

GRUPO UNICOMER CORP. AND SUBSIDIARIES

**CONSOLIDATED
FINANCIAL STATEMENTS**

MARCH 31, 2021

Grupo Unicomer Corp. and subsidiaries

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March 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of
GRUPO UNICOMER CORP.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Grupo Unicomer Corp. and its subsidiaries ("the Group"), set out on pages 10 to 81, which comprise the consolidated statement of financial position as at March 31, 2021, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2021, and of the consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
GRUPO UNICOMER CORP.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of goodwill and other intangible assets

<i>Key Audit Matter [see notes 10 and 11]</i>	<i>How the matter was addressed in our audit</i>
The Group's goodwill and other intangible assets are tested annually for impairment. There is estimation uncertainty involved in forecasting and discounting future cash flows, which requires management to make significant judgment in respect of factors such as discount rates and growth rates involving future trends in the business based on internal and external sources. Additionally, the continuous effects of COVID-19 (note 30) on overall economic activity, the deteriorating trading conditions and changes in the business environment increases the risk of impairment.	Our audit procedures in response to this matter, included: • Involving our valuation specialist to evaluate the assumptions and methodologies used by management, in particular those relating to the forecasted growth in operations. Comparing management's assumptions to externally derived data as well as our own assessments in relation to key inputs such as projected economic growth, inflation, competition and discount rates and performing sensitivity analysis on these assumptions. • Assessing the reasonableness of the cash flow projections and the underlying assumptions, including agreeing inputs to source data and comparison of past budgets with actual performance. Where budgets deviated from historical performance or our expectations, we made inquiries of management to understand the nature and reasons for the variations.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
GRUPO UNICOMER CORP.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

1. Valuation of goodwill and other intangible assets (continued)

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
	Assessing the adequacy of the disclosures in the consolidated financial statements about the key assumptions and sensitivity of the impairment assessment to changes in key assumptions.

2. Measurement of expected credit losses and modifications on accounts receivable

<i>Key Audit Matter</i> <i>[see notes 4.20, 6 and 26(a)(i)]</i>	<i>How the matter was addressed in our audit</i>
The Group recognizes expected credit losses ('ECL') on financial assets, the determination of which is complex and requires management to make significant judgements and assumptions. The key areas that required greater management judgement included the determination of significant increase in credit risk ('SICR'), probabilities of default, losses given default, exposures at default and the application of forward-looking information.	Our audit procedures in response to this matter, included: - Updating our understanding of the models used by management for the calculation of expected credit losses, including governance over the determination of key judgements and estimates. - Testing the design and implementation of the controls over the determination of expected credit losses. - Testing management process over the determination of the completeness and accuracy of the key data inputs into the IFRS 9 impairment models. - Testing the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
GRUPO UNICOMER CORP.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

2. Measurement of expected credit losses and modifications on accounts receivable (continued)

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
These estimates involve increased judgment as a result of the economic impact of COVID-19 (note 30) on the Group's financial assets. Management considered the following: - qualitative factors that create COVID-19 related changes to SICR. - increased uncertainty about potential future economic scenarios and their impact on credit losses. Significant management judgement is used in determining the appropriate variables and assumptions in the model used to measure ECL. During the year, as a result of the economic impact of COVID-19; the Group granted forbearance and refinancing of loans to its customers which resulted in modification to certain receivables.	• Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the criteria used to determine SICR, independently assessing the assumptions for probabilities of default, loss given default, exposure at default and assessing the impact of loan modifications on ECL. • Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's methodology for incorporating forward-looking information and management overlays, and the economic scenarios used along with the probability weightings applied to them. • Analysing the application of the methodology for modifications for loans under forbearance and refinancing and evaluating its compliance with IFRS 9 and involving our financial risk modelling specialists to test the calculations for modification adjustments.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
GRUPO UNICOMER CORP.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

2. Measurement of expected credit losses and modifications on accounts receivable (continued)

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
The evaluation of the treatment of these modifications involves the use of judgment and making of assumptions by management. The related computations involve complexity. The use of these judgements and assumptions increases the risk of material misstatement and is therefore an area of increased audit focus.	Evaluating the adequacy of the disclosures including disclosures of the key assumptions and judgements in the consolidated financial statements.

