



**Driving growth toward  
comprehensive solutions of high  
added-value**

**1Q21**

**EARNINGS RELEASE**

## Message from the Executive Chairman

We entered this new year preserving the operational and financial traction of 2020, drawing on the high resilience of our business model and ad hoc measures deployed since the start of the health contingency, to face its lingering effects (same that were pronounced over the first months of 2021). This, in addition of support our positive performance of 1Q21, also opened the door to the successful reopening of our Senior Notes, for an additional amount of US\$150 million.

Therefore, 1Q21 results beat those of 1Q20, as we posted double-digit rates of growth in paramount lines of the P&L, achievement that gains further relevance when realize that most of 1Q20 was conducted within a pre-pandemic environment.

In this context, we were able to significantly enhance our liquidity, as our cash balance exceeded the Ps.3,950 million mark at the end of 1Q21; certainly providing strong grounds to move forward with stability and strength to capture the opportunities that may arise in the following quarters, as we will seek to fully tap on the high-quality side of the incremental demand for funding options that could be shown in a more vibrant economy (subject to the progress in the COVID-19 vaccination process).

Likewise, the reopening of our Senior Notes contributes to our investors' base diversification endeavors (which now includes a number of ESG-driven investors), as well as to the improvement of our average cost of funds, since we were able to secure a rate 50 bps. below than that of the February 2020 issuance.

Here, it is relevant to note that, pursuant to its commitment in ESG, Mega has deployed substantial endeavors towards the adoption of best corporate practices, as shown by the score assigned to the Company by Vigeo Eiris (a Moody's subsidiary that evaluates the integration of social, environmental and governance factors in the strategy, operation and management of companies) during past January, which places it among the best evaluated companies in Latin America.

Moving to the financial position, the recent additional placement of Senior Notes propelled an expansion in the maturity profile, from 3.7 years at year-end 2020 to 3.9 years as of the end of 1Q21. Outstanding that only 8.4% of the gross debt matures over the remainder of 2021. In this sense, it is worth stressing that although most of the Company's gross debt is dollar-denominated, it count on hedging instruments for 100% of this debt; thereby limiting its exposure to FX fluctuations, while also count on the hedge from the income received of the operations in California.

To wrap up, in line with the commitment shown by the recent filing of our first annual report, over the following quarters we will strive to deepen the transparency that distinguishes us (the only regulated entity among the main leasing companies in Mexico). And, despite the expectations of a greater operating traction in 2H21 (given that financial institutions such as Mega will be paramount to the economic recovery), we will maintain a prudent origination approach for the benefit of our asset quality.

***Guillermo Romo,***  
**Executive Chairman**

## Message from the CEO

We started 2021 with stability despite the inherent effects of COVID-19 outbreaks occurred early this year along the different markets we serve, as over the 1Q21 we were able to achieve important growth rates in the P&L, maintain the NPL ratio as one of the lowest in the industry, and to satisfactory reopen our Senior Notes program; on the back of the continuity of the initiatives aimed at preserving asset quality and financial position.

In this regard, interest income climbed 42.1%, from Ps.425 million in 1Q20 to Ps.604 million this quarter, driven by the origination recorded over the LTM (in 1Q21, alone, origination posted a solid 36.2% YoY growth).

At the end of 1Q21, the total loan portfolio amounted to Ps.11,824 million (+27.2% YoY), with an NPL ratio of just 2.2% (unchanged vs. 4Q20). And commercial margin was up 28.4% vs. 1Q20.

Consequently, net interest margin for 1Q21 totaled Ps.212 million, equal to a 5.1% increase vs. the Ps.201 million of 1Q20, as the higher total income more than offset interest expenses. In this sense, even though the quarter's average funding cost remained stable at 11.7% (only +30 bps YoY), the resources held in cash (in line with our prudent origination) continued generating a negative carry effect.

Net income decreased 21.4%, from Ps.67 million in 1Q20 to Ps.53 million this quarter, due to the recognition of a net FX loss of Ps.38 million, as well as a higher amount of deferred taxes (a non-cash accounting item) for Ps.35 million in 1Q21 (vs. Ps.1 million in 1Q20). Excluding these items, net income for 1Q21 increase 23.1% YoY.

In the financial position side, cash balance surged >100% QoQ, mainly fueled by the proceeds obtained from the reopening of our Senior Notes program towards the end of March, whose successful execution is proof of the rock-solid confidence that financial market has placed in Mega. Moreover, the incremental cash balance also reflects the adequate management of resources and the high-stability attained at collection (observed in our best-in-class NPL ratio).

It is worth noting that Company's leverage (measured as gross debt to stockholders' equity) was virtually flat when compared to that of last quarter (7.6x in 1Q21 vs. 7.3x in 4Q20) and decreased 1.3% in an annual basis. Therefore, we expect leverage to remain on the normalization trend that it has been able to achieve at the time being.

Finally, the positive results attained at the early stages of the year denote our path towards the right direction. We are convinced that we have the necessary operational and financial strength to weather, with stability, the challenges ahead (as we have already done throughout the most complicated stages of the pandemic), while contributing to the recovery of Mexican SMEs (our main business segment and engine of the Mexican economy), drawing from our wide portfolio of financial solutions.

*Ignacio Gonzalez,*  
CEO

## MEGA REPORTS ANNUAL GROWTH RATES OF 27.2% IN ITS TOTAL PORTFOLIO AND 40.8% IN TOTAL INCOME DURING 1Q21, WITH AN NPL RATIO OF 2.2%

Guadalajara, Jalisco, Mexico, May 19, 2021. - Operadora de Servicios Mega, S.A. de C.V., SOFOM E.R. (“Mega”), a company focused on leasing and credit origination in Mexico and the United States, announced today its financial results for the first quarter 2021 (“1Q21”). The figures presented in this report are expressed in millions of nominal Mexican Pesos (unless otherwise stated), are preliminary and non-audited, prepared in accordance with regulatory accounting standards issued by the National Banking and Securities Commission (CNBV) and may include minor differences due to rounding.

### 1Q21 Relevant Developments

- **Mega is rated with one of the best ESG scores in Latin America.** Vigeo Eiris (a Moody's subsidiary that evaluates the integration of social, environmental and governance factors in the strategy, operation and management of companies) assigned Mega an overall score that places it among the best ranked companies in Latin America.
- **Mega completes the reopening of its international Senior Notes.** Towards the end of 1Q21, Mega completed the reopening of its Senior Notes (the original issuance was conducted in February 2020) for an additional amount of USD\$150 million due 2025. It is worth noting that placement price stood at USD\$101.625 per USD\$100.00 of the principal amount, thus reducing the yield to maturity to 7.75%, vs. 8.25% of the original issuance.

