Unifin – Illustrative Liquidation Scenario

September 25, 2023

The Company continues to support and pursue the reorganization of the Company as a going-concern through the formalization and implementation of a consensual restructuring plan, that maximizes the recoveries of all stakeholders, supported by the required majority of recognized creditors, within the existing stage of "*conciliación*" of its *Concurso* process which expires on October 29, 2023.

On Friday, September 15, 2023, the *Conciliador* filed the Company's latest proposal for a Restructuring Plan (*Convenio Concursal*) in the *Concurso Mercantil* proceedings (the "Concurso Plan"). The filing of the proposal of Concurso Plan was formally acknowledged by the Concurso Court through an order published on September 19, 2023, which allows recognized creditors to provide comments thereon to the *Conciliador* during a period of 15-business days which expires on October 11, 2023.

As a follow up to the information referred in the *eventos relevantes* (press releases) published by the Company, Unifin disclosed financial projections and materials (jointly, the "Projections") to reflect the terms of the proposal of *Concurso* Plan. The Company has published the Updated Projections on its website under the Investor section (https://ri.unifin.com.mx/en/informacion_bursatil#eventos).

The Company issued and published today a formal call to hold a Shareholders Meeting on October 12th, to adopt required resolutions, among other, to implement and effectuate the final terms of a Concurso Plan, which final terms must be negotiated by October 11. Not later than October 16, 2023, the Company and the majority of recognized creditors must agree to and sign the final version of the Concurso Plan to be able to submit it to Court approval. A judgment approving the Concurso Plan is required prior to October 29th, last day of the current stage of "conciliation". Absent reaching an agreement on the Concurso Plan during the stage of conciliation, the Company will enter a liquidation in the stage of "*quiebra*." The Company encourages all the stakeholders to avoid a *quiebra*, given the uncertainty, risk and value deterioration that are likely to accompany a liquidation.

The Company will continue to negotiate the final terms for a restructuring transaction prior to October 11, 2023; the Company believes that the proposal of Concurso Plan provides a framework for further and proactive discussion pursuant to which the Company would, if it is able to obtain the requisite support from its stakeholders during the next weeks, emerge from *Concurso*.

This document presents, solely for illustrative purposes, a summary of a liquidation scenario in the absence of reaching a consensual Concurso Plan. The Company supports a going-concern restructuring plan and does not support a liquidation scenario, which the Company believes would severely affect the recoveries of all stakeholders.

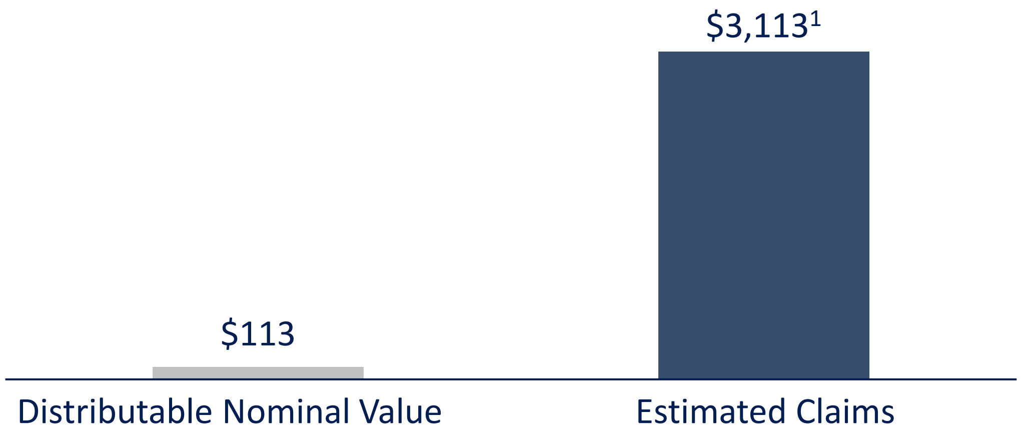
The Board of Directors, Restructuring Committee and executive management team of the Company remain focused on maintaining business continuity, achieving business stabilization, and maximizing value for the benefit of the Company and all its stakeholders, while reaffirming its commitment to generate value to the SME sector in Mexico.