3. Compliance with restrictive covenants in debt agreements

<i>Key Audit Matter</i> <i>[see note 14]</i>	<i>How the matter was addressed in our audit</i>
The Group has acquired substantial borrowings to finance its acquisitions as well as day-to-day operations. These financing agreements contain various covenants which include maintenance of certain financial ratios.	Our audit procedures to response to this risk included the following: Examining the relevant terms of the agreements including the debt covenants and the consequences of failure to meet the covenants.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
GRUPO UNICOMER CORP.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

3. Compliance with restrictive covenants in debt agreements (continued)

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
Compliance is determined based on the terms established in the debt agreements and, accordingly; errors in the calculations as well as the ongoing economic impact of COVID- 19 may have a significant effect on the compliance with the debt covenants.	• Identifying provisions of debt agreements that provide for liens on assets or other restrictive covenants that require disclosure. • Reperforming the calculation of the restrictive covenants on debt agreements, vouching significant items to source documentation, assessing whether compliance with covenants are supported by the calculations and verifying, where required; waivers obtained. • Assessing the adequacy of the disclosures in the consolidated financial statements.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
GRUPO UNICOMER CORP.

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 8 to 9 forms part of our auditors' report.

The engagement partner on the audit resulting in this independent auditors' report is Rajan Trehan.

A stylized, handwritten-style signature of the KPMG logo in blue ink.

Chartered Accountants
Kingston, Jamaica

July 31, 2021



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
GRUPO UNICOMER CORP.

Appendix to the Independent Auditor's report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
GRUPO UNICOMER CORP.

Appendix to the Independent Auditor's report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grupo Unicomer Corp. and subsidiaries

Consolidated statement of financial position March 31, 2021

(expressed in U.S. dollars - Note 2.2)

	<u>Notes</u>	<u>2021</u> \$'000	<u>2020</u> \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	143,438	144,654
Accounts receivable, net	6	438,941	569,142
Accounts receivable – related parties	23	5,532	4,109
Current portion of loans receivable – related parties	23	2,450	-
Inventories, net	7	320,373	286,070
Other receivables and prepayments		37,661	42,351
Current portion of deferred assets of extended warranty		14,017	19,933
Income taxes recoverable		<u>12,192</u>	<u>10,936</u>
Total current assets		<u>974,604</u>	<u>1,077,195</u>
Non-current assets			
Accounts receivable, net	6	259,537	293,780
Loan receivable – related parties	23	12,896	15,273
Property and equipment, net	8	133,377	142,310
Right-of-use assets, net	9a	149,686	178,935
Intangible assets, net	10	146,664	160,795
Goodwill	11	65,534	67,123
Employee benefits assets	12	5,471	4,468
Deferred tax assets	13	57,293	53,205
Deferred assets of extended warranty		5,836	2,069
Other assets		<u>6,507</u>	<u>5,485</u>
Total non-current assets		<u>842,801</u>	<u>923,443</u>
Total assets		<u>1,817,405</u>	<u>2,000,638</u>

The notes on pages 16-81 are an integral part of these consolidated financial statements.

Grupo Unicomer Corp. and subsidiaries

Consolidated statement of financial position March 31, 2021

(expressed in U.S. dollars - Note 2.2)

