



Content

1
Message from
our founders



3
2021 in numbers



5
Our impact journey

2
Who we are



4
Sustainability
and impact focus



6
Investors and
lenders

01

Message from our founders

2021 marked our 8th anniversary. It's amazing to look back and realize how far we've gone to become the financial ally of choice for SMEs in Mexico. **This year we heavily invested in technology and leveraged data to support our transition** from offering single financial services. We created an ecosystem that boosts SME growth and productivity, solving their main pain points in a 100% digital environment. An independent study done by IDB Invest revealed that, **Konfio's working capital were causally behind a 25% average increase in sales in our client's.** This is reassuring and it's only one evidence of the favorable impact Konfio can have on one of our many stakeholder groups.



David Arana
CEO

COVID-19 posed great challenges in every aspect, both for businesses and for individuals. With this in mind, we defined two main objectives during 2021: to ensure the safety and well-being of our teams, and to maximize the deployment of our creativity and resources toward helping our clients overcome the crisis while maintaining our capacities in balance. As a result, Konfio went beyond its known limits developing new data-base paying relief programs, and creating information-rich tracking tools to continue helping SMEs in times where traditional service providers still had their SME service windows closed.



Pako Padilla
Cofounder

We are thankful to our passionate teams that make everything possible, our unstoppable clients and the wise guidance from our investors and lenders whom have shown us the path to evolve.

We are committed to keep leveling the financial playing field by providing access and cutting edge services for those thriving and underserved entrepreneurs and businesses that are the engine of the Mexican economy.

David Arana & Pako Padilla
Founders

02

Who we are



We are a Mexican technology-based provider of financial services for Small and Medium Enterprises, and besides being ultrafast in providing our services, two features makes us special: **we are driven by purpose and data.**

Our Mission: **to boost SMEs’ growth and productivity in Mexico.** Since 2013 our

passion has been to empower SMEs to help them maximize their productivity and growth. More than 1,000 men and women make this mission a reality, and today **we have provided more than 45,000 working capital loans, 10,800 business credit cards and equipped more than 9,200 businesses** with a cloud based enterprise resource planning software (ERP).

In September 2021 we closed a Series E equity investment round completing over US \$380 mm in total capital investments since launch.

The trust that our equity investors have placed on us strengthens our commitment towards SME financial inclusion and validates further the relevance of our mission.



OUR MISSION

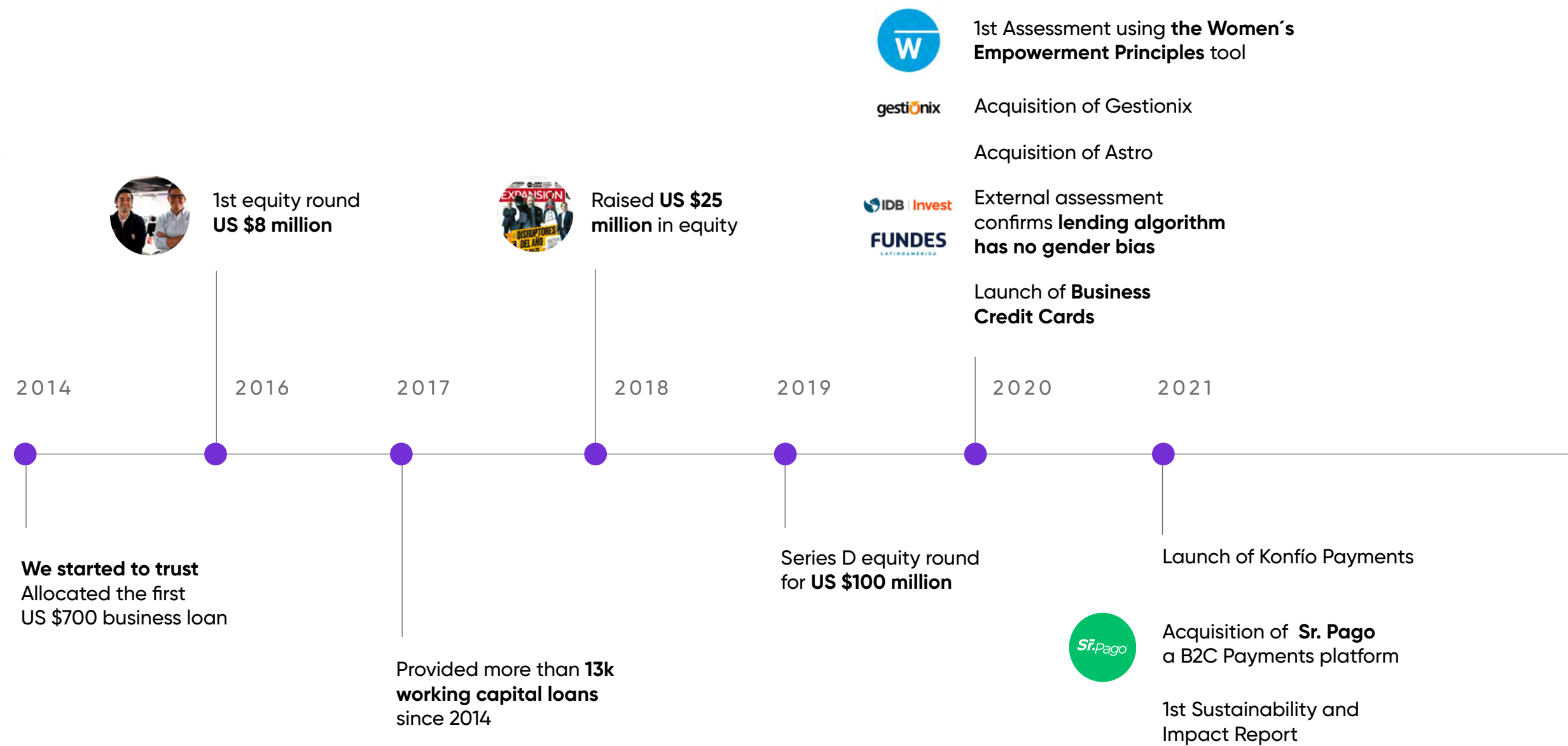
To boost SME growth
and productivity in Mexico.

