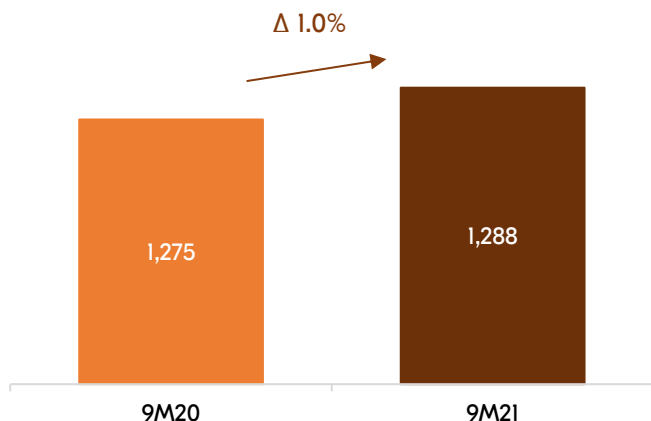


By Region



Real Estate Portfolio

in million pesos



As of September 30th, 2021, real estate assets reached \$1.288 billion pesos compared to \$1.275 billion pesos as of September 30th, 2020, which represents an increase of 1.0%. As of 3Q21, the Real Estate Portfolio represented approximately 11.1% of Mexarrend's total Productive Assets.

Customer Composition in the Portfolio

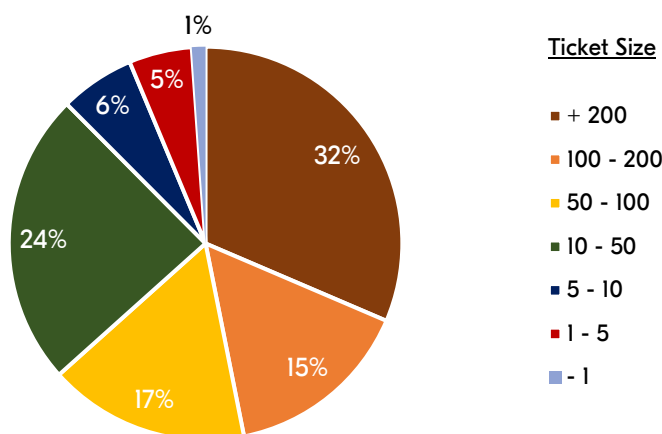
in million pesos

Mexarrend uses the Global Industrial Classification Standard (GICS) to classify its existing customer portfolio. A more detailed analysis of the portfolio is presented below, as of 3Q21:

Sector	Amount		%			Amount		%	
	3Q20	3Q21	3Q20	3Q21		3Q20	3Q21	3Q20	3Q21
Energy	6	35	0.07	0.37	Energy	6	35	0.07	0.37
Materials	419	377	4.62	3.91	Materials	419	377	4.62	3.91
Industrials	2,965	3,237	32.74	33.64	Capital Goods	1,013	1,030	11.19	10.71
					Commercial & Professional Services	863	794	9.53	8.25
					Transportation	1,089	1,412	12.03	14.68
Consumer Discretionary	3,346	3,018	36.95	31.36	Automobiles & Components	104	90	1.15	0.94
					Consumer Durables & Apparel	854	653	9.43	6.79
					Consumer Services	551	556	6.09	5.78
					Media	1,128	1,305	12.45	13.56
					Retailing	709	413	7.83	4.30
Consumer Staples	393	489	4.34	5.08	Food & Staples Retailing	100	232	1.11	2.41
					Food, Beverage & Tobacco	284	240	3.13	2.49
					Household & Personal Products	9	17	0.10	0.18
Health Care	879	1,248	9.70	12.97	Health Care Equipment & Services	862	1,174	9.51	12.20
					Pharmaceuticals, Biotechnology & Life Science	17	73	0.19	0.76
Financials	192	284	2.13	2.96	Banks	2	1	0.02	0.01
					Diversified Financials	183	167	2.02	1.74
					Insurance	7	116	0.08	1.21
Information Technology	385	527	4.25	5.48	Software & Services	364	509	4.02	5.29
					Technology, Hardware & Equipment	21	17	0.10	0.18
					Semiconductors & Semiconductor Equipment	-	-	-	-
Telecommunication Services	418	251	4.62	2.61	Telecommunication Services	418	251	4.62	2.61
Utilities	-	16	-	0.16	Utilities	-	16	-	0.16
Real Estate	53	141	0.59	1.47	Real Estate	53	141	0.59	1.47
Total	9,056	9,622	100	100	Total	9,056	9,622	100	100