	<u>Notes</u>	<u>2021</u> \$'000	<u>2020</u> \$'000
LIABILITIES			
Current liabilities			
Accounts payable		209,422	174,806
Accounts payable – related parties	23	3,981	2,043
Bank overdrafts		1,542	4,272
Short-term borrowings	14	38,203	86,585
Current portion of long-term borrowings	14	75,875	87,795
Current portion of leases liabilities	9b	42,319	47,458
Current tax liabilities		15,817	11,984
Other payables and accruals	16	70,996	67,258
Current portion of deferred income of extended warranty	17	18,973	20,757
Provisions	19	4,748	5,210
Bonuses payable	15	7,261	7,322
Unearned premiums		<u>10,803</u>	<u>17,176</u>
Total current liabilities		<u>499,940</u>	<u>532,666</u>
Non-current liabilities			
Long-term borrowings	14	528,667	600,407
Long-term borrowings – related parties	23	5,732	-
Leases liabilities	9b	134,581	164,361
Deferred tax liability	13	11,307	14,849
Employee benefits provision	18	17,760	16,614
Deferred income of extended warranty	17	<u>87,855</u>	<u>97,000</u>
Total non-current liabilities		<u>785,902</u>	<u>893,231</u>
Total liabilities		<u>1,285,842</u>	<u>1,425,897</u>
EQUITY			
Share capital	20	152,066	152,066
Retained earnings (including statutory reserves)		500,123	520,577
Foreign currency translation reserve		(120,626)	(97,902)
Total equity		<u>531,563</u>	<u>574,741</u>
Total liabilities and equity		<u>1,817,405</u>	<u>2,000,638</u>

The notes on pages 16-81 are an integral part of these consolidated financial statements.

Grupo Unicomer Corp. and subsidiaries

Consolidated statement of profit or loss For the year ended March 31, 2021

(expressed in U.S. dollars - Note 2.2)

	<u>Notes</u>	<u>2021</u> \$'000	<u>2020</u> \$'000
Sales	21	1,128,652	1,179,172
Cost of sales		(793,588)	(832,830)
Gross profit on sales		335,064	346,342
Premium income	21	13,847	17,247
Finance income earned on credit operations	21	<u>387,358</u>	<u>435,586</u>
Total gross profit		736,269	799,175
Distribution and selling expenses	22	(374,521)	(421,109)
Administrative expenses	22	(128,153)	(128,690)
Impairment loss on account receivable	26	(122,509)	(100,086)
Remeasurement of accounts receivable at amortized cost		(47,346)	-
Other operating income and expenses		<u>21,405</u>	<u>11,685</u>
Operating profit		85,145	160,975
Financial income		2,215	604
Financial expense		(57,853)	(63,309)
Financial expense – leases liabilities	9	(15,755)	(17,835)
Loss on foreign exchange		(2,577)	(429)
Net finance costs		(73,970)	(80,969)
Profit before tax		11,175	80,006
Income tax expense	24	(33,298)	(37,671)
(Loss)/profit for the year		<u>(22,123)</u>	<u>42,335</u>

The notes on pages 16-81 are an integral part of these consolidated financial statements.

Grupo Unicomer Corp. and subsidiaries

Consolidated statement of other comprehensive income

For the year ended March 31, 2021

(expressed in U.S. dollars - Note 2.2)

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
(Loss)/profit for the year	(22,123)	42,335
Remeasurement of employee benefits obligation	1,660	(523)
Related tax on remeasurement	9	152
Currency translation adjustments	(22,724)	<u>451</u>
Other comprehensive (loss)/income for the year	(21,055)	<u>80</u>
Total comprehensive (loss)/income for the year	(43,178)	<u>42,415</u>

Grupo Unicomer Corp. and subsidiaries

Consolidated statement of changes in equity For the year ended March 31, 2021

(expressed in U.S. dollars - Note 2.2)

