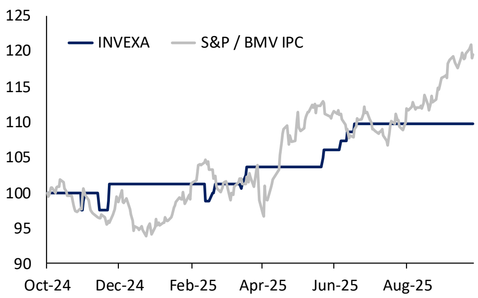
MGR GLOBAL RESEARCH

INVEX: 3Q25 Results

Positive quarter supported by continued consumer loan portfolio growth

INVEX A	BUY
Target Price (MXN$)	$ 143.00
Current Price (MXN$)	$ 90.00
Min / Max (L12M)	$80.00 - 90.00
Expected Dividend (MXN$)	$ 0.57
Expected Return	59.5%
Market Cap (MXN$ Mn)	14,679
Oustanding Shares (Mn)	163.1
Float	66.7%
6-month ADTV (MXN$ Mn)	$ 1.3



Opinion and recommendation

INVEX reported favorable quarterly results, with 17% net income growth to MXN$534 million, slightly higher than our projections. We reiterate our BUY recommendation and are raising our target price to MXN$143.0/share, from MXN$142.00/share. We believe that INVEX's low multiples (P/BV of 0.9x and estimated 2026 P/E of 6.0x) do not adequately reflect the company's prospects and its attractive business model.

3Q25 Results

The financial business was this quarter's main driver, with a 34% YoY increase in operating revenues and 49% in pre-tax income. Additionally, it showed significant sequential improvement in the net interest margin and adjusted net interest margin. The loan portfolio maintained a favorable trajectory with 20% annual growth, including a 28% increase in the consumer loan portfolio. Despite this, asset quality remained solid, with a 2.2% NPL ratio at the end of 3Q25, in line with that of 3Q24, and a 15.8% capitalization ratio. INVEX has 1.3 million credit cards and expects to launch more financial products to support its growth. Banco Invex recently carried out a MXN$5 billion Cebures issuance that will complement its funding. It expects to carry out another similar issuance early next year.

In the Energy Transition business, revenues decreased 12% YoY as a result of lower prices, as volume rose 18% to 1,184 GWHr. However, pre-tax earnings fell 19% due to a lower supply margin, hedging costs, and currency appreciation.

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October 24th, 2025

The outlook for the Mexican business is very favorable, as INVEX plans to participate in the government's call for the Mexican private sector to develop 34 electric power plants. Additionally, the company announced that it will begin a new electric infrastructure project in Querétaro, which will start operations in 2028. The Texas business represented 18% of supply volume in the quarter, and we expect it to reach 30% in the medium term.

In Investment Promotion, INVEX received distributions of MXN$106 million in the quarter. Furthermore, the higher valuation of FMX23's CBFIs was offset by the FX impact on Itzoil's valuation. The titling process of Union Square will begin this year, and the company will start the development of vertical housing in Ensenada in 2026.

3Q25 Results

(Figures in MXN$ Mn)	3Q25	3Q25E	Diff.	3Q24	Change
Financial Margin	2,169	1,320	64.4%	1,275	70.1%
Provisions	-1,142	-1,014	12.6%	-757	50.9%
Adjusted Financial Margin After Provisions	1,027	305	236.4%	518	98.3%
Commissions Collected	1,914	1,810	5.8%	1,508	26.9%
Commissions Paid	-289	-311	-7.0%	-296	-2.4%
Trading Results	-68	137	-149.6%	286	-123.8%
Other Operating Gains (Expenses)	248	378	-34.4%	193	28.5%
Administration and Promotion Expenses	-2,042	-1,849	10.4%	-1,681	21.5%
Operating Result	790	470	68.1%	528	49.6%
Participation in Associates' Results	113	192	-41.2%	183	-38.3%
Pre-Tax Profit	903	662	36.4%	711	27.0%
Taxes	-385	-199	93.8%	-237	62.4%
Tax Rate	42.6%	30.0%		33.3%	
Results Before Minority Interest	518	464	11.8%	474	9.3%
Minority Interest	16	57	-72.0%	-18	-188.9%
Net Profit	534	521	2.6%	456	17.1%

Sum-of-the-Parts Valuation

	2025E Equity	P/BV Multiple (x)			% of Invex	Estimated Market Value
Financial Services	13,893	1.2			100%	15,975
	2025E EBITDA	**EV/EBITDA Multiple (x)**	**Total Debt**	**Equity Value**	**% of Invex***	**Estimated Market Value**
Energy	595	15.0	-	8,930	100%	8,929
Gana	1,140	14.0	1,485	14,475	15%	2,186
LICO	147	14.0	697	1,360	23%	308
Itzoil	533	11.7	2,488	3,746	26%	990
FMX23 CBFE's (IGI)				2,024	76%	1,528
FMX23 CBFE's (Capital)				329	100%	329
Other				242	68%	165
Sum-of-the-Parts						30,411
Corporate Debt						4,058
Estimated Market Value						26,353
Outstanding Shares						163
Estimated Price Per Share						$ 161.57
Liquidity Discount						11%
Adjusted Price Per Share						$ 143.00
Current Price Per Share						$ 90.00
Premium (Discount)						-37.1%