Portfolio Distribution by Ticket Size

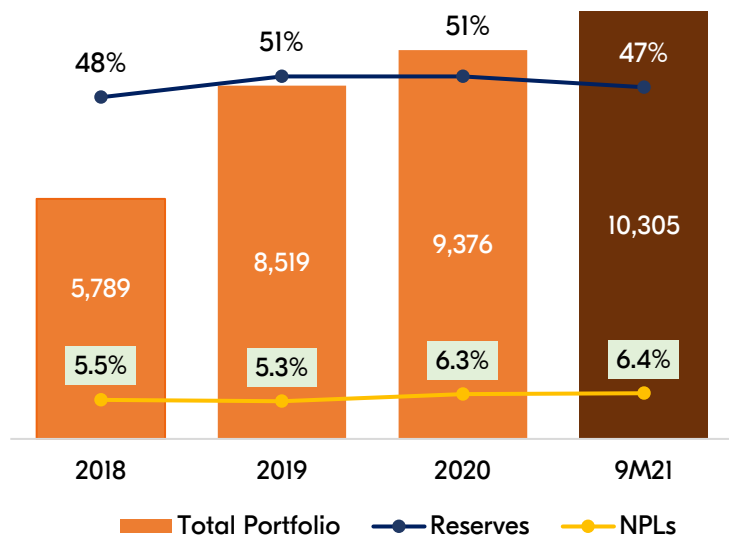
in million pesos



Mexarrend operates under strict credit policies aligned with its priority of maintaining a high-quality portfolio. Approximately 95% of customers have contracts for transactions of less than \$50 million pesos, therefore demonstrating a low concentration level per customer.