Brithanny Alejandra
ZAPATERÍA EL TIGRE

Omar y Xiemna
RAYITO DE LUNA

Juan
OUTLAW

02. Who we are

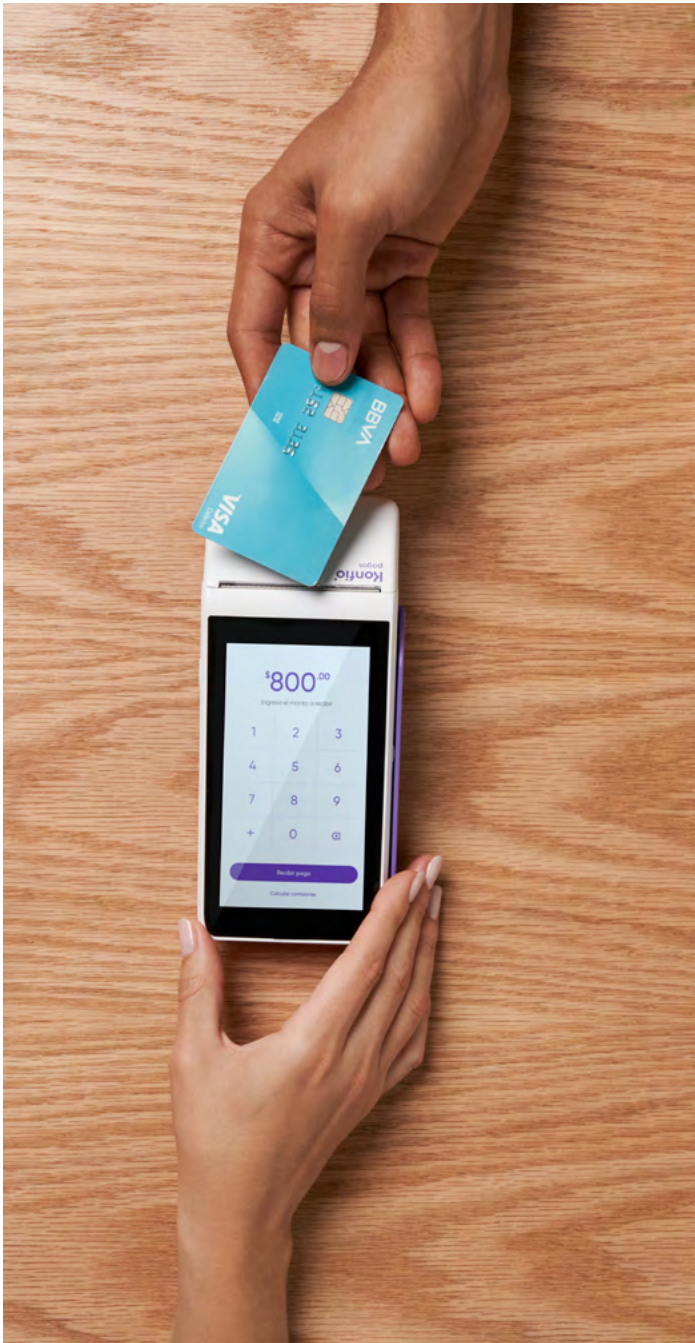




OUR FINANCIAL SOLUTIONS

Working Capital Loans

- From US\$ 5K-150k
- Uncollateralized medium-term loans
- 7 minute approval process
- 100% digital



Business Credit Cards

- Up to US\$ 100k in revolving lines per costumer
- 50% delivered within 3 days
- Visa-sponsored

Payments

- 48-50ms processing time
- Accepts all cards
- Remote or card present

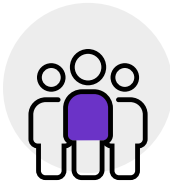
 Cloud-based business tools available for all our customers

03
2021 in numbers



SMEs served

+26,600



Employees

1,192



Clients with first business loan

**89% of sole proprietors
80% of companies**



Working capital loans

+15,000



Business tools Users

+6,200



Card contracts

+9,650

Research &
development investment

8.2%
of revenues

Acquired
Sr. Pago
a B2C payments platform

P R E S E N C E

Clients in
40.6%
of Mexico’s municipalities

Applications from
82%
of municipalities in Mexico

**Mexico has more than 2,400 municipalities*



Erik Noé
CHANGOS VEGANOS

SUSTAINABLE DEVELOPMENT GOALS

Through our actions we support the UN's Sustainable Development Goals to reduce the gap of some of the world's biggest challenges.



Rodrigo Bernardo
EARTH & CO

03. 2021 in numbers



9 INDUSTRIES, INNOVATION
AND INFRASTRUCTURE

- Without a single branch and a nearly paperless process, our innovative financial infrastructure allowed us to reach 40.6% of Mexico's + 2,400 municipalities.
- 100% of our clients are SMEs.
- Increased SME lending by 68% while credit for SMEs in Mexico decreased by 5.4%.
- 8.2% of revenues invested in R&D and innovation.



5 GENDER EQUALITY

- Women's Empowerment Principles gender gap annual diagnosis.
- Launched "Restart Your Career", a returnship program for women with work experience in data.
- Attended All Stars Academy for designing women centric strategies.
- Went from 30% to 36% in women employees.
- Supported Women's organizations such as, AMMJE, WEDO Mexico, among others.
- 30% of working capital and 26% of credit cards clients are women.



8 DECENT WORK AND
ECONOMIC GROWTH

- 89% of sole prioprietors and 80% of company clients got their first business credit from Konfio.
- 25% increased sales on average 15 months after getting a loan from Konfio.
- Credit cards delivered in 72 hours or less
- 30% of our loan portfolio was allocated to entrepreneurs 34 years old our younger.

04 Sustainability and Impact focus

In 2019 we stated to formally organize **our sustainability and impact efforts** allocating specialized resources, and until 2021 our focus has been on 3 main areas:



By the end of 2021 we began a materiality assessment to shed light and amplify the Sustainability and Impact issues where Konfio should be focusing due to their **relevance to our operation, the importance given by our stakeholders, and the impact we are able to cause.**

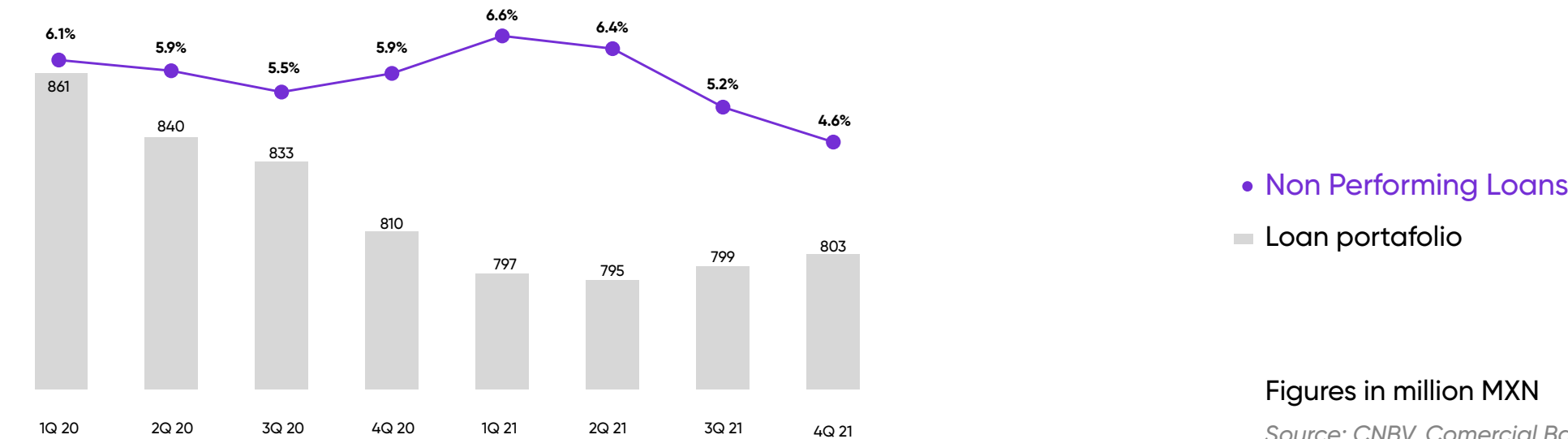
This assessment was carried out by an independent specialized consultant, and it involved the consultation with internal and external stakeholders. By mid-2022 we will be adopting an updated approach to our Sustainability and Impact focus.

05

Our impact Journey

Staying true to our mission has proved to be groundbreaking. **Between 2020 and 2021 our lending offering was countercyclical in contrast to the behavior of the financial sector.** Whilst credit allocation for SMEs in Mexico during the first half of 2020 and 2021 was restricted by 5.4%, according to the CNBV (Mexico’s regulatory banking authority), Konfio increased SME financing by 68%. In 2021 our revenues grew 115% compared to 2020.