	Share capital \$'000 (note 20a)	Statutory reserves \$'000 (note 20b)	Retained earnings \$'000	Translation reserve \$'000	Total equity \$'000
Balance at March 31, 2019	152,066	16,928	509,408	(98,353)	580,049
Impact on initial application of IFRS 16, net of tax	-	-	(25,723)	-	(25,723)
Adjusted balances as of April 1, 2019	<u>152,066</u>	<u>16,928</u>	<u>483,685</u>	<u>(98,353)</u>	<u>554,326</u>
Total comprehensive income for the year					
Profit for the year	-	-	42,335	-	42,335
Other comprehensive income for the year:					
Remeasurement of employee benefit liabilities (assets), net of tax	-	-	(371)	-	(371)
Foreign operations – foreign currency translation differences	-	-	-	451	451
Other comprehensive income for the year, net of tax	-	-	(371)	451	80
Total comprehensive income for the year	-	-	41,964	451	42,415
Transfer to statutory reserve [note 20(b)]	-	1,461	(1,461)	-	-
Transactions with owners of the Company					
Dividends paid (note 20)	-	-	(22,000)	-	(22,000)
Total transactions with owners of the Company	-	-	(22,000)	-	(22,000)
Balances at March 31, 2020	152,066	18,389	502,188	(97,902)	574,741
Total comprehensive income for the year					
Profit for the year	-	-	(22,123)	-	(22,123)
Other comprehensive income for the year:					
Remeasurement of employee benefit liabilities (assets), net of tax	-	-	1,669	-	1,669
Foreign operations – foreign currency translation differences	-	-	-	(22,724)	(22,724)
Other comprehensive income for the year, net of tax	-	-	1,669	(22,724)	(21,055)
Total comprehensive income for the year	-	-	(20,454)	(22,724)	(43,178)
Transfer to statutory reserve [note 20(b)]	-	3,440	(3,440)	-	-
Balances at March 31, 2021	<u>152,066</u>	<u>21,829</u>	<u>478,294</u>	<u>(120,626)</u>	<u>531,563</u>

The notes on pages 16-81 are an integral part of these consolidated financial statements.

Grupo Unicomer Corp. and subsidiaries

Consolidated statement of cash flows

For the year ended March 31, 2021

(expressed in U.S. dollars - Note 2.2)

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
(Loss)/profit for the year		(22,123)	42,335
Adjustments for:			
Depreciation of property and equipment	8	19,154	20,723
Depreciation of right-of-use assets	9(a)	47,014	47,091
Amortization of intangible assets	10	18,243	9,630
Loss on disposal of property and equipment and intangible assets		1,156	3,351
Decrease in employee benefits provision	18	3,307	2,455
Decrease in provision for warranty	17	5,734	6,571
Employee benefits assets	12(f)	207	148
Impairment of accounts receivable	26	122,509	100,086
Remeasurement of accounts receivable at amortized cost		47,346	-
Financial income earned on credit operations			
Financial expenses on leases liabilities	9(c)	15,755	17,835
Net finance costs (exclude financial expenses on leases liabilities)		55,638	63,134
Income tax expense	24	<u>33,298</u>	<u>37,671</u>
		347,238	351,030
Changes in working capital:			
Increase in accounts receivable, net		(5,411)	(94,023)
(Increase) decrease in accounts receivable – related parties		(1,423)	1,491
(Increase) decrease in inventories, net		(34,303)	507
Decrease in other receivables and prepayments		4,690	678
Increase in retirement of benefits assets		(248)	(288)
Increase in other assets		(1,021)	(594)
Increase in accounts payable		33,480	926
Increase in accounts payable – related parties		719	232
Decrease in borrowings – related parties		(73)	-
Decrease in bonuses payable		(61)	(174)
Increase in other payable and accruals		3,736	350
Increase (decrease) in deferred income of extended warranty		(4,137)	(5,643)
Decrease in employee benefits provision paid		(2,213)	(1,728)
Increase (decrease) increase in other unearned premium reserve		(6,373)	(1,380)
(Decrease) increase in deferred warranty income, net		<u>(10,929)</u>	<u>2,084</u>
		323,671	253,468
Interest received		2,215	604
Interest paid		(57,853)	(63,309)
Income tax paid		<u>(42,407)</u>	<u>(47,035)</u>
Net cash flow provided by operating activities		<u>225,626</u>	<u>143,728</u>
Cash flows from investing activities			
Additions of property and equipment	8	(13,603)	(25,065)
Additions of intangible assets	10	<u>(6,505)</u>	<u>(11,198)</u>
Net cash flow used in investing activities		(20,108)	(36,263)
Cash flows from financing activities			
Proceeds from short-term borrowings		77,202	153,194
Repayments of short-term borrowings		(125,955)	(94,199)
Proceeds from long-term borrowings		58,597	162,740
Repayments of long-term borrowing		(138,036)	(175,314)
Payment of lease liabilities		(64,715)	(65,724)
Increase (decrease) in borrowings – related parties	9d	5,732	(1,384)
(Decrease) increase in overdrafts		(2,730)	1,934
Translation adjustment in respect of foreign subsidiaries		(9,807)	1,057
Dividends paid	20	-	(22,000)
Net cash used in financing activities		<u>(199,712)</u>	<u>(39,696)</u>
Net increase in cash and cash equivalents		5,806	67,769
Cash and cash equivalents at the beginning of the period	5	144,654	77,706
Effect of movements in exchange rates on cash and cash equivalents		<u>(7,022)</u>	<u>(821)</u>
Cash and cash equivalents at end of year	5	<u>143,438</u>	<u>144,654</u>