Non-Performing Loans

in million pesos

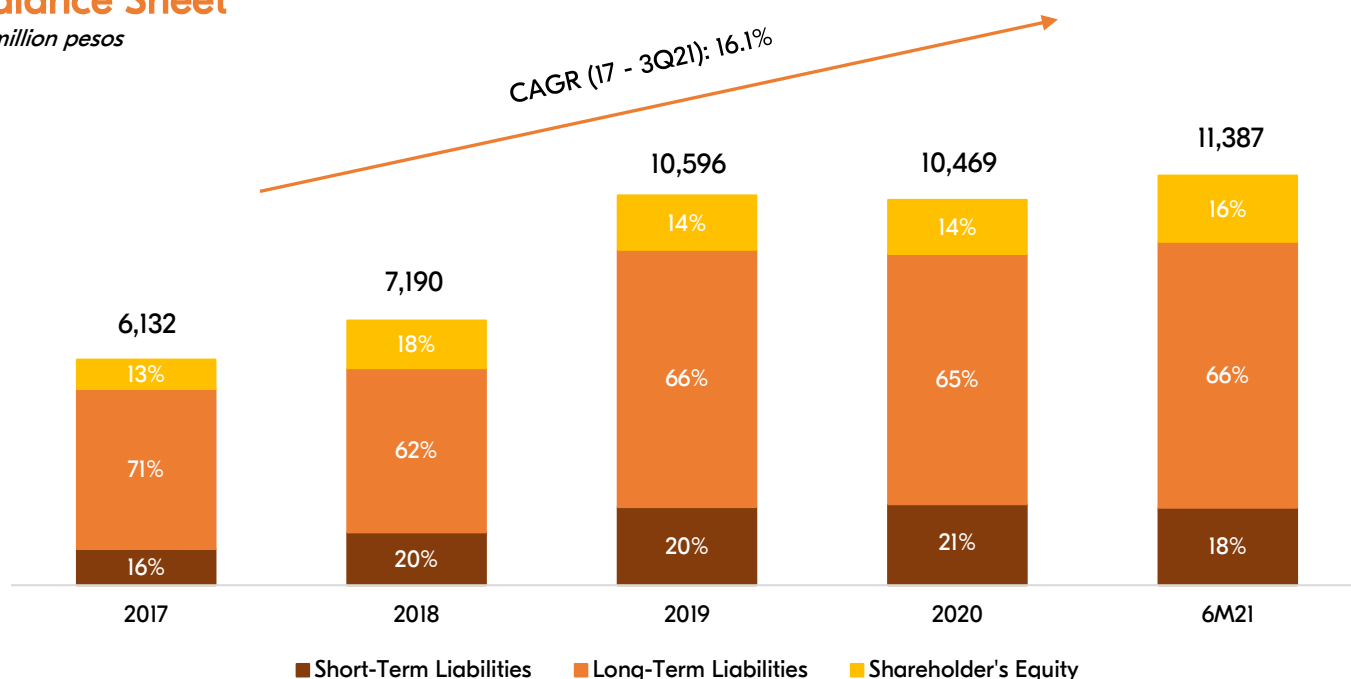


Non-performing loans (NPLs) as of September 30th, 2021, remained stable compared to the end of 2020, and represented 6.4% of the Portfolio. This percentage reflects the controlled performance of the portfolio given the current environment, which we continue to monitor closely, in addition to the quality of originations of the Portfolio Under Management.

The loan loss reserve was approximately \$306 million pesos representing around 47% of the NPL amount. The reserve amount is reviewed quarterly with our auditor and is in compliance with IFRS 9.

Balance Sheet*

in million pesos



*Some numbers have been rounded for presentation purposes.

Total assets as of September 30th, 2021, increased by 3.9% compared to September 30th, 2020, amounting to \$11.387 billion pesos. Short-term and long-term accounts receivable increased by \$1,032 million pesos at the end of September 2021, compared to the same quarter of the previous year.

The Company's total liabilities decreased by \$192 million pesos or 2.0%, compared to the same quarter of the previous year, reaching \$9.577 billion pesos. Short-term liabilities decreased by \$21 million pesos, while long-term liabilities decreased by \$171 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 84% of financial liability maturities in the long-term. This maturity profile is conservative and provides greater operational flexibility. Mexarrend will continue with the active management of its liabilities.

Impact of Hedges on the Balance Sheet

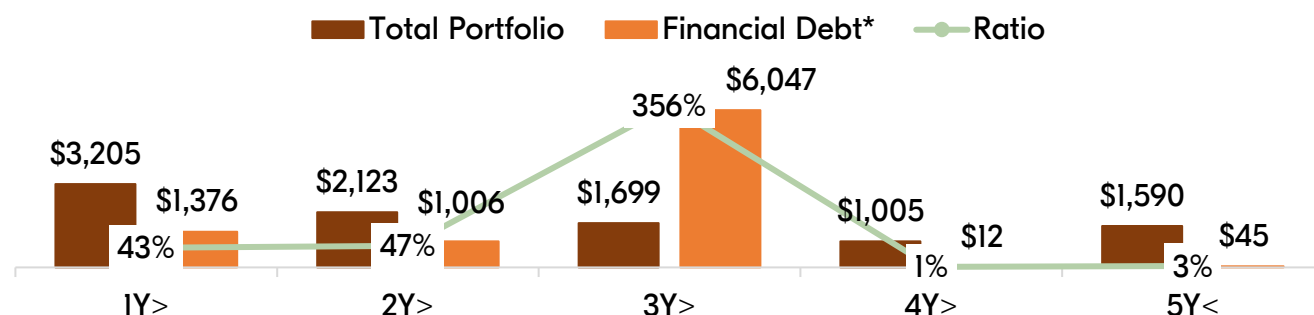
The Company acquired financial derivative instruments to cover the risk of future increases in the peso/dollar exchange rate for the payment of its debt denominated in dollars (call spreads to cover the principal and cross currency swaps to cover the payment of interest). These instruments are recorded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