Executive Summary – Unsecured Creditors Recoveries vs. Estimated Claims

In a *Quiebra* / liquidation outcome, unsecured creditors to receive at most, over a 7-year period, 3.6% nominal dollar-basis recovery (without considering the present value of such distributions), significantly less than in the Going-Concern Restructuring Plan

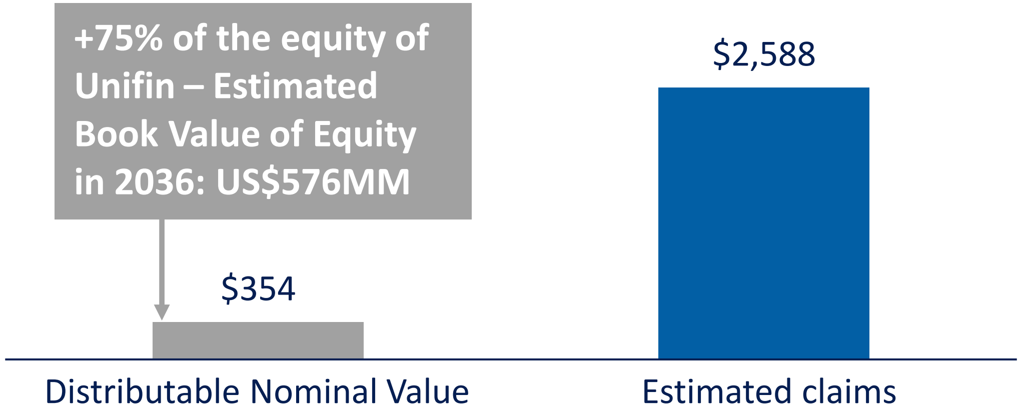
Illustrative Liquidation Scenario

In USD $MM



Going-Concern Restructuring Plan

In USD $MM



- **Unsecured creditors, with total claims of US$3.1B in a liquidation scenario, could receive distributions of US$113MM over 7 years as unique source of recovery (3.6% nominal dollar-basis recovery)**
- **In the Going-Concern restructuring plan, Total Unsecured Funded Debt of US$2.6B is estimated to receive distributions US$354MM during the same period, in addition to 75% of the equity of Unifin, with an estimated book value in 2036 of US$576MM**

Notes: (1) Includes CEBUREs, deficiency claims and other Unsecured Funded Debt

Cash Flow Overview in a *Quiebra* outcome

In USD $MM

In USD $ MM		Liquidation
Collections	$	257.9
Total Collections		**257.9**
Originations - Commited & Existing		-
Total Originations		**-**
Disbursements to Trusts and Lines of Credit		(28.7)
Disbursements to Pledge Facilities		(58.4)
New Debt - Principal		-
New Debt - Interest		-
Total Debt Payments		**(87.1)**
Operating Disbursements		(121.9)
Severance & Retention		(22.5)
Taxes		(25.0)
Other Income (Trust Fees and Insurance dividend)		-
Finance Expenses		(0.4)
Advisor Fees (excl. Transaction Costs)		(24.0)
Asset Sales		58.5
Total Net Cash Flow	**$**	**35.4**
LIQUIDITY		
Beginning Cash Balance	**$**	**77.5**
Net Cash Flow		35.4
Ending Cash Balance Before Distribution	**$**	**112.9**
Distribution to Unsecured Creditors		(112.9)
Ending Cash Balance	**$**	**-**

Annex 1

General assumptions of a non-consensual business liquidation

General assumptions of a non-consensual business liquidation

UNIFIN has prepared a cash forecast scenario to model a non-consensual business liquidation over a ~7-year period. Business liquidation scenario is a *Quiebra*, where no restructuring agreement is reached among the Company and required majority of creditors

- **Timeline and key strategic parameters:**
  - **Sep 2023 – Oct 2023: The Company continues operations under the Conciliation Stage of the Concurso Mercantil (“CM”) proceeding:**
    - Business activity during CM is constrained to collections of existing and past due portfolio, as well as the sale of non-core assets
  - **Nov 1, 2023: The Company commences a liquidation of the business under the CM protection[1] [2]**
    - Conciliation Stage ends without the Company having reached an agreement with its creditors prior to October 29th, having the Court declare the Liquidation Stage (i.e., *Quiebra*)
    - In a *Quiebra*, the administration of the Debtor’s assets is controlled by a to be appointed Liquidator (i.e., *Síndico*- selected randomly by the IFECOM) whose main responsibilities are to safeguard the Debtors’ assets and maximize creditors' recovery based on the Concurso rankings and proceed to liquidation of assets. It is a lengthy in-court legal process (subject to many variables and uncertainties), which will include motions, remedies, legal actions and delays, with high legal costs and expenses of the Debtors
    - Secured creditors (i.e., Hybrids, Bursas and Pledge facilities) successfully segregate assets comprising their portfolios under Article 71 of the Mexican Concurso Law (“MCL”), resulting in potential deficiency claims and losing all potential residual recoveries for the Company (the corresponding lenders will take title and full control of portfolios which will be potentially sold at a discount to third parties out of the control of the Company (the “stay” will be lifted))
      - UNIFIN no longer acts as servicer of these segregated portfolios
      - The collections forecast assumes no residual collections (equity) from encumbered loans starting on Nov 1, 2023, except for $12.1MM USD of available residual values of encumbered loans which legally belong to Unifin but which will be reduced due to the high costs of a lengthy in-court process (see slide 9)
    - The Company manages the run-off of its current unencumbered portfolio and sale of its unencumbered assets
    - UNIFIN is no longer a Going-Concern, which will result in a significant deterioration of collections on the regular and work-out portfolios, encumbered and unencumbered, exacerbating the trend observed from August 2022 (debtors of the accounts receivables under the portfolios will cease payments)