### 1Q21 Operational Highlights

- As of March 31, 2021, total loan portfolio amounted to Ps.11,824 million, posting a 27.2% YoY increase, mainly driven by larger portfolios of SMEs (+38.3% YoY or +Ps.2,616 million) and Consumption (+40.0% YoY or +Ps.186 million).
- In 1Q21, average loan per client dropped 12.1% to Ps.8.5 million, from Ps.9.7 million in 1Q20
- During 1Q20, origination rose 36.2% YoY to reach Ps.1,004 million, boosted by the solid performance of the SMEs segment (+42.8% YoY)
- Consistent with our rock-solid origination standards, 1Q21 NPL ratio was unchanged vs. 4Q20 at 2.2%, barely growing 23 bps. when compared to that of 1Q20 (pre-pandemic level)

### 1Q21 Financial Highlights

- Following the expansion in the Company's portfolio, interest income climbed 42.1%, from Ps.425 million in 1Q20 to Ps.604 million in 1Q21
- Driven by the 40.8% surge in total income, financial margin reported a 5.1% YoY growth in the 1Q21, totaling Ps.212 million.
- Net income was Ps.53 million, 21.4% less than 1Q20's Ps.67 million, given the recognition of an FX loss of Ps.38 million (vs. Ps.34 million in 1Q20) and deferred taxes (a non-cash item) for Ps.35 million (vs. Ps.1 million in 1Q20). Excluding these items, net income increases 23.1%.
- Gross debt amounted to Ps.14,490 million at the end of 1Q21, up 10.0% YoY, mainly due to the reopening of our Senior Notes, for an additional of US\$150 million, conducted during the quarter. Average cost of funds stood at 11.7%, just as in the 4Q20.

## Mega's Response to COVID-19 Pandemic

### Health and safety of our people as our top priority

- The split of the staff into three work teams. The first, comprised of staff members belonging to risk groups (~20%) works entirely from home. The remaining two teams alternate between home office and Company's premises; ensuring that, in the event of a contagion, a significant portion of the staff would be safe of infection
- Suspension of business travels

### Support to clients

- Keeping close contact with our clients, to identify and address arising challenges, providing payment flexibility to the most troubled ones
- Consultancy services on the sale of leased asset for certain clients, thus enabling them to settle their loans

### Preservation of asset quality

- In-depth analysis of the sectors where we participate, to adjust our exposure accordingly to the perceived risk (Mega is not currently exposed to Oil & Gas, Construction or Airlines, industries that have been affected the most)
- Implementation of stricter origination standards for new clients, with additional stress tests and more stringent criteria; mainly focused on sectors with attractive growth prospects, leveraging on our cutting-edge technological tools

### Maintain a conservative risk management

- All debt contracted in foreign currency is 100% hedged
- Loan portfolio is adequately provisioned with allowances for loan losses, which are calculated under the expected loss methodology outlined by the CNBV (the Mexican banking watchdog)
- Double-check of backlogs

## Key Figures

Financial (MXN million)	1Q21	1Q20	Δ%
Interest income	604	425	42.1%
Financial margin	212	201	5.1%
Net income	53	67	(21.4%)

Operational	1Q21	1Q20	Δ%
<b>Total loan portfolio (MXN Million)</b>	<b>11,824</b>	<b>9,294</b>	<b>27.2%</b>
<b>By type of loan:</b>			
SMEs (MXN Million)	9,452	6,836	38.3%
Government (MXN Million)	1,584	1,908	(17.0%)
Fin. Institutions (MXN Million)	137	85	60.3%
Consumption (MXN Million)	651	465	40.0%
<b>NPL ratio</b>	<b>2.17%</b>	<b>1.94%</b>	<b>0.23 pp.</b>
<b>By type of loan:</b>			
SMEs	2.7%	2.1%	0.6 pp.
Government	-	-	-
Fin. Institutions	-	-	-
Consumption	1.1%	0.5%	0.6 pp.
Average loan per client (MXN Thousand)	8,527	9,700	(12.1%)
<b>Financial Ratios</b>			
NIM	5.9%	6.5%	(0.6 pp)
Efficiency Ratio	38.8%	35.0%	3.8 pp.
Average cost of funds	11.7%	11.4%	0.3 pp.
Coverage ratio <sup>1,3</sup>	95.9%	90.0%	5.9 pp.
Total loan portfolio / Gross debt	0.8x	0.7x	0.1x
Leverage (Gross debt / Stockholders' equity)	7.6x	9.0x	(1.3x)
Stockholders' equity / Total assets (net of deposits) <sup>2</sup>	11.1%	9.7%	1.4 pp.
Stockholders' equity / Total portfolio (net of deposits) <sup>2</sup>	17.7%	18.2%	(0.5 pp.)
ROAA <sup>3</sup>	1.2%	2.2%	(1.0 pp.)
ROAE <sup>3</sup>	12.5%	20.6%	(8.1 pp.)

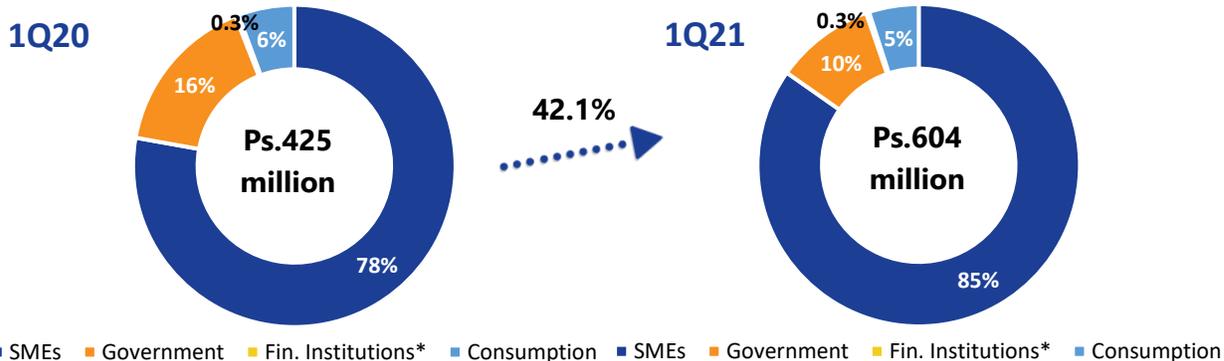
<sup>1</sup>Allowance for loan losses as a percentage of non-performing loan.

<sup>2</sup>Deposits in advance received at the beginning of the leasing contract.

<sup>3</sup>Using YTD figures as of March 31, 2021.

## Income Statement

### Interest Income



■ SMEs ■ Government ■ Fin. Institutions\* ■ Consumption ■ SMEs ■ Government ■ Fin. Institutions\* ■ Consumption

\*These represent the alliances with banks that do not have asset leasing operations, as we provide leasing services to our bank partner’s clients. It is worth noting that banks assume the credit risk of each transaction, while we earn a fee (for each transaction).

1Q21 Interest income reached Ps.604 million, increasing 42.1% when compared to the Ps.425 million reported in the 1Q20, on the back of the 55.3% surge in the SMEs segment, whose contribution amounted to Ps.514 million (85.0% of the total). The share of Government, Consumption and Financial Institutions was 9.9% (Ps.60 million, -13.5% YoY), 4.8% (Ps.29 million, +20.3% YoY) and 0.3% (Ps.2 million, +52.3% YoY), respectively.