The notes on pages 16-81 are an integral part of these consolidated financial statements.

Grupo Unicomer Corp. and subsidiaries

Notes to the consolidated financial statements

For the year ended March 31, 2021

(expressed in U.S. dollars - Note 2.2)

1. Reporting entity

Grupo Unicomer Corp. ("the Company") is incorporated and registered in the Republic of Panama.

Infotech of the Caribbean and Central America Corp. ("Infotech"), owns 50.1% of the share capital of the Company, which it controls, and in turn is controlled by Milady Associates Ltd. The other 49.9% is held by Gromerón, S.L.U., which is owned by El Puerto de Liverpool, S.A.B. de C.V., a publicly traded company in Mexico.

The main activities of the Company and its subsidiaries ("the Group") are the operation of retail stores in Central America, South America, the Caribbean, and the state of New York in the United States of America. The stores sell consumer durables such as electronics, appliances, and furniture, and provide the financing for a portion of those sales. The Group also provides short-term cash loans to customers.

Certain of the Company's debt was issued on March 27, 2017, in a private placement in accordance with Rule 144A and Regulation S under the Securities Act of 1933; and it was listed on the Singapore Stock Exchange on April 3, 2017 [note 14 (c)].

2. Statement of compliance and basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board.

The financial statements on pages 10 to 81 were tabled at a meeting of the Board of Directors on June 21, 2021, and it was agreed that the Chairman approve the final issue of these financial statements, which occurred on July 31, 2021.

New and amendments standards that came into effect during the current financial year:

- a. Amendments to IFRS 16 *Leases* is effective for annual periods beginning on or after June 1, 2020, with early application permitted. It provides guidance for COVID-19 related rent concessions.

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognized in profit or loss.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration.
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

Grupo Unicomer Corp. and subsidiaries

Notes to the consolidated financial statements

For the year ended March 31, 2021

(expressed in U.S. dollars - Note 2.2)

Lessees applying the practical expedient are required to disclose:

- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognized in profit or loss for the reporting period arising from application of the practical expedient.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

This is the first set of the Group annual financial statements, in which the amendments to *COVID-19 Related Rent Concessions – Amendment to IFRS 16* have been early adopted from April 1, 2020. Changes to significant accounting policy are described in 3.

The amount recognized in profit or loss for the reporting period to reflect change in lease payments arising from rent reductions to which the lease has applied the practical expedient in paragraph 46 A are presented in note 9 Lease.

- b. Certain new and amended standards came into effect during the current financial year, none of which had any significant impact on these financial statements.

New and amendments standards and interpretations that are not yet effective

Management is evaluating the potential impact of the application of these standards and amendments on the Group's future financial statements.

- a. Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

With the amendments, convertible instruments may become current. Considering this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognized as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these will affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognized as equity when classifying liabilities as current or non-current.

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- b. Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance contracts* and IFRS 16 *Leases*, is effective for annual accounting periods beginning on or after January 1, 2021, and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) *reform*. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis. A similar practical expedient will apply under IFRS 16 *Leases* for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revised discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.
- c. Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after January 1, 2022 and for the purposes of assessing whether a contract is onerous, it clarifies those costs that comprise the costs of fulfilling the contract.

The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labor and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognize bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

- d. Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to certain standards and are effective for annual periods beginning on or after January 1, 2022. Those that affect the Company's operation are IFRS 9 *Financial Instruments* and IFRS 16 *Leases*.
 - (i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - (ii) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.
- e. IFRS 17 *Insurance Contracts*, effective for annual reporting periods beginning on or after January 1, 2023 replaces IFRS 4 *Insurance Contracts* and provides three models to apply to all insurance contracts: the general model, the variable fee approach and the premium allocation approach.