Notes:

(1) The *Quiebra* Stage ends with the liquidation of all the Debtors’ assets for the benefit of its recognized creditors, consistent with their respective rankings, either by the sale in an auction process or by a liquidation Plan

(2) The *Quiebra* Stage does not have a specific term and all the incurred fees and expenses during this stage (i.e., Síndico fees and expenses on the management and liquidation of the estate) shall be considered as Credit Against the Estate with priority over ordinary unsecured claims

General assumptions of a non-consensual business liquidation (cont'd)

UNIFIN has prepared a cash forecast scenario to model a non-consensual business liquidation over a ~7-year period. Business liquidation scenario is a *Quiebra*, where no agreement is reached among creditors

- **Nov 1, 2023, onwards: Treatment of pending payments to pledge facilities and Bancomext**
  - The forecast includes $87.1MM USD of payments for collections attributable to Pledge facilities and Bancomext for collections received from Aug 2022 – Oct 2023
    - These amounts are assumed to be paid beginning Jan 2024 over the next 7 months as the Company's unencumbered cash becomes available
    - Company believes that legally these amounts should be allocated to the corresponding secured debt as part of their collateral (this is not an ordinary deficiency of the value of the collateral but amounts derived from the monetization of the collateral that shall be paid to the corresponding secured creditor)
    - However, in a *Quiebra,* the *Síndico* to be designated may have another opinion and approach; parties will have right to contest the process and exercise legal actions, motions and remedies which will drive into a high-cost and lengthy in-court process, and subject to further appeals and *amparos* during various years
- **Risk Factors:**
  - Accompanying analysis does not contemplate various permutations of legal alternatives which may be taken by constituents within the capital structure, that will likely further erode the range of estimated cash flow recoveries contained within this presentation
  - Additionally, to the deficiency claims it is highly probable that secured creditors and Mexican Development Banks might initiate several legal actions during the stage of *Quiebra* to protect their rights and assets, which will prevent the sale of the assets in an orderly fashion. These legal actions would need to be defended by the *Síndico* to be designated at a Q*uiebra* Stage, which would imply additional legal costs and expenses against the estate, reducing available funds and liquidity. Any liquidity from unencumbered assets will be used to cover legal costs, expenses, fees of the *Síndico*, management of the estate, administrative costs, etc.
  - Furthermore, in a liquidation scenario, Company believes that any attempt of reactivation of any activity of Unifin would likely not be possible since the client base will be lost and there will be no support from the Mexican Government nor from other potential sources of financing
  - The analysis presented herein does not assume any sale of the business in whole or in part (except for the sale of collateral associated with past due loans)
  - The liquidation analysis does not assume any unusual further delay in collections; however, it is very likely that as a result of a *Quiebra* there will be a delay due to litigation and other challenges

Annex 2

Key premises and assumptions of collections and operating disbursements in a liquidation scenario