### Commercial margin

Commercial margin in 1Q21 reached Ps.58 million, up 28.4% when compared to Ps.45 million of 1Q20, benefited by the higher origination recorded during this period.

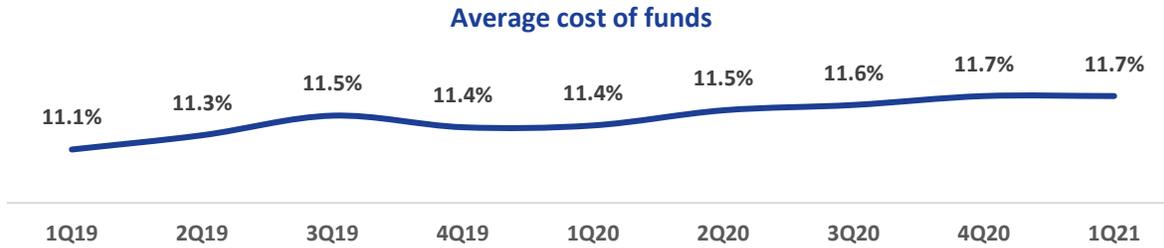
It is pertinent to note that commercial margin is defined by the difference between the cost at which Mega acquires an asset and the asset leasing price, whether it is for typical lease transactions or for those in which Mega serves as commercial distributor.

### Interest expense

Interest expense grew 67.6% when compared to Ps.269 million in 1Q20, standing at Ps.450 million at the end of 1Q21, following the Company’s higher indebtedness from the issuance of Senior Notes for USD\$350 million during mid-1Q20 (a smaller portion of the accrued interest from the notes was not fully registered in 1Q20).

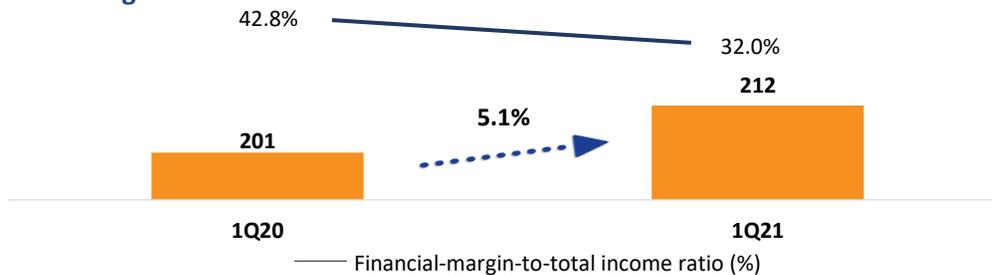
Interest expense (MXN Million)	1Q21	1Q20	Δ%
<b>Loans from banks and others</b>	<b>216</b>	<b>157</b>	<b>37.5%</b>
MXN	185	94	95.6%
USD*	31	63	(50.1%)
<b>Debt securities</b>	<b>234</b>	<b>112</b>	<b>&gt;100.0%</b>
MXN	0.5	28	(98.4%)
USD*	234	84	>100.0%
<b>Total (MXN)</b>	<b>450</b>	<b>269</b>	<b>67.6%</b>
<b>Average cost of funds</b>	<b>11.7%</b>	<b>11.4%</b>	<b>0.3 pp.</b>

\*We used an exchange rate of Ps.20.6047 per USD.



1Q21 Average cost of funds was 11.7% vs. 11.4% in 1Q20 (+30 bps.), following the higher cost of the dollarized debt from the Senior Notes issuance conducted over mid 1Q20 (the interest on such Notes was not fully recognized in the first quarter of 2020) and the depreciation of the MXN vs. the USD (given a higher FX rate in 1Q21).

### Financial margin



Financial margin during 1Q21 expanded 5.1% in an annual basis, rising to Ps.212 million as the higher total income offset the increased in interest expenses. However, financial-margin-to-total income ratio dropped 10.8 pp. versus the 42.8% recorded in the first quarter 2020, attaining a ratio of 32.0% in 1Q21.

### Provision for loan losses

Provision for loan losses by type of loan (MXN Million)	1Q21	1Q20	Δ%
SMEs	13	19	(29.9%)
Government	1	4	(85.5%)
Fin. Institutions	-	-	-
Consumption	4	7	(36.6%)
<b>Total</b>	<b>18</b>	<b>30</b>	<b>(38.9%)</b>

Provision for loan losses for the 1Q21 totaled Ps.18 million, 38.9% below the Ps.30 million in 1Q20.

### Adjusted financial margin

1Q21 Adjusted financial margin amounted to Ps.193 million, representing a 12.8% growth when compared to the Ps.171 million in 1Q20, driven by the combined effect of a higher financial margin and lower provisions for loan losses.

## Commission and fee expenses

Commission and fee expenses registered > 100% growth, from Ps.4 million during 1Q20 to Ps.10 million in 1Q21.

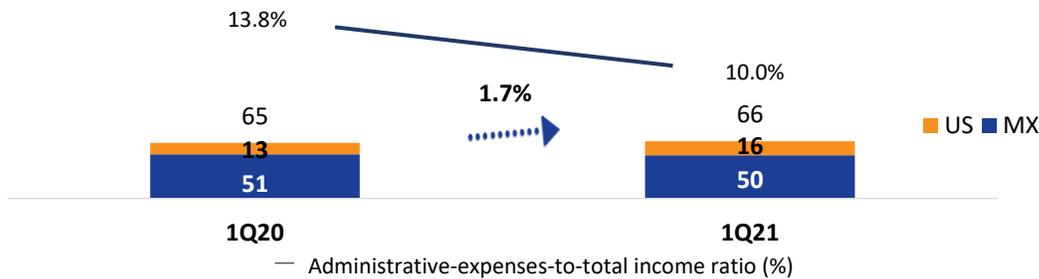
## Brokerage expense

1Q21 Brokerage expense balance was positive by Ps.8 million, an increase of over a 100%, attributable to the effects related to the valuation of trading derivative instruments.

## Other operating income

Other operating income during 1Q21 was Ps.431 million vs. negative Ps.515 thousand in 1Q20.

## Administrative expenses

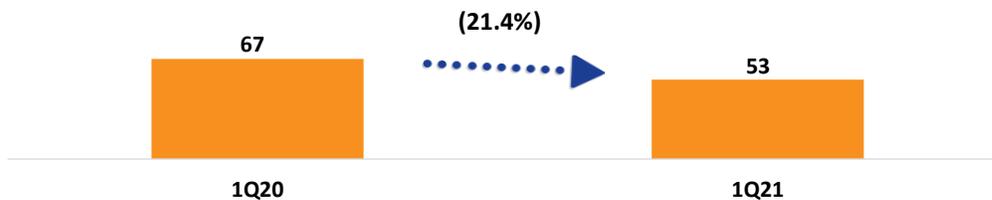


Administrative expenses of 1Q21 were almost flat vs. 1Q20, standing at Ps.66 million (+1.7% YoY), as the impact of higher operating volume was partially offset by the comprehensive expense control deployed since March 2020. Consequently, 1Q21 administrative-expenses-to-total income ratio stood at 10.0%, 3.8 pp. less than that recorded in 1Q20.