Operating exchange rate losses due to the depreciation of the exchange rate are recorded on the Income Statement within the Comprehensive Financing Cost and are neutralized with the valuation of financial derivative instruments. This valuation is recorded as a complementary item of the exchange rate gain or loss on the Income Statement and its counter account is OCI within the Company's Shareholder's Equity.

As of September 30th, 2021, the valuation of financial instruments that neutralize the operating exchange rate loss was greater than the change in fair value of the financial derivative instruments recorded on the assets line, which resulted in a negative balance in OCI within the Company's Shareholder's Equity. This effect was less than in 9M20, 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 \$685 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 \$9.622 billion pesos, which compares to the total amortization of the Company's normalized financial debt of \$8.486 billion pesos, demonstrating adequate coverage and balance sheet strength.

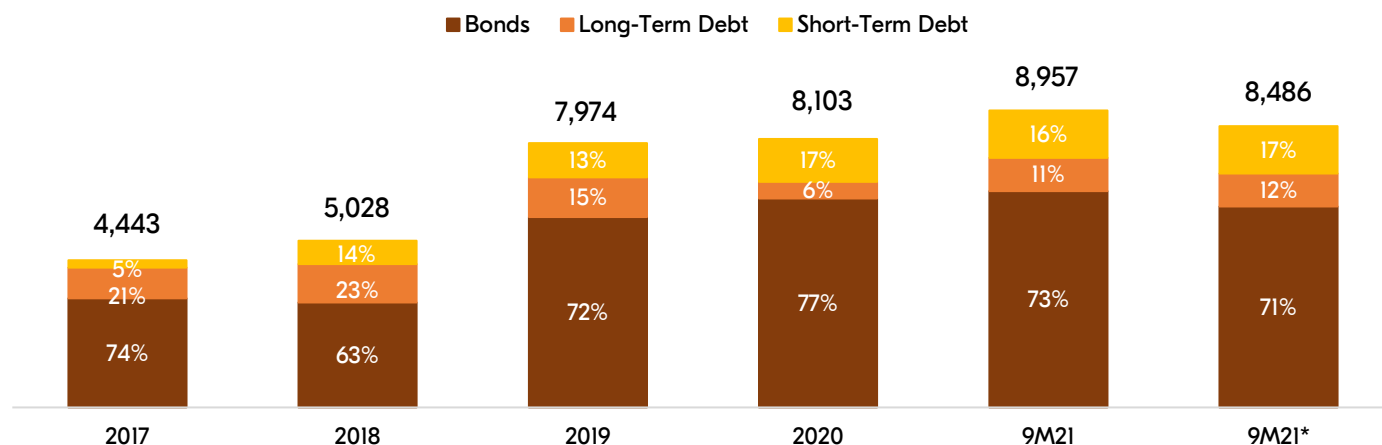
With the issuance of the bond in July 2019, short-term debt amortizations for the coming years were significantly reduced, which was one of the key reasons behind the issuance. Mexarrend is committed to actively managing liabilities, seeking the best costs and terms, and diversifying sources of financing.