RESULTS BY BUSINESS UNIT (Figures in MXN$ Mn)	2024	2025E	2026E	2027E	2028E	2029E	2030E
Operating Revenues	21,961	27,006	29,099	31,859	35,095	38,441	42,005
Financial Services	11,311	13,993	14,785	16,113	17,775	19,389	21,047
Energy	10,650	13,013	14,314	15,746	17,320	19,052	20,958
Pre-Tax Profit	3,436	6,748	4,585	4,998	5,562	6,137	6,747
Financial Services	2,696	3,293	3,513	3,828	4,223	4,607	5,001
Energy	531	1,945	847	922	1,067	1,230	1,416
Investment Promotion	209	1,510	225	247	272	299	329

INCOME STATEMENT (Figures in MXN$ Mn)	2024	2025E	2026E	2027E	2028E	2029E	2030E
Interest Gains	21,539	23,657	25,415	27,468	29,688	32,092	34,699
Interest Expenses	-17,306	-18,100	-18,421	-20,087	-21,720	-23,721	-26,037
Financial Margin	4,233	5,557	6,994	7,380	7,968	8,371	8,661
Provisions	-3,330	-4,233	-4,582	-4,948	-5,344	-5,772	-6,233
Adjusted Financial Margin After Provisions	903	1,323	2,412	2,432	2,624	2,600	2,428
Commissions Collected	5,686	7,311	8,262	9,336	10,550	11,921	13,471
Commissions Paid	-1,074	-1,141	-1,317	-1,484	-1,662	-1,862	-2,085
Trading Results	2,190	2,032	646	682	719	759	800
Other Operating Gains (Expenses)	686	2,257	1,118	1,262	1,406	1,550	1,694
Administration and Promotion Expenses	-6,292	-7,653	-8,418	-9,260	-10,186	-11,204	-12,325
Operating Result	2,099	4,130	2,703	2,967	3,451	3,763	3,983
Participation in Associates' Results	755	1,892	671	704	740	777	815
Pre-Tax Profit	2,854	6,022	3,374	3,672	4,190	4,540	4,798
Taxes	-858	-2,121	-1,012	-1,102	-1,257	-1,362	-1,440
Results Before Minority Interest	1,996	3,901	2,362	2,570	2,933	3,178	3,359
Minority Interest	-73	-462	73	79	91	98	104
Net Profit	1,923	3,439	2,435	2,650	3,024	3,276	3,463

BALANCE SHEET (Figures in MXN$ Mn)	2024	2025E	2026E	2027E	2028E	2029E	2030E
TOTAL ASSETS	192,334	211,631	228,726	247,177	267,114	288,681	312,034
Loan Portfolio	45,078	53,462	59,877	67,063	75,110	84,124	94,218
Stage 1 Loan Portfolio	42,651	50,755	56,845	63,667	71,307	79,863	89,447
Stage 2 Loan Portfolio	1,395	1,521	1,703	1,907	2,136	2,393	2,680
Stage 3 Loan Portfolio	1,032	1,187	1,329	1,489	1,667	1,867	2,092
Deferred Items	-38	-42	-46	-51	-56	-61	-67
Provisions	-2,505	-3,019	-3,381	-3,787	-4,241	-4,750	-5,320
Loan Portfolio (Net)	42,535	50,401	56,450	63,225	70,813	79,312	88,831
TOTAL LIABILITIES	177,000	195,982	210,734	228,036	246,458	266,266	287,683
Traditional Deposits	53,527	58,822	64,397	70,520	77,247	84,639	92,762
ST Deposits	7,091	10,255	10,884	11,552	12,261	13,013	13,811
LT Deposits	42,892	45,037	49,765	54,991	60,765	67,145	74,195
Credit Instruments Issued	3,543	3,530	3,747	3,977	4,221	4,480	4,755
Global Deposit Account w/ no Movement	1						
Bank Loans and Other Organisms	7,154	8,854	9,397	9,974	10,586	11,235	11,925
Repo Creditors	100,582	108,556	117,504	127,190	137,675	149,023	161,308
Other Accounts Payable	9,913	15,467	15,092	15,941	16,469	16,810	17,048
Taxes Payable	602	1,515	1,515	1,515	1,515	1,515	1,515
Employee Benefits	496	534	534	534	534	534	534
Deferred Credits and Deposits	150	1,068	1,068	1,068	1,068	1,068	1,068
TOTAL CAPITAL	15,334	18,767	21,109	22,258	23,773	25,532	27,468
Minority Interest	1,230	1,597	1,797	1,894	2,023	2,173	2,338
Shareholder's Equity	14,104	17,170	19,312	20,363	21,750	23,359	25,130

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