## Income tax

During 1Q21, Ps.35 million of payable taxes were recorded, vs. Ps.1 million in 1Q20.

## Net income



1Q21 Net income totaled Ps.53 million in 1Q21, a 21.4% decrease when compared to the Ps.67 million in 1Q20. This decrease is explained by the recognition of an FX loss of Ps.38 million (vs. Ps.34 million in 1Q20) and a larger amount of deferred taxes (non-cash item), which totaled Ps.38 million in 1Q21, vs. Ps.1 million in 1Q20. Excluding such items, net income would increase 23.1%.

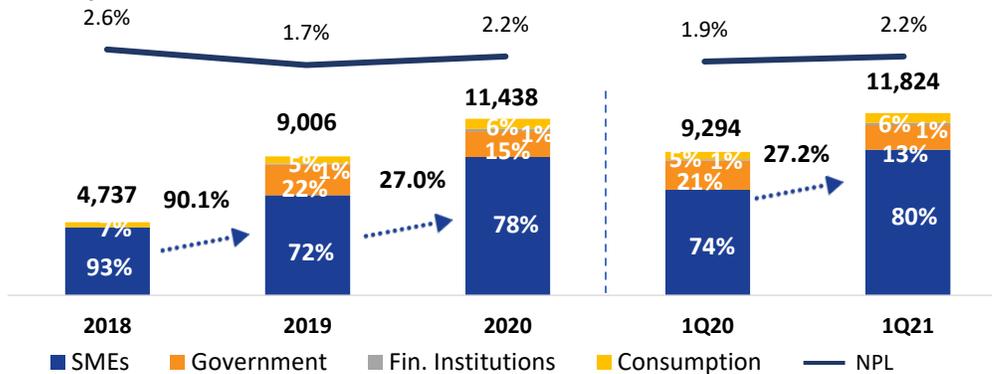
## Balance Sheet

### Cash



As of March 31, 2021, the cash balance was Ps.3,951 million, representing a 12.0% hike, from Ps.3,527 million in the period 2020, and > 100% surge when compared to 4Q20, mainly as a result of the reopening of Senior Notes for USD\$150 million, carried out at the end of 1Q21.

### Total loan portfolio



The total loan portfolio recorded a 27.2% increase, from Ps.9,294 million in 1Q20 to Ps.11,824 million at the end of 1Q21, driven by the sound dynamics observed in origination during the last 12 months (in 1Q21, alone, credit origination was up 36.2% YoY).

Especially noteworthy was the unchanged NPL ratio, vs. last quarter (only increased 23 bps. in a YoY basis). Therefore, Mega's NPL ratio continues as one of the lowest in the industry, at a level of 2.17%.

### Non-performing loans (NPL)

NPL by type of loan	NPL			MXN Million		
	1Q21	1Q20	Δ	1Q21	1Q20	Δ%
SMEs	2.7%	2.1%	0.6 pp.	249	178	40.1%
Government	-	-	-	-	-	-
Fin. Institutions	-	-	-	-	-	-
Consumption	1.1%	0.5%	0.6 pp.	8	2	>100.0%
<b>Total</b>	<b>2.17%</b>	<b>1.94%</b>	<b>0.23 pp.</b>	<b>257</b>	<b>180</b>	<b>42.2%</b>

## Allowance for loan losses

At the end of the 1Q21, allowance for loan losses totaled Ps.246 million, 51.5% more than the Ps.162 million in 1Q20. This larger allowance follows the build-up of higher provisions in the last twelve months (consistent with the expanded portfolio and impacts of the pandemic). Our allowances are pursuant of the expected loss methodology set by the CNBV. Consequently, the coverage ratio (allowance for loan losses as a percentage of non-performing loans) was 95.9%, 5.9 pp. higher than the 90.0% in 1Q20.

## Other accounts receivable, net

Other accounts receivable, net, as of the end of 1Q21, was Ps.761 million, a 3.1% decrease when compared to the Ps.786 million in 1Q20.

## Other assets, deferred charges, and intangible assets

Other assets, deferred charges and intangible assets were up 35.3%, from Ps.481 million in the first quarter 2020 to Ps.650 million at the end of this quarter.

## Debt

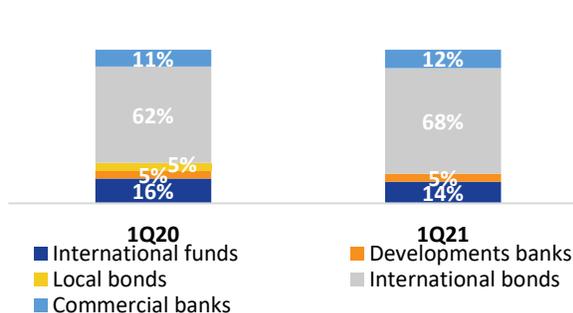
(MXN Million)	1Q21	1Q20	Δ%
<b>Short-term</b>	<b>1,500</b>	<b>1,381</b>	<b>8.6%</b>
<i>As a % of gross debt</i>	<i>10.3%</i>	<i>10.5%</i>	<i>(0.1 pp.)</i>
<b>Long-term</b>	<b>12,990</b>	<b>11,797</b>	<b>10.1%</b>
<i>As a % of gross debt</i>	<i>89.7%</i>	<i>89.5%</i>	<i>0.1 pp.</i>
<b>Gross debt</b>	<b>14,490</b>	<b>13,178</b>	<b>10.0%</b>
<b>Net debt</b>	<b>10,539</b>	<b>9,651</b>	<b>9.2%</b>
Leverage (Gross debt / Stockholders' equity)	7.6x	9.0x	(1.3x)

As of March 31, 2021, gross debt amounted to Ps.14,490 million, a 10.0% expansion when compared to the Ps.13,178 million in 1Q20, primarily as a result of the reopening of the Company's Senior Notes for USD\$150 million conducted towards the end of 1Q21.

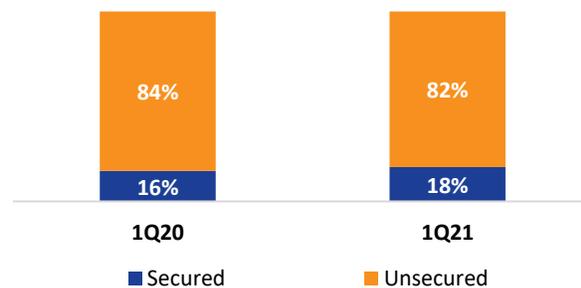
Nevertheless, it is worth stressing that 89.7% of gross debt matures on the long-term, and only 10.3% on the short-term. Leverage ratio fell 1.3x YoY, reaching 7.6x.