OVERALL MEXICAN SME PORTAFOLIO (ALL BANKS)



Source: CNBV, Comercial Banking SME loan portfolio

The COVID-19 pandemic took a toll on all societies and economies, and in Mexico it truly affected most SMEs due to the lack of support alternatives.

In Konfio we stayed true to our mission and supported them with even more passion and focus. In this context, **during 2020 and part of 2021 we developed two main initiatives that paid off throughout 2021:**



Plan Omega

Our customers relief program, which focused on truly knowing our client's reality and offer both empathy and tailor-made payment alternatives according to their particular situation.

The Daily Company Index

Integrated into the lending algorithm to provide real-time information on how sectors and industries were performing so we could, on a daily-basis, adjust our lending policies and processes to meet the cashflow needs of our clients' businesses.



05. Our impact
Journey

We are proud of the results. From April 2020 to April 2021 different relief plans were offered, and by September our delinquency reates were back to pre-COVID-19 levels. **Our strategy resulted in a stable and a very resilient portfolio throughout 2021 -besides the persistence of restrictions and COVID-19 outbreaks.**

During 2021 we began the transition from offering three financial products to become a comprehensive ecosystem of products and services. **We listened to our clients’ pain points and focused on improving the time response for approval** or rejection to 7 minutes; once the loan was approved and all the documents in check, the time for funds disbursement ranged from 24 to 72 hours.

We built specialized commercial teams to better understand and serve the needs of our clients based on their size, revenues and type of business (sole proprietors and companies).

The Software as a Service (SaaS) product also transitioned to Konfio’s all-in-one platform, hence the more than 9,000 ERP users could manage from their cellphone important management activities such as inventory control, invoicing, prepare tax payments, among others.



Omar
RAYITO DE LUNA

In August we acquired Sr.Pago a B2C payments platform, that solves the need to receive digital payments of entrepreneurs at competitive rates, with cutting edge technology and high speed transactions.

The protection of our clients' data and privacy as well as our own proprietary information is crucial, hence during 2021 all employees received compulsory training on Protection of personal data.

As a data driven technology company, we not only faithfully rely on our mission but also devote efforts to measure our impact in our clients' growth. **For that purpose, since 2020 we partner with IDB Invest to have a third party objectively evaluate our impact.** One of the first findings is that after 15 months of receiving a Konfío loan, clients on average grow their sales by 25%, and women-owned businesses grew their sales 4x compared to male-owned businesses during this period.



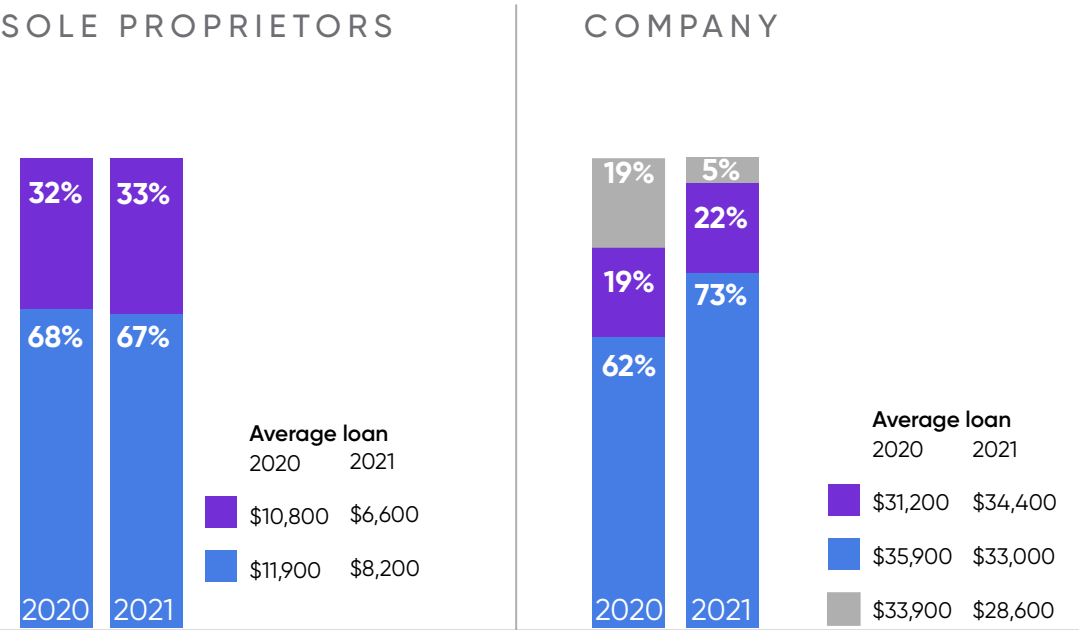
CLIENTS AND PRODUCTS

SMEs are not a homogenous group, hence we segment the data according to different aspects of their diversity to develop internal capabilities and better suit their needs.

When analyzing business ownership by gender in Mexico, it should be considered that INEGI (the statistics authority in Mexico) reported in March 2021 that 36.6% of MSMEs (micro, small and medium enterprises) are owned by women. Historically women have been more financially constrained with only 13 of every 100 establishments receiving a form of credit. Additionally only 21.6% of women-owned businesses are formal.

Although our results from 2020 to 2021 in terms of increasing female representation in our portfolio indicate progress, much more can be done, and efforts will continue as we gather knowledge and business intelligence.