The key principles in IFRS 17 are that an entity:

- Identifies insurance contract as those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future (the insured event) adversely affects the policyholder.

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- Separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts.
- Recognizes and measures groups of insurance contracts at:
 - a) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset); and
 - b) an amount representing the unearned profit in the group of contracts (the contractual service margin)
- Recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group contract is or becomes loss making, an entity recognizes the loss immediately.
- Presents separately insurance revenue (that excludes the receipt of repayment of any investment components) and insurance finance income or expenses;
- Includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts where the coverage period is less than a year or where there are no significant expected changes in estimates before the claims are incurred.

Many of the disclosures of IFRS 4 are kept in IFRS 17. The general model requires disclosure and reconciliation of the expected present value of future cash flows, risk adjustment and contractual service margin. No reconciliation is required under the variable fee approach.

- f. Amendments to IFRS 17 *Insurance Contracts*, effective for annual reporting periods beginning on or after January 1, 2023 and provides for the following amendments to the standard:
 - Most companies that issue credit cards and similar products that provide insurance coverage will be able to continue with their existing accounting, unless the insurance coverage is a contractual feature, easing implementation for non-insurers.
 - For loan contracts that meet the definition of insurance but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract, companies that issue such loans have an option to apply IFRS 9 or IFRS 17, reducing the impact of IFRS 17 for non-insurers.
 - In measuring the contractual service margin; companies will choose to apply either a 'period-to-period' or 'year-to-date' approach, allowing greater opportunity for consistency with current practice and for subsidiaries to align reporting with their parent, revenue and profit emergence will better reflect performance of the wide range of insurance products and the services they provide to customers' allocating insurance acquisition cash flows to future renewal groups reduces the risk of groups becoming onerous solely from acquisition expenses paid relating to future renewals, the allocation is revised at each reporting period to reflect any changes in assumptions that determine the inputs to the method of allocation used, until all contracts have been added to the group and companies now need to assess each period the recoverability of insurance acquisition cash flow assets usually on a more granular level than applied today.

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- Upon transition, companies may be able to account for acquired contracts before the transition date as liabilities for incurred claims. In many cases, companies will be required to identify and recognize an asset for insurance acquisition cash flows incurred prior to transition. Companies are not required to perform a recoverability assessment for periods prior to transition.
- In accounting for direct participating contracts risk mitigation option expanded to non-derivative assets at FVTPL and reinsurance contracts held and extended to provide relief prospectively from the transition date. If a company meets the risk mitigation option criteria before transition, it can now apply the fair value approach to the related contracts at transition. Companies applying both OCI and risk mitigation options together will be able to achieve better matching in the income statement.
- For reinsurance contracts, companies will be able to offset losses on initial recognition of direct insurance contracts based on a prescribed formula if they are covered by reinsurance contracts held, reducing accounting mismatches.
- There is relief for companies to present (re)insurance contract assets and liabilities at a portfolio level, instead of group level in the statement of financial position and income taxes specifically charged to policyholders may now be included in fulfillment cash flows, better reflecting local practice in certain jurisdictions.

2.2 Functional and presentation currency

Items included in the financial statements of the Company and each subsidiary are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). These consolidated financial statements are presented in U.S. dollars, which is the Company's functional currency. The values presented in the consolidated financial statements have been rounded to the nearest thousands (\$'000) unless otherwise stated.

2.3 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the retirement benefits asset which is recognized as the difference between the present value of the defined benefit obligation at reporting date and the fair value of the plan assets together with adjustments for actuarial gains and losses and past service costs.

2.4 Judgements and estimates

The preparation of consolidated financial statements in conformity with IFRS management to make estimates and assumptions that affect the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements made in applying the Group's accounting policies and the key areas of estimation uncertainty that have the most significant effect on the amounts recognized in the financial statements, and or that have a significant risk of material adjustment in the next financial period, are as follows:

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a. Judgment in applying revenue recognition policy

Finance charges on customer accounts receivable are recognized over the life of the related contract using the “sum of the digits” method which management has determined approximates to a constant rate of return on the net investment.

b. Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Allowance for impairment losses on accounts receivable

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions makes uncertainty inherent in such estimates.