Turning to net debt, this was 9.2% larger than that of 1Q20, totaling Ps.10,539 million at 1Q21, also due to the reopening of the Senior Notes.

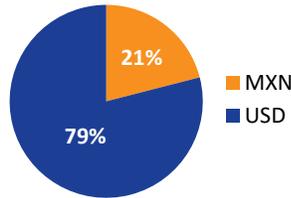
**Debt Breakdown by Source**



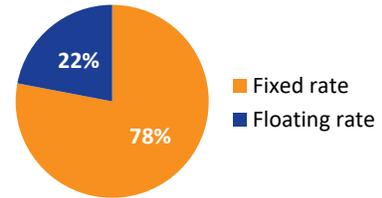
**Secured vs. Unsecured**



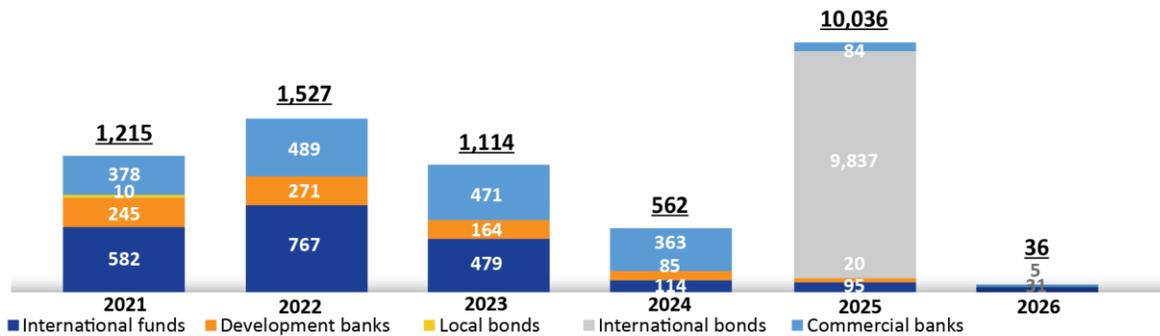
Debt by currency



Debt by rate

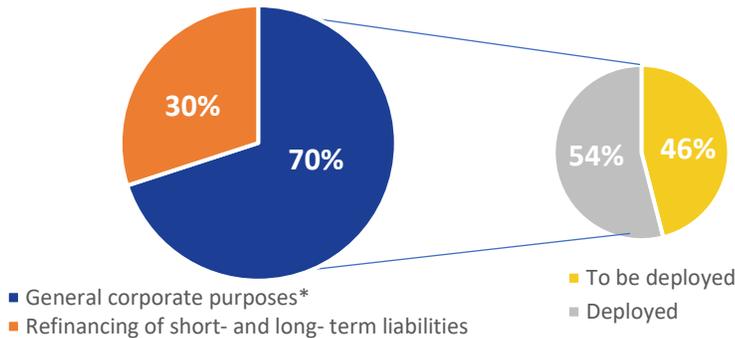


Debt maturity profile



With regards to the maturity profile, only 8.4% due 2021, 10.5% in 2022, 7.7% in 2023, 3.9% in 2024, 69.3% until 2025 and remaining 0.2% in 2026.

Use of Senior Notes proceeds (includes the recent reopening for US\$150 million)



Note: The pie charts represent the sum of proceeds from both issues.  
\*Including working capital, credit origination, among others.

At the end of 1Q21, almost all of the resources raised through the original Senior Notes issuance on last February 2020 had been already deployed (43% refinancing and 57% origination). While of the recent reopening carried out at the end of this quarter, 100% of the proceeds are held in cash, and will be comprehensively deployed to propel the portfolio growth in the upcoming months.

## Total Stockholders' Equity



Stockholders' equity at the end of 1Q21 was Ps.1,895 million, recording a 29.0% growth rate vs. the Ps.1,469 million recorded in the same period 2020. As of March 31, 2021, the capital structure was composed of 89.6% liabilities and 10.4% equity; while, at the end of 1Q20, it was composed 91.1% of liabilities and 8.9% of equity.