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 \$1.187 billion pesos), the short-term CEBUREs program, in which we have participated since 2006 and have been able to successfully renew. 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 Bonds)

in million pesos

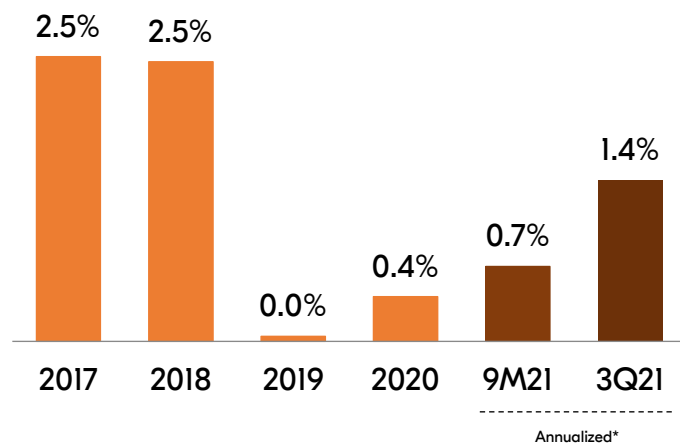


* Note: This takes the effect of the hedges into account.

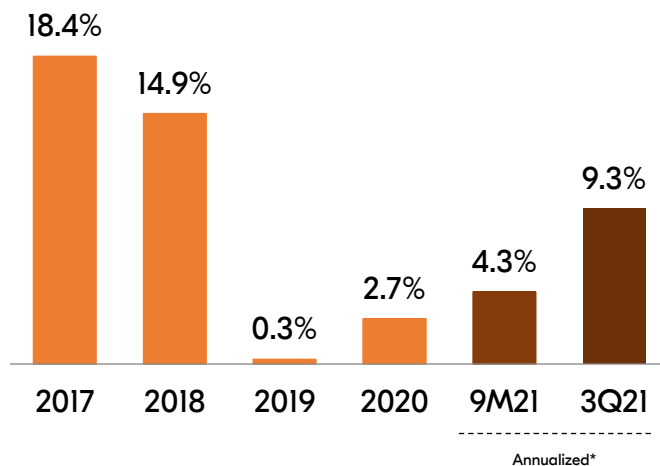
Mexarrend's debt profile is adequate for our business, with only 17% of our debt maturing in the short-term. Most of the short-term maturities correspond to the CEBUREs Program in the local capital market, which we have participated in for over 15 years. Over the last year and the first three quarters 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 of 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 \$8.486 billion pesos, with the international bond representing 71% of our total financial obligations.

Financial Ratios

ROAA



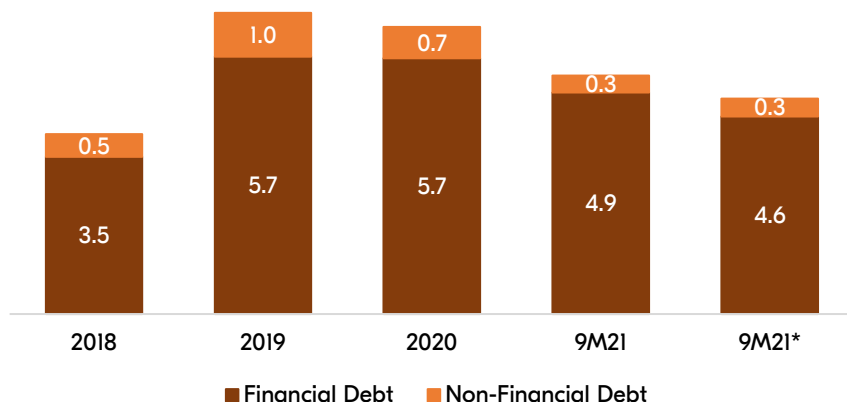
ROAE



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

At the end of September 2021, ROAA and ROAE* annualized at 9M21, were 0.7% and 4.4%, respectively (considering the effect of exchange rate hedging for ROAE). While comparing both metrics with data as of the 3Q21, ROAA was at 1.4% while ROAE* was at 9.3%. The above shows a positive trend despite the economic reactivation due to the COVID-19 Pandemic.