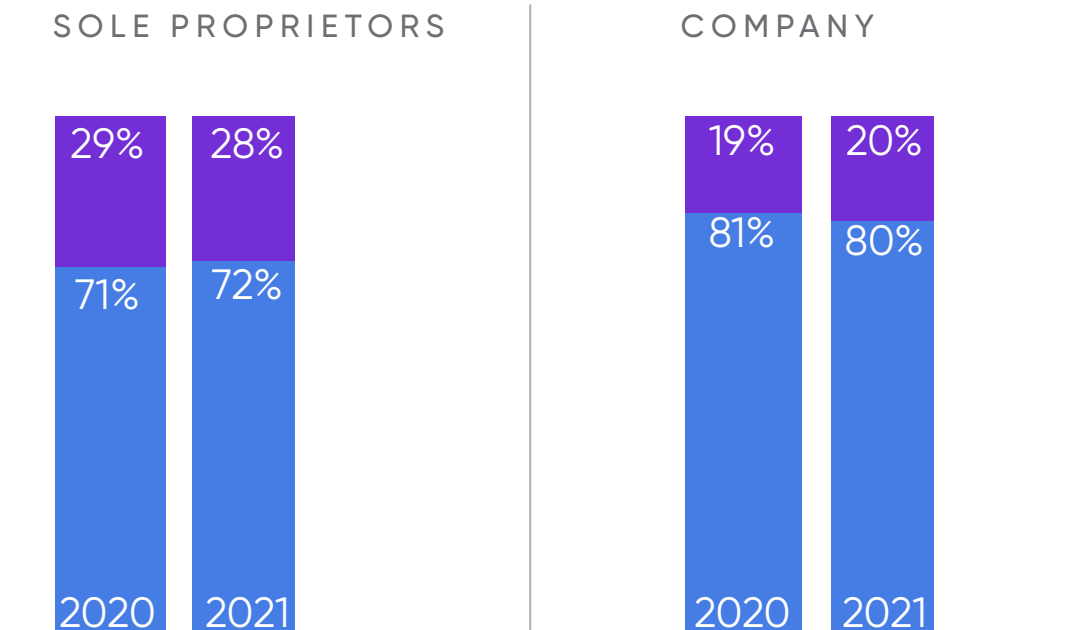
LOANS DISBURSED BY BUSINESS
TYPE AND GENDER*



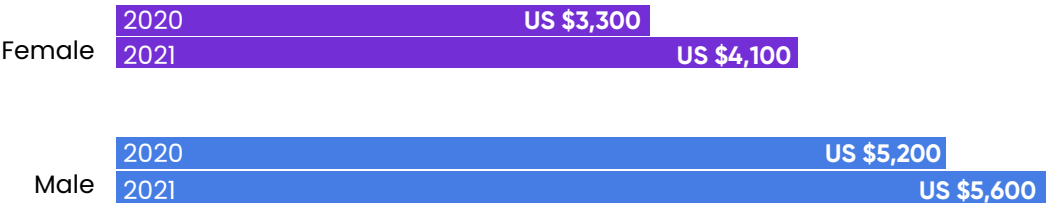
Figures in US\$

Female Male Mixed

CREDIT CARD CONTRACTS BY BUSINESS
TYPE AND GENDER*

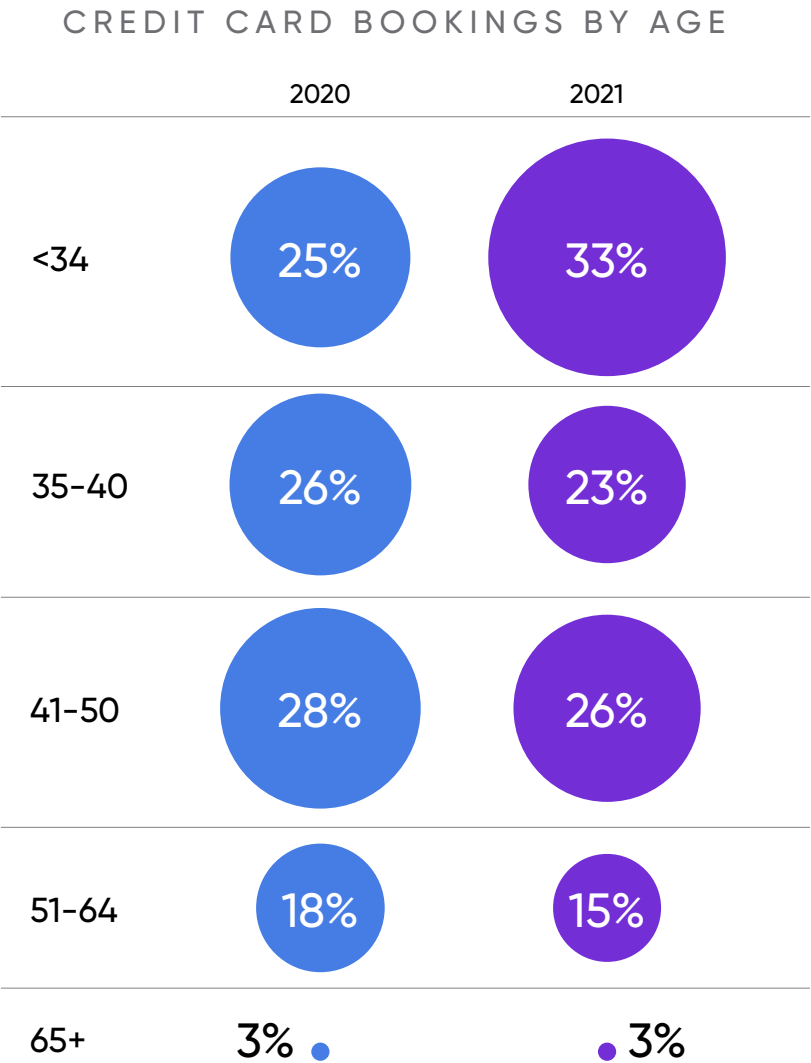
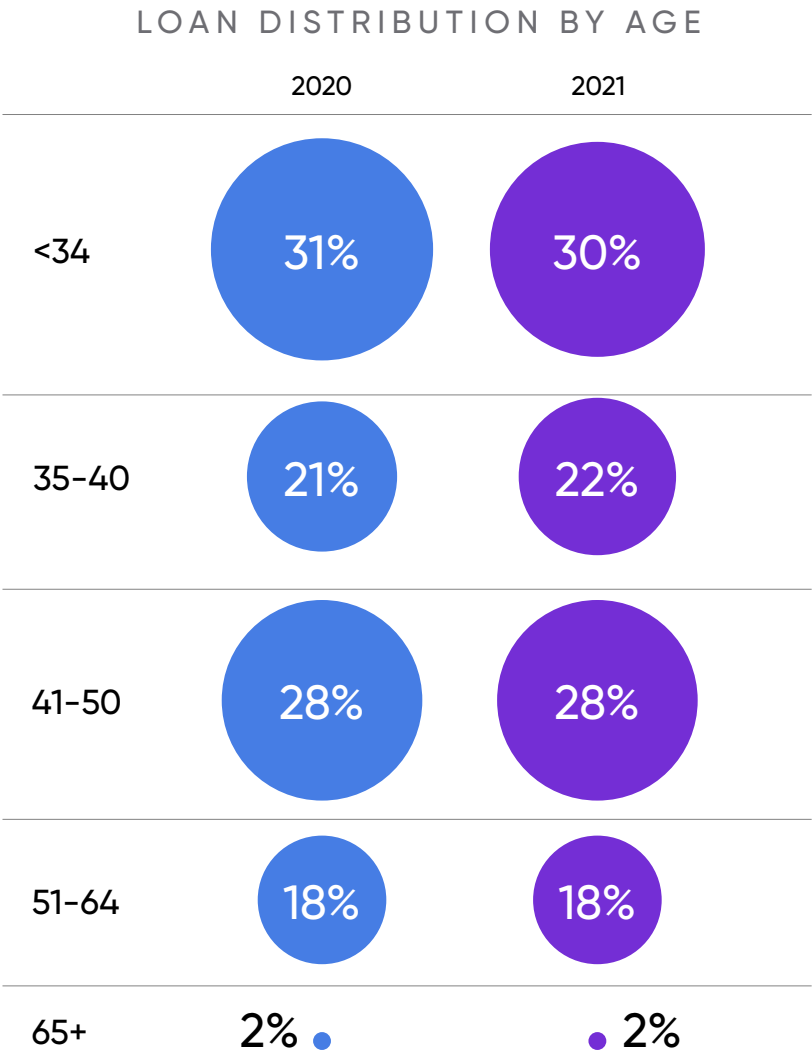