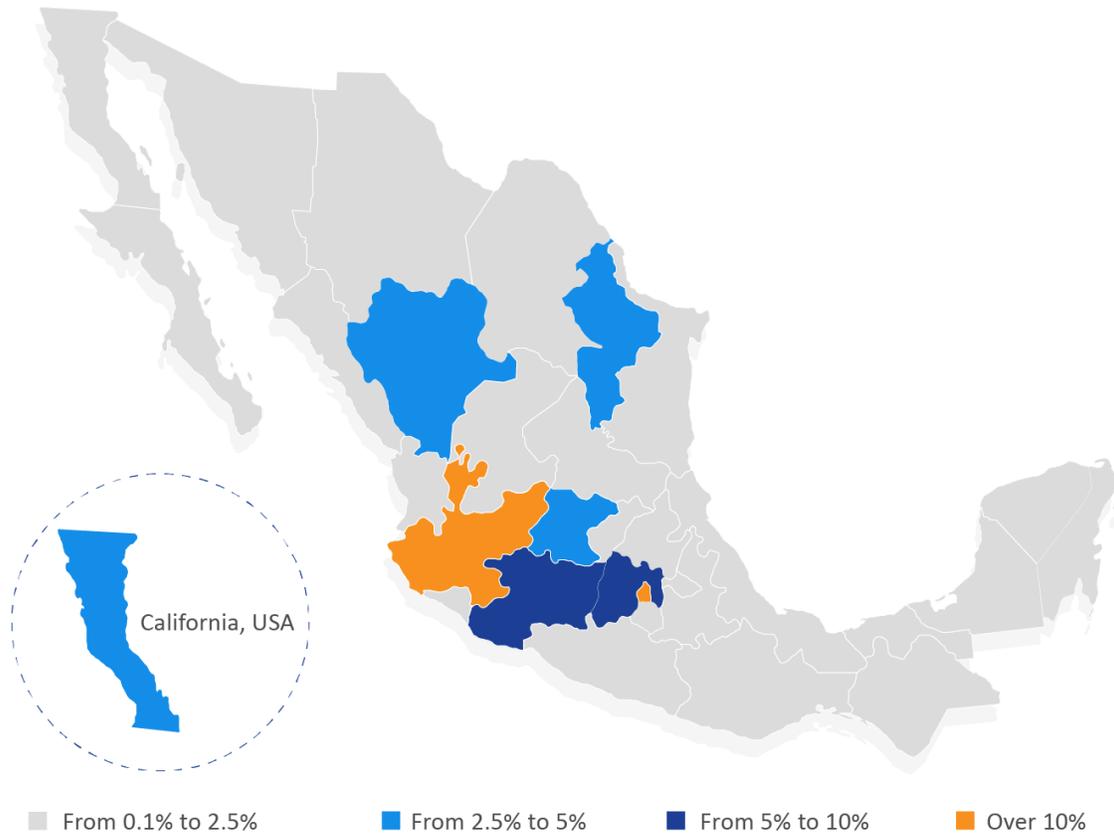
## Operational Summary

### Key operational figures

Type of loan	1Q21				1Q20				Δ%			
	Portfolio (MXN million)	Customers	NPL ratio	Average loan	Portfolio (MXN million)	Customers	NPL ratio	Average loan	Portfolio	Customers	NPL ratio	Average loan
SMEs	9,452	760	2.7%	7.5	6,836	477	2.1%	8.0	38.3%	59.3%	0.6 pp.	(6.4%)
Government	1,584	2	-	395.9	1,908	2	-	539.4	(17.0%)	-	-	(26.6%)
Fin. Institutions	137	3	-	12.4	85	2	-	45.3	60.3%	50.0%	-	(72.5%)
Consumption	651	2,910	1.1%	2.8	465	2,338	0.5%	3.9	40.0%	24.5%	0.6 pp.	(28.9%)
<b>Total</b>	<b>11,824</b>	<b>3,675</b>	<b>2.17%</b>	<b>8.5</b>	<b>9,294</b>	<b>2,819</b>	<b>1.94%</b>	<b>9.7</b>	<b>27.2%</b>	<b>30.4%</b>	<b>0.23 pp.</b>	<b>(12.1%)</b>

Type of loan (MXN million)	Origination				
	1Q21	%	1Q20	%	Δ%
SMEs	935	93.2%	655	88.9%	42.8%
Government	-	-	-	-	-
Fin. Institutions	-	-	10	1.4%	(100.0%)
Consumption	69	6.8%	72	9.8%	(5.2%)
<b>Total</b>	<b>1,004</b>	<b>100.0%</b>	<b>737</b>	<b>100.0%</b>	<b>36.2%</b>

## Geographical portfolio distribution

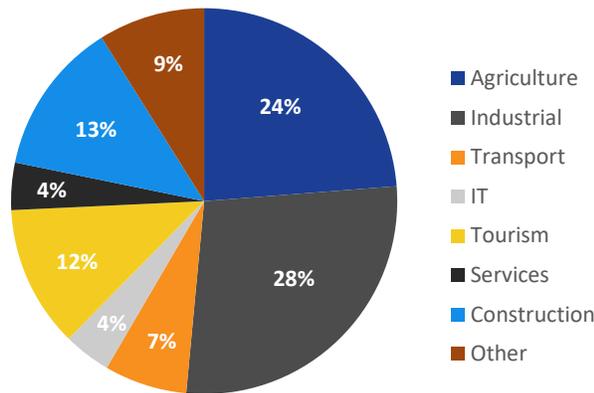


Mega's Loan Portfolio, as of March 31, 2021, was primarily concentrated in Jalisco (41.6%), Mexico City (15.2%), Michoacan (8.9%), State of Mexico (6.3%) and California, United States (4.7%). It is necessary to highlight that the opening of branches in Mexico City in early 2020, boosted a 5.9 pp. annual increase in the weight of this market within the Company's total portfolio, thus providing Mega with a solid position to further benefit from attractive origination opportunities.

### SMEs

The SME loan portfolio closed 1Q21 at Ps.9,452 million (+38.3% vs. Ps.6,835 million in 1Q20). Quarterly origination for this segment was 42.8% higher than the Ps.655 million recorded in the same period last year, posting Ps.935 million; while 1Q21 NPL ratio increased 60 bps. YoY, to 2.7%.

## SMEs by economic sector



### Government

In line with Mega’s prevailing focus on capitalizing opportunities in other segments (mostly SMEs), as well as under the government’s austerity policy implemented, to cope up with the current economic context, no origination has been recorded in this segment over the last twelve months. Therefore, Government loan portfolio as of March 31, 2021, was Ps.1,584 million, 17.0% lower than the Ps.1,908 million in 1Q20. On the other hand, NPL ratio remains nil, supported by the creditworthiness that features the clients of this segment.

### Financial institutions

Financial institutions loan portfolio surged 60.3% to Ps.137 million in 1Q21, from Ps.85 million in the same period last year, despite the nil origination recorded this quarter, in line with the sound performance attained over the LTM. Likewise, benefited by the rock-solid origination standards that feature our banking counterparts, 1Q21 NPL ratio of this segment continued at 0.0%.

### Consumption

Consumption portfolio was Ps.651 million in 1Q21, 40.0% larger than the Ps.465 million from 1Q20. Separately, 1Q21 origination weakened 5.2% YoY, totaling Ps.68 million. And NPL ratio was 1.1% (0.6 pp. YoY).

\*\*\*\*\*

## Fixed-income analysts

Institution	Analyst	Credit rating	E-mail
S&P Global Ratings	Rodrigo Cuevas	'BB-' / 'mxA-'	<a href="mailto:rodrigo.cuevas@spglobal.com">rodrigo.cuevas@spglobal.com</a>
Moody's	Felipe Carvallo	'Ba2'	<a href="mailto:felipe.carvallo@moodys.com">felipe.carvallo@moodys.com</a>
Verum	Jonathan Felix	'A/M' / '1/M'	<a href="mailto:jonathan.felix@verum.mx">jonathan.felix@verum.mx</a>

## About MEGA

Operadora de Servicios Mega, S.A. de C.V., SOFOM E.R. ("Mega") is a company specialized in leasing and credit origination in Mexico and the United States, with more than 15 years of experience, offering financial solutions to companies underserved by traditional banks. Mega's unique portfolio is diversified across regions and sectors, with high growth potential.

## Forward-Looking Statements

*Certain statements contained in this earnings release constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from those expressed or implied by the forward-looking statements in this earnings release. The reader should understand that the results obtained may differ from the projections contained in this document, as past results in no way offer any guarantee of future performance. For this reason, the Company assumes no responsibility for any indirect factors or elements beyond its control that might occur inside Mexico or abroad and which might affect the outcome of these projections.*

## 1Q21 Earnings Conference Call



Operadora de Servicios Mega, S.A. de C.V.  
SOFOM E.R., invites you to participate in its  
**1Q21 CONFERENCE CALL**

**Date:** Thursday, May 20<sup>th</sup>, 2021

**Time:**  
10:00 a.m. (CST, Mexico City)  
11:00 a.m. (EST, N.Y.)

**Presenters:**  
Guillermo Romo – Chairman  
Ignacio Gonzalez – CEO  
Jaime Gomez – CFO

**MP3 Recording:** Available 60 min. after the conference call at: [gfmega.com](http://gfmega.com)

**Dial-in number:**

- Mexico & international: 001-201-689-8031
- USA: +1-877-407-8031

· Passcode:  
**MEGA**

From your PC you can go to:  
<http://webcast.investorcloud.net/mega/index.html>

**1Q21 earnings release date:**  
Wednesday, May 19<sup>th</sup>, 2021 (after market close)

[ir@gfmega.com](mailto:ir@gfmega.com)  
+52 (33) 3777 1640  
[www.gfmega.com](http://www.gfmega.com)

## ANNEX / Vigeo Eiris – MEGA’S ESG Profile Assessment

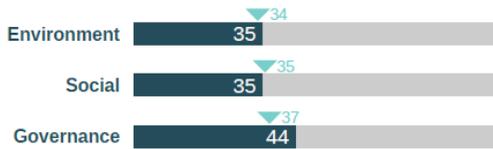
During January, Vigeo Eiris (a Moody's subsidiary that evaluates the integration of social, environmental and governance factors into the strategy, operation and management of companies), issued its opinion on Mega's ESG performance, assigning a rating among the top 30% of best ranked companies of its sector, in LatAm, and overall of the universe of companies rated by Vigeo Eiris, and which places Mega as the third best evaluated company in the Mexican financial sector (including banks), only surpassed by Banorte (44 pts.) and Santander (39 pts.).