Leverage Ratio

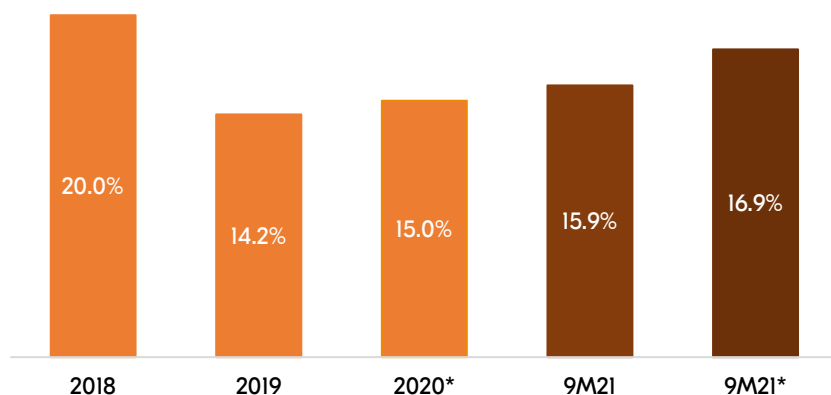


The leverage ratio for the third quarter of 2021, isolating the effects of exchange rate fluctuations, was 4.6x for both debt and capital.

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.

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

Capitalization Ratio



The capitalization ratio was 15.9% at the end of 3Q21, which was affected by the OCI in the capital account. If we isolate this effect, the capitalization ratio amounts to 16.9%.

The result of the year continues to reflect the use of the resources obtained by the bond issued in July 2019, where the profit of the new portfolio will be presented gradually in the coming quarters, as well as the efficient use of our credit lines that go in accordance with the growth in originations.

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

Global and Local Ratings

Global

	2019	2020	3Q21
 S&P Global	BB-	B	B
 Fitch Ratings	BB-	B+	B+

Local

	2019	2020	3Q21
 HR Ratings	HR A	HR A	HR A
 Fitch Ratings	BBB+	BBB+	BBB+

On June 7th, 2021, Fitch Ratings ratified the rating of “B+” 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 Originator “HR AP3+” with stable outlook from HR Ratings, recognizing the quality of our origination processes, collection, and service of our portfolio in general.

Sustainability

Looking to promote gender equality, Mexarrend held its first ever Women's Panel ("Women and their Path to becoming CEO's") with the participation of Adriana Alcalá (Director of Human Resources in Collections and Credit at Grupo Salinas), Mariuz Calvet (Director of Sustainability at Grupo Financiero Banorte), María Cavallazzi (General Director of S&P Mexico) and Erika Núñez (Director of Sustainability and Special Projects at Mexarrend). To view the full panel please enter the following link: [1st Women's Panel](#)

In September, Mexarrend reaffirmed its commitment to the intellectual development of new generations by partnering with EPIC Lab; a center for creativity, innovation, and entrepreneurship from the Instituto Tecnológico Autónomo de México ("ITAM"); seeking to inspire young people to become entrepreneurs and contribute to the formation of future entrepreneurs in Mexico. Mexarrend will be supporting by giving talks on entrepreneurship and innovation, intensive courses, workshops, and other activities that will promote the entrepreneurial culture in Mexico.

In March 2021, Mexarrend's first Sustainability Report was published, detailing all the initiatives, achievements, and objectives that we have had as an organization to continue strengthening our efforts to improve in this area. To read the full report please access the following link: [Sustainability Report](#).