AVERAGE CREDIT CARD LINE BY GENDER US\$

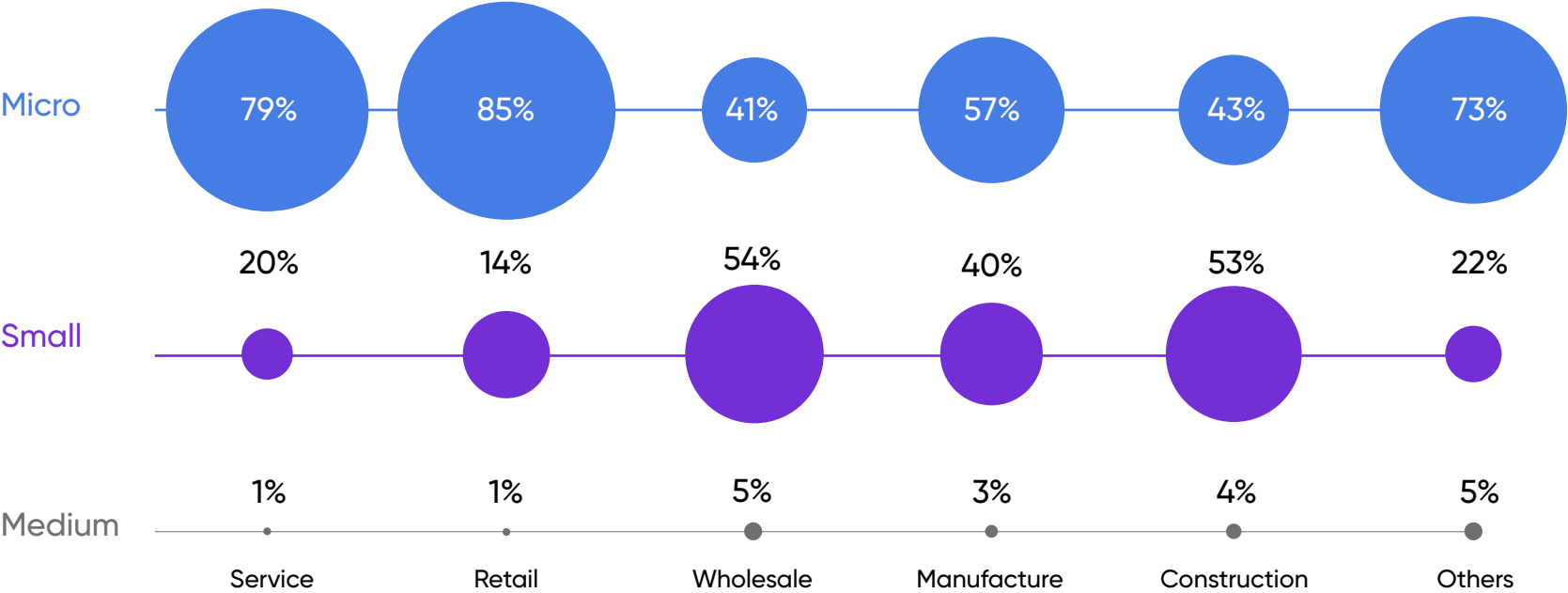


*Companies are considered female or male depending on the highest percentage of ownership, or mixed if 50/50 ownership.

Young entrepreneurs are traditionally excluded from financial opportunities. In Konfio they continue to be the age group with the highest percentage of our portfolio.



LOANS BY SECTOR AND BUSINESS SIZE

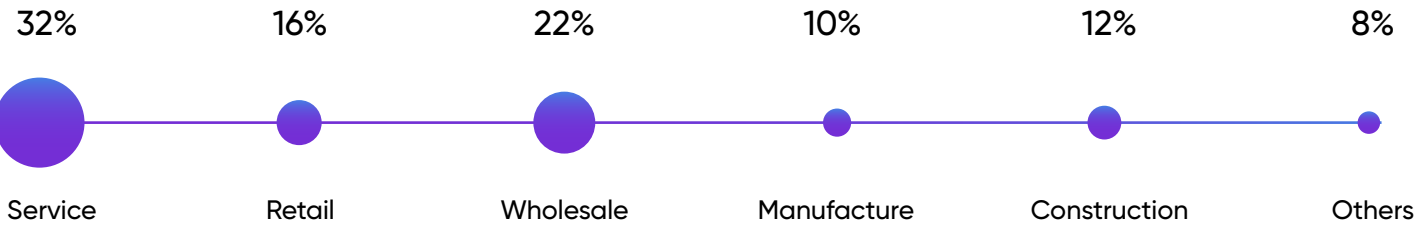


In 2021 we received loan applications from 82% of Mexico's more than 2,400 municipalities and increased our client geographical reach from 30% in 2020 to 40.6% of municipalities.

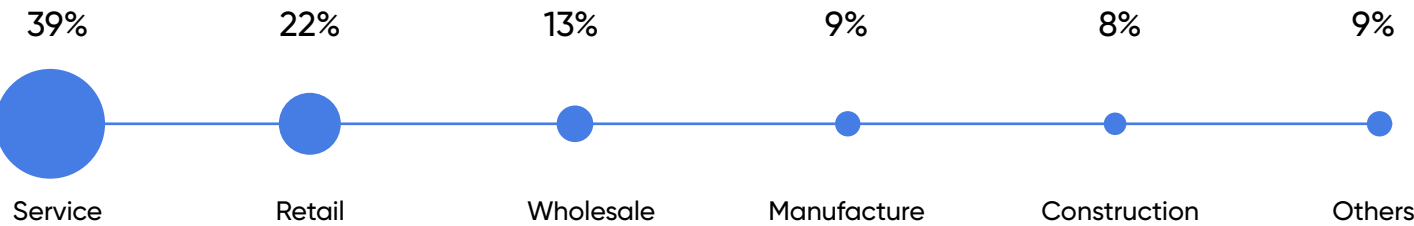
We went from 768 municipalities in 2020 to 1,010 in 2021 which means almost one new town for each workable day of the year.

Business size according to annual revenue defined by the Mexican Ministry of Economy:

PERCENTAGE OF WORKING CAPITAL PORTFOLIO BY INDUSTRY



CREDIT CARD BOOKING BY INDUSTRY



Juan
XUVA

05. Our impact
Journey

We apply both **IFC’s exclusion list** and internal criteria to screen for activities that we don’t fund such as products or activities that are illegal in Mexico, under international conventions and agreements, as well as subject to international bans such as ozone depleting substances, weapons and munition, production and trade of tobacco, alcohol (excluding wine and beer), gambling, casinos, among others that damage the health and safety of people and/or the environment.





OUR TEAM

The talent and passion that every Konfío team member brings to work every day is where the magic of our dreams begin.

05. Our impact
Journey

During 2021 more than 700 men and women joined Konfío to participate in changing- from a systemic standpoint- SMEs' history of financial access in Mexico.

The values and behavior traits that define us are: modesty, integrity, collaboration, flexibility, creativity, resourcefulness and trust; and in 2021 we used the Great Place to Work analysis tool to assess the engagement level of our teams and draw a roadmap to work both on our strengths and weaknesses.

We believe in challenging the status quo and offer better answers to business as usual. Having the technology industry, a traditionally high male representation, since 2019 we made a commitment to diversity, equity and inclusion and in particular to female empowerment.

Diversity enriches and strengthens our internal community but also enables us to better serve the diversity of our client base.

In our fast-paced growth journey, 2021 brought many challenges in the talent dimension since our talent base grew by 142% while integrating various work cultures by the acquisition of two companies.

Despite these intense changes, we were still able to focus on the importance of our people and achieve the following goals:

- Increased the number of women by 6%
- For the third consecutive year used the UN's Women's Empowerment Principles assessment tool to measure our progress towards gender equality using clear and global standards.
- Launched "Restart Your Career" a returnship program for women with experience in the data field.
- Launched the LGBTQ+ affinity group.