### ESG OVERALL SCORE



Rank in Sector	26/91
Rank in Region	172/846
Rank in Universe	1426/4894
Company Reporting Rate	66%
Sector Average Reporting Rate	71%
High severity controversies	No

### ESG PERFORMANCE (/100)

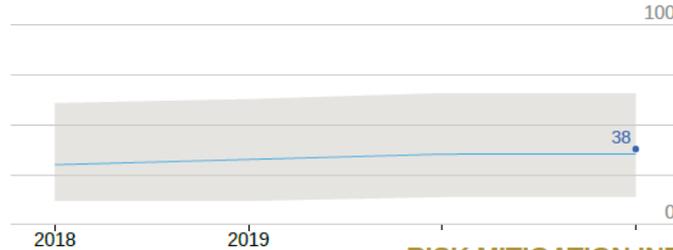


Likewise, Mega obtained ratings equal or higher than its sector's average, highlighting the corporate governance component, where it recorded a rating of

44 points, vs. an average of 37 points, in line with its strong adherence to best corporate practices, which in November 2020 allowed it to achieve the Prime Certification (a distinction awarded by the BMV, BIVA, AMIB, Nafin and Bancomext, to promote the institutionalization and strengthening of corporate governance of Mexican companies).

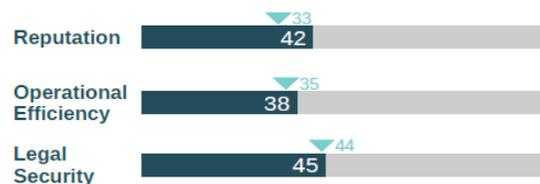
As shown below, Mega's overall rating lies above the industry over the past 4 years.

### HISTORICAL PERFORMANCE



Finally, according to Vigeo Eiris, Mega counts on a strong grounds in reputational, operational and legal risk mitigation matters, having ratings above the average of its peers.

### RISK MITIGATION INDEX (/100)



## Consolidated Financial Statements

Operadora de Servicios Mega, S.A. de C.V., SOFOM, E.R.

Consolidated Income Statement

For the three-months ended March 31, 2021 and 2020

(Thousands of Mexican pesos)	1Q21	1Q20	Δ%	1Q21 (Thousands of dollars <sup>1</sup> )
Interest income	604,252	425,167	42.1%	29,326
Commercial margin	57,726	44,955	28.4%	2,802
<b>Total income</b>	<b>661,978</b>	<b>470,122</b>	<b>40.8%</b>	<b>32,128</b>
Interest expense	(450,270)	(268,684)	67.6%	(21,853)
<b>Financial margin</b>	<b>211,708</b>	<b>201,438</b>	<b>5.1%</b>	<b>10,275</b>
Provision for loan losses	(18,447)	(30,182)	(38.9%)	(895)
<b>Adjusted financial margin</b>	<b>193,261</b>	<b>171,256</b>	<b>12.8%</b>	<b>9,379</b>
Commission and fee expenses	(9,782)	(4,297)	>100.0%	(475)
Brokerage expenses	8,032	813	>100.0%	390
Other operating income	431	(515)	(>100.0%)	21
Administrative expenses	(66,058)	(64,966)	1.7%	(3,206)
<b>Income before income taxes</b>	<b>125,884</b>	<b>102,291</b>	<b>23.1%</b>	<b>6,109</b>
Income tax	(35,392)	(1,006)	>100.0%	(1,718)
<b>Net income (excluding FX items)</b>	<b>90,492</b>	<b>101,285</b>	<b>(10.7%)</b>	<b>4,392</b>
<b>Net margin</b>	<b>13.7%</b>	<b>21.5%</b>	<b>(7.9 pp.)</b>	<b>13.7%</b>
FX gain	487,319	319,388	52.6%	23,651
FX loss	(525,051)	(353,544)	48.5%	(25,482)
<b>Net income</b>	<b>52,760</b>	<b>67,128</b>	<b>(21.4%)</b>	<b>2,561</b>

<sup>1</sup>U.S. dollar amounts are translated from pesos into dollars, solely for the convenience of the reader, using an exchange rate of Ps.20.6047 per U.S. dollar, the exchange rate to settle foreign currency obligations on March 31, 2021 determined by the Mexican Central Bank and published in the Official Gazette.

Operadora de Servicios Mega, S.A. de C.V., SOFOM, E.R.