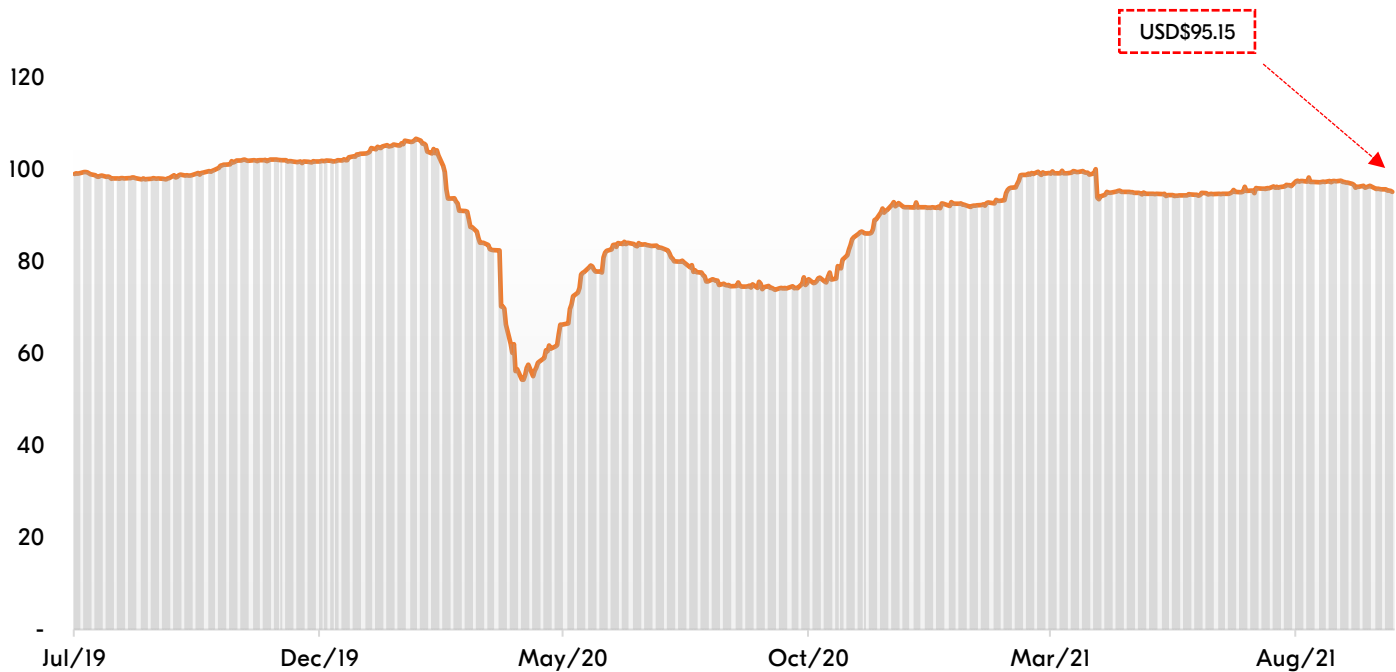
So far in 2021, CEMEFI (Centro Mexicano para la Filantropía, A.C.) awarded us with, for the second consecutive year, the Socially Responsible Company distinction, which recognizes the Company's initiatives on five pillars: 1) ties with the community, 2) environment, 3) ethics and corporate governance, 4) wellbeing, and 5) social responsibility management. Likewise, during the first quarter of 2021, the relationship with the UN was ratified, generating a three-year relationship, agreeing on an annual contribution dedicated to education in some of the neediest states in Mexico, such as Guerrero, Chiapas and Oaxaca. Our initiatives consider education as one of the most relevant pillars 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 customers in terms of sustainability. An example of a result from the implementation of the system was that only 2% of the operations generated from February 2020 to September 2021 were categorized as high socioenvironmental risk, which shows Mexarrend's commitment to creating a customer portfolio with a higher focus on environmental safekeeping.

In June 2021, Mexarrend announced the launch of its first sustainable product: Value Green Lease. During this quarter and the previous, the first transactions to finance sustainable assets were closed, highlighting Mexarrend's position as a positive agent of change in sustainability matters.

Bond Performance (BMV: DOCUFOR 2024)

Below is the performance of the July 2019 5-year (2024) \$300 million, 10.25% coupon bond issued in July 2019.