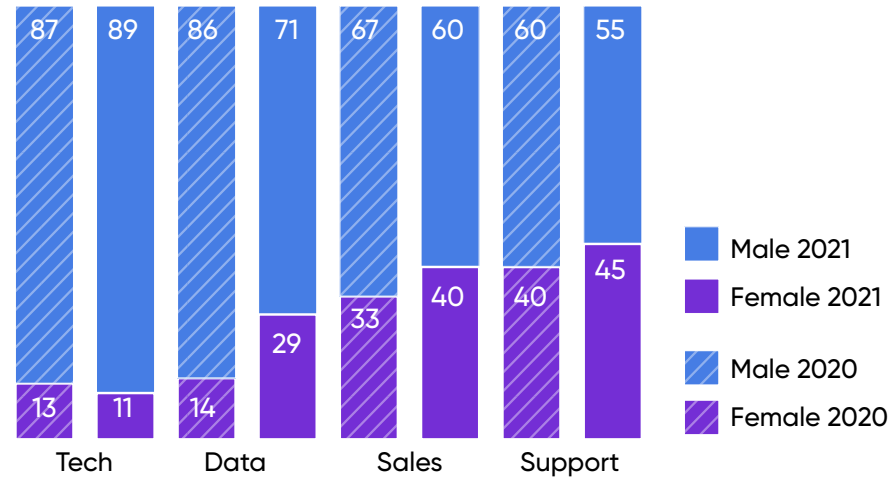


Roberto Hernández y Dinorah Tovar

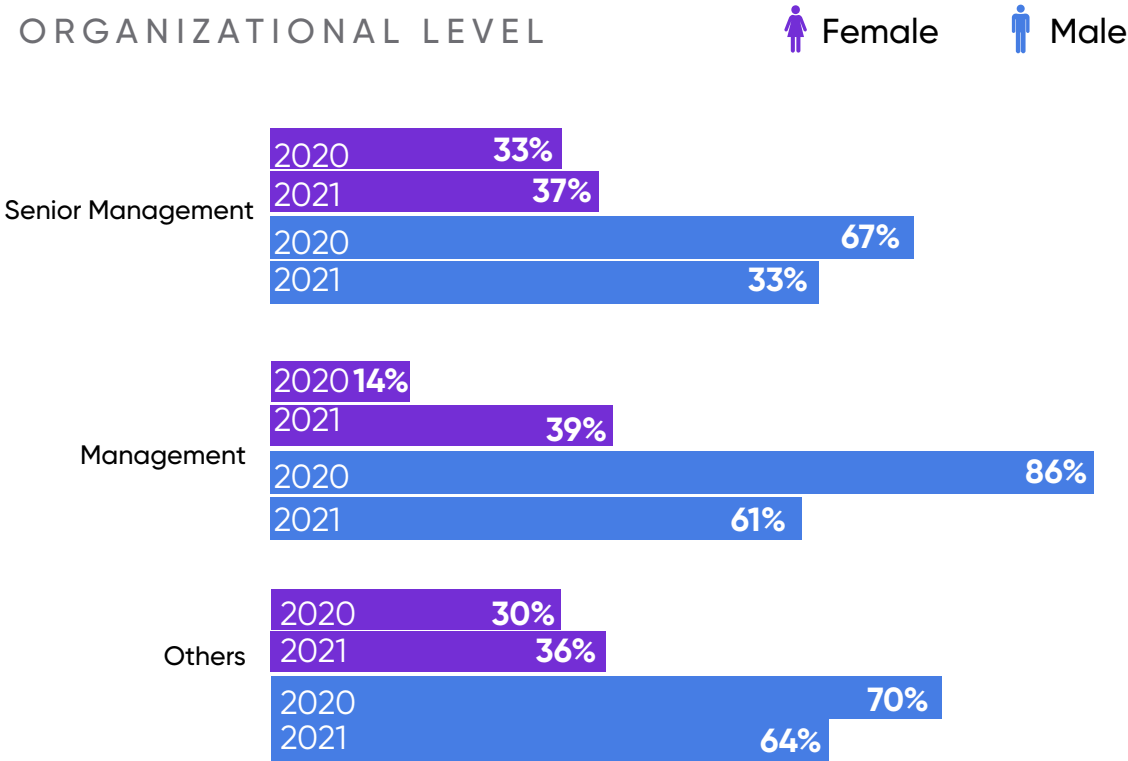
EMPLOYEES BY GENDER



EMPLOYEES BY GENDER AND AREA



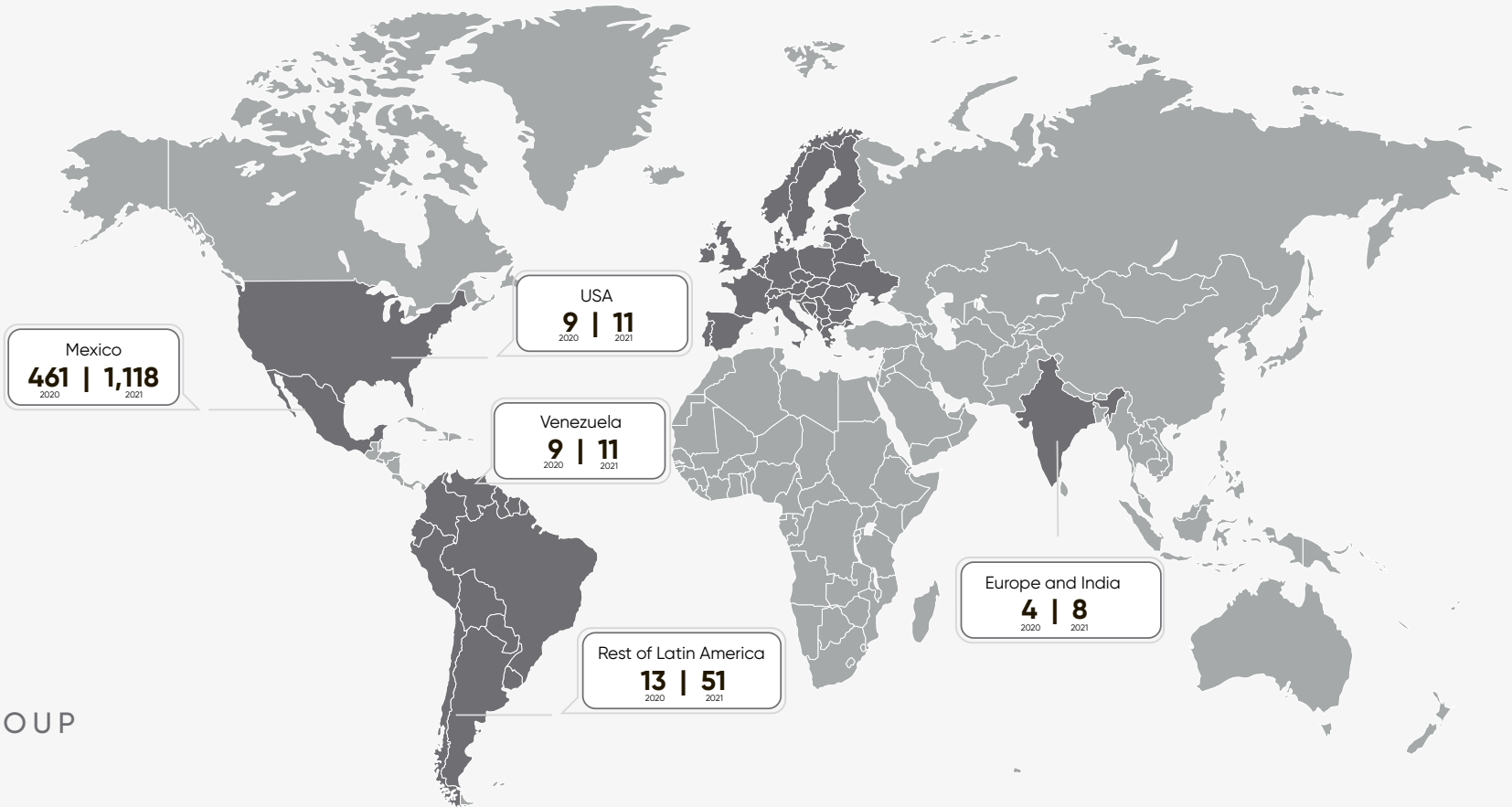
EMPLOYEES BY GENDER AND ORGANIZATIONAL LEVEL