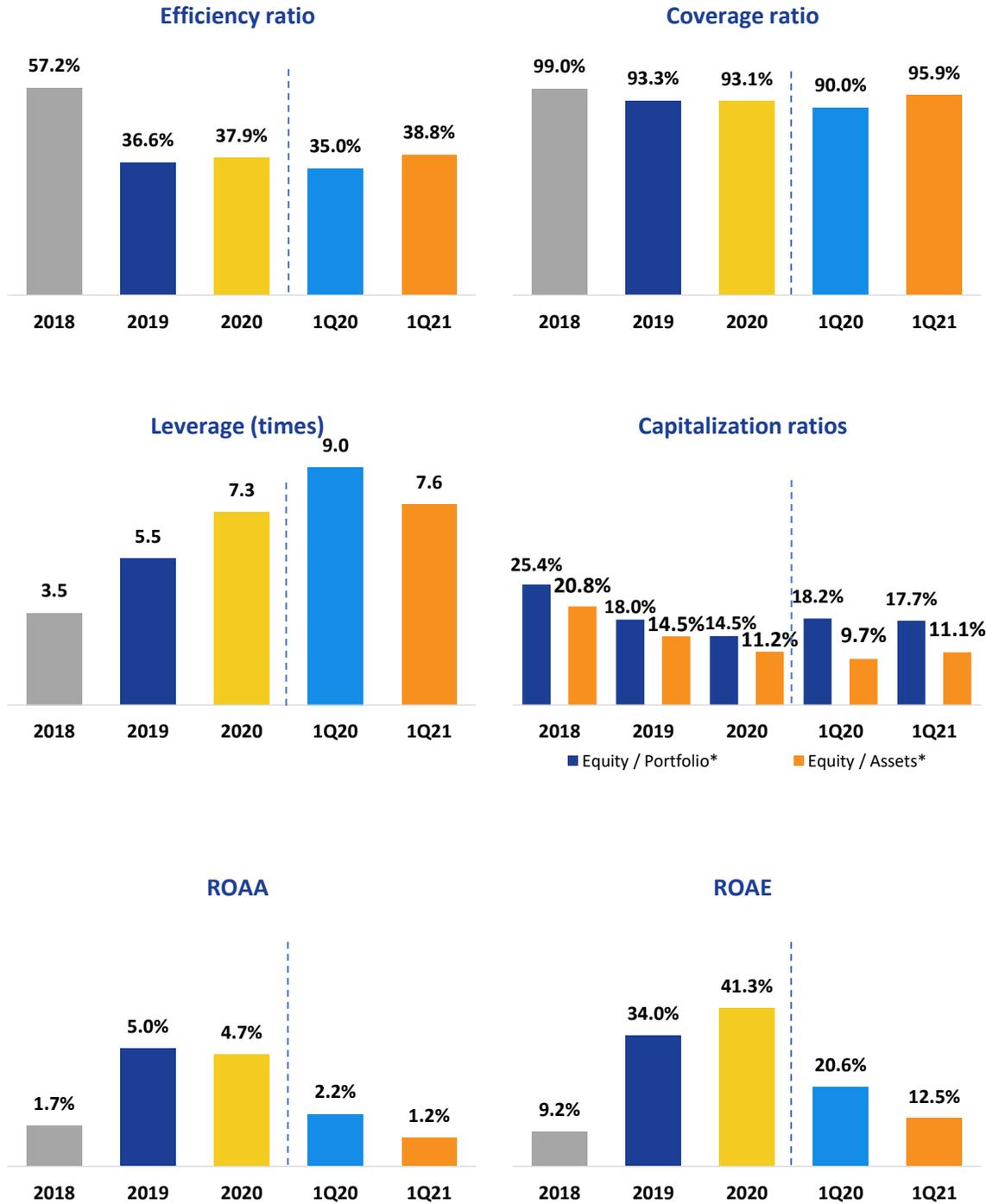
Consolidated Balance Sheet

As of March 31, 2021 and 2020

(Thousands of Mexican pesos)	Mar-31 2021	Mar-31 2020	Δ%	Mar-31 2021 (Thousands of dollars <sup>1</sup> )
<b>Assets</b>				
Cash	3,951,417	3,527,118	12.0%	191,773
Derivatives held for trading	-	842	(100.0%)	-
Derivatives held for hedging	520,582	2,083,623	(75.0%)	25,265
Total performing loan portfolio	11,566,856	9,113,901	26.9%	561,370
Total non-performing loan portfolio	256,703	180,486	42.2%	12,458
<b>Total loan portfolio</b>	<b>11,823,559</b>	<b>9,294,387</b>	<b>27.2%</b>	<b>573,828</b>
Allowance for loan losses	(246,153)	(162,437)	51.5%	(11,946)
<b>Total loan portfolio (net)</b>	<b>11,577,406</b>	<b>9,131,950</b>	<b>26.8%</b>	<b>561,882</b>
Other accounts receivable, net	761,125	785,669	(3.1%)	36,939
Foreclosed assets, net	135,840	166,142	(18.2%)	6,593
Property, furniture and equipment, net	76,584	71,933	6.5%	3,717
Deferred income taxes	398,214	-	-	19,326
Goodwill	134,266	134,265	-	6,516
Long-lived assets available for sale	60,306	60,306	-	2,927
Other assets, deferred charges and intangible assets	650,364	480,582	35.3%	31,564
<b>Total Assets</b>	<b>18,266,104</b>	<b>16,442,430</b>	<b>11.1%</b>	<b>886,502</b>
<b>Liabilities and Stockholders' Equity</b>				
Listed securities	9,846,416	8,888,422	10.8%	477,872
Short-term debt	1,490,080	1,380,943	7.9%	72,317
Long-term debt	3,153,860	2,908,294	8.4%	153,065
Derivatives for trading purposes	21,954	28,686	(23.5%)	1,065
Derivatives held for hedging	289,167	95,301	>100.0%	14,034
Sundry creditors	38,065	67,974	(44.0%)	1,847
Sundry creditors for collateral received cash	1,142,617	1,223,557	(6.6%)	55,454
Deferred income taxes	55,357	64,049	(13.6%)	2,687
Deferred credits and advance collections	333,689	316,107	5.6%	16,195
<b>Total Liabilities</b>	<b>16,371,205</b>	<b>14,973,333</b>	<b>9.3%</b>	<b>794,537</b>
<b>Stockholders' Equity</b>				
Capital stock	418,428	418,435	-	20,307
Additional paid in capital	170,007	-	-	8,251
Retained earnings	1,567,225	967,005	62.1%	76,062
Cumulative foreign translation adjustment	(27,652)	16,531	(>100.0%)	(1,342)
Result of valuation of cash flow hedging instruments	(285,869)	-	-	(13,874)
Net income of the period	52,760	67,126	(21.4%)	2,561
<b>Total Stockholders' Equity</b>	<b>1,894,899</b>	<b>1,469,097</b>	<b>29.0%</b>	<b>91,964</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>18,266,104</b>	<b>16,442,430</b>	<b>11.1%</b>	<b>886,502</b>

<sup>1</sup>U.S. dollar amounts are translated from pesos into dollars, solely for the convenience of the reader, using an exchange rate of Ps.20.6047 per U.S. dollar, the exchange rate to settle foreign currency obligations on March 31, 2021 determined by the Mexican Central Bank and published in the Official Gazette.

## Financial Ratios



\*Net of deposits.

## Glossary

**Total loan portfolio:** Total performing loan portfolio + Total non-performing loan portfolio.

**NIM:** Financial margin annualized / Total loan portfolio.

**Non-performing loan ratio (NPL):** Past-due leases and loans, calculated as of the first day such leases and loans are more than 90 days in arrears / Total loan portfolio.

**Efficiency Ratio:** Calculated as the sum of Administrative and Brokerage Expenses plus the profit or loss from trading divided by the sum of Other Operating Income and the subtraction between Interest Income and Interest Expense.

**Coverage ratio:** Allowance for loan losses as a percentage of non-performing loans.

**Leverage:** Total debt / Stockholders' equity.

**Return on Average Assets (ROAA):** Net income annualized / Average total assets.

**Return on Average Stockholders' Equity (ROAE):** Net income annualized / Average stockholders' equity.

**Mega L.P.:** It is a subsidiary based in San Diego, California, focused on purchasing selected preowned personal vehicle loans from local dealerships.

**Fin. Institutions:** These represent the alliances with banks that do not have asset leasing operations, as we provide leasing services to our bank partner's clients. It is worth noting that said banks assume the credit risk of each transaction, while we earn a fee (for each transaction).