Key Premises and Assumptions: Collections

	Liquidation Scenario

Collections	• **Collections forecast includes collections from unencumbered loans and the sale of unencumbered assets**
	  • Encumbered collections are removed from the forecast and will be serviced outside of UNIFIN by their respective institutions. No excess equity (collections after the facility is paid-off) is assumed to be returned to UNIFIN
	  • Collections forecast only includes $12.1MM USD from residual values from encumbered loans, that belong to UNIFIN (except for one of the structures, that holds collection rights to residual values)
	• **Regular collections from the loan portfolio**. Forecast assumes a deterioration factor of 20% over the collections curves used in the Going-Concern Business Plan
	• **Collections from Work-Out portfolio**, per UNIFIN's recovery plan over the forecast period
	  • Assumes $125.8MM USD recovery ($115.2MM USD in collections, and $10.5MM USD in asset sales) from $2.0B USD **unencumbered** past-due portfolio (as of July 2023) – 6%
	    • Balance of the workout portfolio $0.9B USD is encumbered
	  • Top 200 clients analyzed for recovery assumptions
	  • For the remaining clients, deterioration factor applied based on aging and availability of collateral
	  • It is likely that as a result of a *Quiebra* there will be severe collection delays due to litigation and other challenges (existing debtors under such portfolios will stop paying and gain leverage to pay in the future with high discount rates to the final holders of such receivables)
	• **Other Income**: Excludes Trust Servicing Fees and Insurance Dividends
	• **Asset Sales**: Assumes $52.4MM USD of **unencumbered** asset sales, and $10.5MM USD of **unencumbered** work-out recoveries

Key Premises and Assumptions: Operating Disbursements

Liquidation Scenario

Operating Disbursements

In USD $ M	Nov-Dec 2023	2024	2025	2026	2027	2028
Operating Disbursements						
Payroll	$ (4.8)	$ (21.2)	$ (8.4)	$ (5.2)	$ (5.3)	$ -
Severance & Retention	(15.0)	(6.6)	(2.6)	(1.6)	(1.7)	-
Service Providers	(8.0)	(29.3)	(15.9)	(7.9)	(4.4)	-
Taxes	(1.9)	(9.9)	(4.8)	(3.9)	(3.3)	(1.8)
Insurance	(1.4)	(5.1)	(3.8)	(0.9)	(0.9)	-
Other Operating Expenses	-	-	-	-	-	-
Advisor Fees	(4.0)	(20.0)	-	-	-	-
Total Operating Disbursements	**$ (35.1)**	**$ (92.0)**	**$ (35.5)**	**$ (19.5)**	**$ (15.6)**	**$ (1.8)**

- Payments to service providers to implement the legal and operational requirements to maximize collections and value of **unencumbered** loans
- Payroll, Service Providers and Insurance costs reduced year-over-year in line with the run-off of the existing **unencumbered** loan portfolio: size of the loan portfolio, regular and work-out collections, and asset sales
- Forecast does not include assumptions related to changes to vendor terms or potential renegotiation of contracts
- The forecast includes an additional USD $24MM in Legal Costs to cover litigation in a non-consensual *Quiebra*, as well as fees for to-be-designed *Síndico*

Annex 3

Concurso Waterfall

Concurso Waterfall

The MCL classifies creditors into the following categories or classes (and with the following rankings or preferences for payment and recoveries), which must be observed on any liquidation scenarios creditors with assets under trusts will have the legal right to segregate such assets from the estate:

- **First priority claims against the "estate" of the debtor (créditos contra la masa):**
  - Special labor and social security claims (e.g., severance payments and the unpaid wages during two years prior to the Concurso judgment (formal commencement of the Concurso procedure of the debtor) and indebtedness before Social Security Institute (Special Labor Claims));
  - Debt incurred for the management of the estate (masa) of the debtor with the authorization of the *Visitador* or the *Conciliador* or the *Síndico*, as the case may be, or those credits contracted directly by the *Visitador*, *Conciliador* or *Síndico* ("DIP Financing"); or
  - Ordinary expenses for the safety of the estate assets, their repairs, conservation and management; and
  - Debt incurred from the judicial or extra-judicial acts for the benefit of the estate [1]
- **Secured creditors and secured tax claims (up to the value the collateral)**
- **The value in excess of the collateral is directed to pay subsequent debt payments to other creditors. If the value does not cover the secured debt the secured creditor shall be a common or unsecured creditor, to collect the deficiencies of its claim;**
  - Other unsecured tax claims and general labor claims (not falling within the Special Labor Claims category referred above);
  - Creditors with a special privilege, if any;
  - Common or unsecured creditors; and
  - Subordinated creditors (intercompany claims or subordinated by contract)

Note:
(1) Provided, however, that under article 225 of the Law against the secured creditors, with mortgages or pledges, or creditors with special privilege, the preference or privilege of the claims against the estate would not apply (up to the value of the corresponding collateral), except for the following claims: the Special Labor Claims referred above, the litigation expenses incurred for the defense or recovery of the goods or assets subject to the security interest of the secured claims or over those assets related to the "special privilege", and the expenses necessary for the repair, conservation and sale of those assets;

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