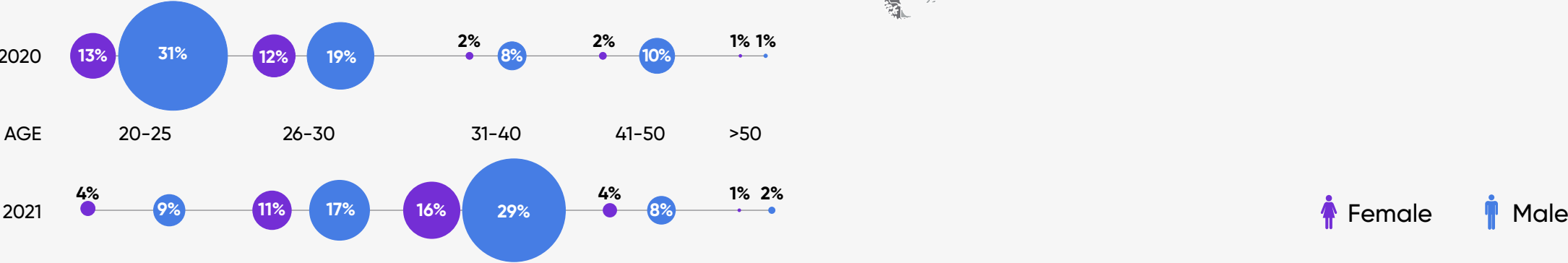
ATTRITION RATE BY GENDER



EMPLOYEES BY COUNTRY
OF ORIGIN

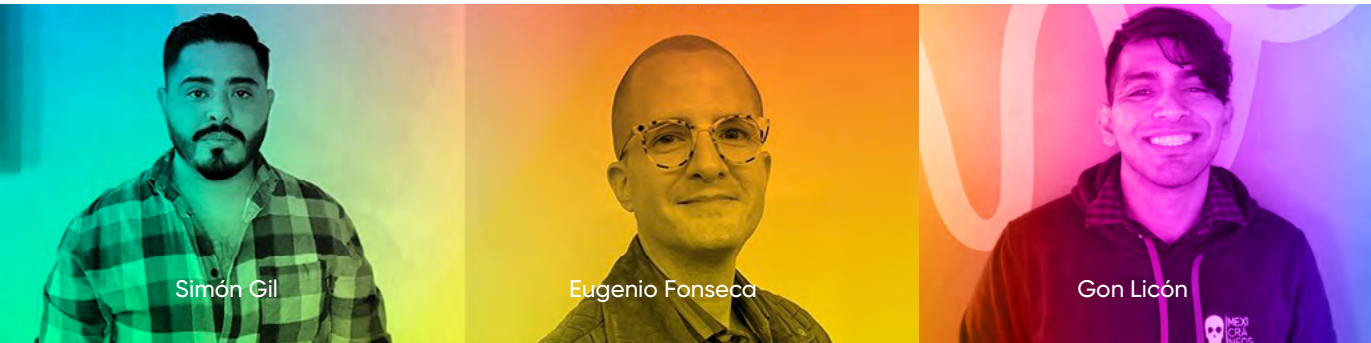
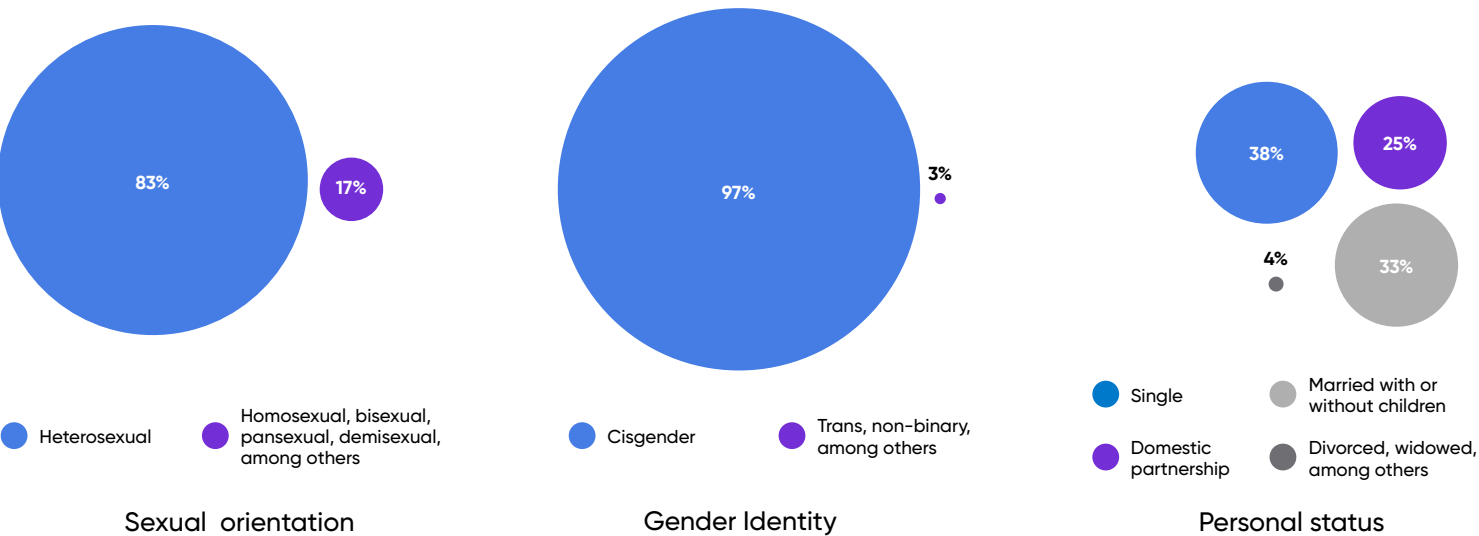


EMPLOYEES BY GENDER AND AGE GROUP



During 2021 we strived to acknowledge the true layers of diversity that make up Konfio, hence we sent a voluntary and anonymous questionnaire that brought the following findings:

SELF-ASSESSED ANSWERS FROM VOLUNTARY PARTICIPANTS



We also found that we have employees from indigenous communities, HIV positive, individuals with disabilities or who are caregivers of children or adults with disabilities, among other conditions.

This information will assist us to sensitize the entire Konfio community, and provide visibility because our realities are not homogeneous, and thus, design better initiatives and respond to the true needs of our internal community.