Source: Bloomberg, with information at market close on October 22nd, 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 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, 2021
in million pesos

INCOME	3Q20	3Q21	Var. %	9M20	9M21	Var. %
Interest on Capital Leases	289	460	59.2	900	1,209	34.3
Equipment Financing	-	-	-	4	-	-
Operating Leases	62	80	29.0	210	226	7.6
Total Income	351	540	53.8	1,114	1,435	28.8
COST						
Interest Cost	233	332	42.5	674	894	32.6
Cost of Credit Operations	-	-	-	4	-	-
Depreciation of Assets Under Operating Leases	24	44	83.3	93	119	27.9
Total Costs	257	376	46.3	771	1,013	31.3
GROSS INCOME	94	164	74.5	343	422	23.0
Selling Expenses	7	12	71.4	27	32	18.5
Administrative Expenses	47	52	10.6	140	146	4.3
Loan Loss Reserves	18	4	(77.8)	52	8	(84.6)
Operating Expenses	72	68	(5.6)	219	186	(15.0)
OPERATING INCOME	22	96	336.4	124	236	90.3
Other (Income) Expenses, Net	2	2	-	6	7	16.6
Interest Income	(9)	(3)	66.7	(57)	(11)	80.7
Interest Expenses	32	24	(25.0)	138	69	(50.0)
Net Exchange Profit (Loss)	(242)	202	183.4	1,119	159	(85.8)
Valuation of Financial Derivative Instruments	235	(227)	(196.6)	(1,175)	(187)	84.1
Premiums of Financial Derivative Instruments	44	80	81.8	125	204	63.2
Extraordinary Expenses	-	-	-	-	-	-
Comprehensive Financing Result	60	76	26.7	150	234	56.0
INCOME BEFORE INCOME TAXES	(40)	18	145.0	(32)	(5)	84.3
Taxes	(51)	(22)	56.9	(50)	(60)	(20.0)
NET INCOME	11	40	263.6	18	55	205.5

Consolidated Balance Sheet As of September 30th, 2021

in million pesos

ASSETS	9M20	9M21	Var. %
CURRENT ASSETS			
Cash & Cash Equivalents	1,002	686	(31.5)
Accounts Receivables	2,537	2,169	(14.5)
Loan Loss Reserves	(281)	(306)	(8.9)
Taxes to Recupérate	279	203	(27.2)
Sundry Debtors	21	5	(76.2)
Other Assets	161	179	11.2
Assets for Sale	28	14	(50.0)
TOTAL CURRENT ASSETS	3,747	2,950	(21.3)
NON-CURRENT ASSETS			
Property, Plant and Equipment - Net	1,750	1,812	3.5
Long-Term Receivables	4,190	5,590	33.4
Other Assets	112	106	(5.4)
Financial Derivative Instruments	733	349	(52.4)
Deferred Taxes	198	346	74.7
Intangible Assets	234	234	-
TOTAL NON-CURRENT ASSETS	7,217	8,437	16.9
TOTAL ASSETS	10,964	11,387	3.9
LIABILITIES			
CURRENT LIABILITIES			
Current Portion of Long-Term Debt	1,274	1,379	8.2
Accounts Payable	128	3	(97.7)
Sundry Creditors	597	595	(0.3)
Related Party Creditors	12	11	(8.3)
Income Taxes and Other Taxes Payables	9	11	22.2
TOTAL CURRENT LIABILITIES	2,020	1,999	(1.0)
NON-CURRENT LIABILITIES			
Long-Term Debt	7,749	7,578	(2.2)
Deferred Income Taxes	-	-	-
Derivatives	-	-	-
TOTAL NON-CURRENT LIABILITIES	7,749	7,578	(2.2)
TOTAL LIABILITIES	9,769	9,577	(2.0)
SHAREHOLDER'S EQUITY AND RESERVES			
Capital Stock	1,323	1,530	15.6
Retained Earnings	184	277	50.5
Other Comprehensive Income (Valuation of Financial Derivatives)	(330)	(52)	84.2
Current Year Net Income	18	55	205.6
TOTAL SHAREHOLDER'S EQUITY AND RESERVES	1,195	1,810	51.5
LIABILITIES + SHAREHOLDER'S EQUITY	10,964	11,387	3.9

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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