Since 2020 we provide access to **Si Cuéntame**, a wellness platform that **offers services for psychological and physical wellbeing such as therapy, emergency hotline, yoga, meditation, among others.**

In June we launched Konfio University, a 100% digital training and development platform. It started by deploying compulsory courses for 100% of Konfio's staff such as Prevention of money laundering and funding of terrorism, and Protection of personal data.

GOVERNANCE

Different departments such as internal control, compliance, risk, and legal provide the guidelines and programs to ensure we remain compliant of the laws, norms, requirements and agreements we hold with our investors and lenders.

To ensure we integrate the highest governance standards and practices applicable to the technology and financial sectors, during 2021 PwC conducted a comprehensive review of our policies and procedures and defined a roadmap with an improvement action plan.

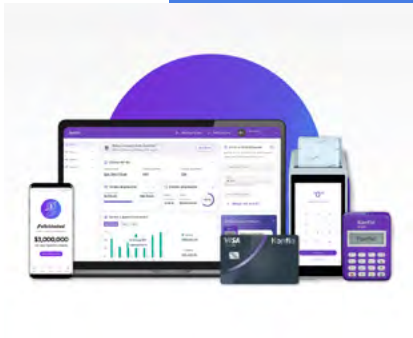


The Power of One Team, Engineer's Day Celebrations 2020

Among the 13 new or updated policies are:

- Revised version of the Code of ethics and conduct, expanded to require supplier compliance.
- Selection and payments to suppliers.
- Credit analysis, credit risk, and KYC (Know your Customer)
- Hiring, recruiting, and termination.
- Norms for issuing normative documents, among others.

We invest in programs and protocols to prevent money laundering, fraud and anti-ethical practices; and also to ensure that the data and privacy of our clients is protected with the highest standards. These are fundamental elements of the onboarding process of every new employee, and reinforcement is done through compulsory **training to the entire staff through Konfio University.**



Among our cybersecurity practices are:

- Controlled access to clients’ information
- Multi-factor personal authentication
- Mandatory VPN
- Systems’ architecture follow isolation best practices
- All code is managed by central control management
- Penetration exercises are done twice a year.
- Multi-layer firewall

Regarding environmental and social responsibility, we began the development of our Environmental and Social Management System (ESMS). The system categorizes- according to our clients’ economic activity- the level of environmental and social risk, and also those of positive impact, of the working capital portfolio.

We also modified our lending and supplier contracts to include a new clause stating the obligation to comply with the **environmental and social laws applicable to their business activity, forbid child labor, and to promote initiatives and technologies that generate environmental responsibility and do not harm the environment.**

Our executive Board is the highest accountability structure and is formed by C-level executives and investors’ representatives that **have exceptional market, business and industry experience, to both assist and challenge our vision for the future.**

05. Our impact
Journey

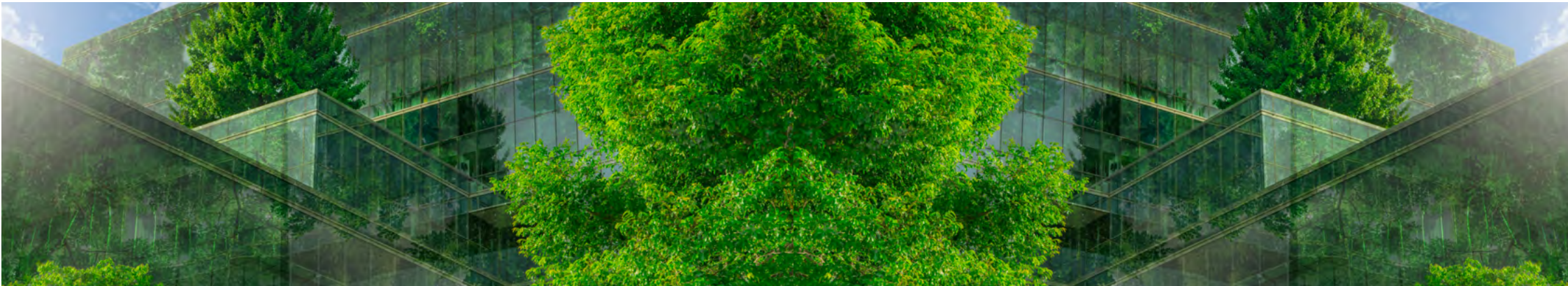
ENVIRONMENT

As a technology company with most of our infrastructure being digital, with half of our services entailing no physical elements, and a high percentage of our teams working and receiving training remotely, we've lessen the impact on the environment. For instance not only our value proposition is financially inclusive and fast, but also greener and convenient because not a single client had to commute to visit a physical branch to access our services or require information.

As proof of accessibility, we have received applications from 82% of the more than 2,400 municipalities in Mexico.

During 2021 Konfio's infrastructure was 100% cloud based enabling our core services, secure our data, provide governance and the availability of development tools. Everything hosted from highly energy-efficient data centers provided by Amazon Web Services. For 2021 we calculated our cloud services

footprint in 9.7 MTCO₂e (metric tons of carbon dioxide equivalent) which to provide a more day-to day perspective, equals the emissions of one-way car travel across Mexico from Cancún to Tijuana (approximately 4,700 kilometers). **During the year we also estimated the emissions saved by 25.9 MTCO₂e due to the usage of efficient infrastructure, technologies and services.** Besides the efforts made, we acknowledge there is still a lot to be achieved to reduce the environmental footprint, and have plans towards that goal for 2022.



ENTREPRENEURIAL ECOSYSTEM

We are aware that entrepreneurs not only need financial services for their businesses to thrive, that is why one of our business pillars is accompaniment or support, where we foster value added initiatives and resources such as:



Alliance AMMJE- Konfio, Mexico City, 2022

- **Sponsorship and participation in sectorial expos and summits** across Mexico such as logistics, retail, industrial sourcing, and SME focused associations.
- Advocacy towards strengthening women's leading role in in the economy. To this end we supported Mexican women business organizations such as **the annual AMMJE summit, 10,000 Mujeres por México, WEDO México, among others.**
- **We also took part of learning networks from the financial sector.** BID Invest was very generous at providing scholarships to the **All Stars Academy** sponsored by the Financial Alliance for Women.



- Trough our blog, both clients and non clients, can find relevant information on current business topics in a very succinct format. **On average our blog welcomes more than 360k monthly visits.** We aim to be the trusted source of business information for entrepreneurs.
- Hosted 2 seasons of **Voices Konfio**, our podcast featuring business experts in fields of interest for SMEs.

OUTLOOK 2022

In regards to the environment, **we look forward to become 100% paperless by eliminating the need to print and sign contracts** which by 2021 was the single step in our service journey that involved using paper.

We will also seek partnerships with NGOs to make the physical elements of our products such as those related to credit cards and Points of sale to have better environmental qualities.

In the social dimension we will continue to strengthen our commitment with women's empowerment both in Konfio's operations and within the business ecosystem.

To continue strengthening our governance structure we plan to reinforce our committees and implement an updated version of our whistleblower system that will be independently managed and extended to external stakeholders both in English and Spanish.

During 2022 we'll deploy our updated sustainability and impact strategy and model, that widens the materiality scope, as well as improve our impact measurement and reporting methodology by adopting relevant industry standards.



06

Investors and lenders

We are both inspired and committed by our investors and lenders' trust and guidance. **With their expertise in our industry and by being impact driven, they have been instrumental in strengthening the processes of credit analysis, impact measurement and reinforcing our corporate governance.**

Konfío

We want to hear from you.

You can contact us at impacto@konfio.mx



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