(ii) Net realizable value of inventories

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing as at that date. Estimates of net realizable value also take into consideration the purpose for which the inventory is held.

(iii) Employee benefit assets and post-employment benefit obligations

The amounts recognized in the Group's statements of financial position and profit or loss and other comprehensive income for certain pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognized include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations and the expected rate of increase in medical costs for post-retirement medical benefits.

The expected return on plan assets considers the long-term returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimated yield on long-term government securities that have maturity dates approximating the term of the Group's obligation. The estimate of expected rate of increase in medical costs is determined based on inflationary factors.

Any changes in the foregoing assumptions will affect the amounts recorded in the consolidated financial statements for these obligations.

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(iv) Intangible assets and goodwill

As discussed in notes 10 and 11, management has made certain key assumptions with respect to the discounted cash flow projections for the purpose of impairment testing of intangible assets and goodwill, respectively.

(v) Provisions for warranties

The Group recognizes the estimated liability to repair or replace products for up to one year in respect of items still under warranty at the reporting date. This provision is calculated based on the history of the level of repairs and replacements.

3. Changes in significant accounting policies

The Group has early adopted *COVID-19 Related Rent Concessions – Amendment to IFRS 16* issued on May 28, 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee - i.e., for leases to which the Group applied the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications.

4. Significant Accounting Policies

Except for the change described in note 3, the Group has consistently applied the accounting policies set out below to all periods presented in these financial statements.

4.1 Basis of consolidation

a. Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquired; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.
- when the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date.

b. Subsidiaries

Subsidiaries are those entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The company and its subsidiaries are collectively referred to as "The Group".

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c. Loss of control

On the loss of control, the Group derecognizes the asset and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

d. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The principal subsidiaries, which are all wholly-owned, are:

<u>Country of incorporation</u>	<u>Name of subsidiary</u>
<i>United States of America Group:</i>	
Panama	Facilito Overseas Holding Corp.
United States of America	Unicredit, Inc. Unicomer USA Holding, Inc. Unicomer Texas, LLC Unicomer West Coast, LLC (inactive)
<i>Latin America Group:</i>	
Panama	Unicomer Latin America Corp. Samoil International Corp.
Guatemala	Unión Comercial de Guatemala, S.A. Unicoservi, S.A.
El Salvador	Union Comercial de El Salvador, S.A. de C.V. Unicoservi, S.A. de C.V.
Nicaragua	Unión Comercial de Nicaragua, S.A. Unicoservi, S.A.
Ecuador	Unicomer de Ecuador, S.A.
Honduras	Unión Comercial de Honduras, S.A. de C.V.
Costa Rica	Unión Comercial de Costa Rica, Unicomer S.A. El Gallo más Gallo de Alajuela, S.A. Desalmacenadora Guayaquil, S.A. Importadora Punto Nueve, S.A. El Gallo de San Isidro, S.A.
Dominican Republic	Unión Comercial de República Dominicana, S.A.
Paraguay	Wisdom Product S.A. Unicomer Paraguay, S.A.

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<u>Country of incorporation</u>	<u>Name of subsidiary</u>
<i>Caribbean Group:</i>	
St. Lucia	Unicomer Caribbean Holding Co. Ltd. Unicomer (St. Lucia) Ltd. Bluestart Capital Holding Co. Ltd.
Belize	Unicomer (Belize) Ltd.
Jamaica	Unicomer (Jamaica) Ltd.
St. Kitts & Nevis	Unicomer (St. Kitts & Nevis) Ltd.
Antigua & Barbuda	Unicomer (Antigua & Barbuda) Ltd.
Dominica	Unicomer (Dominica) Ltd.
St. Vincent & The Grenadines	Unicomer (St. Vincent) Ltd. Bluestart Capital (St. Vincent) Ltd. (i)
Grenada	Unicomer (Grenada) Ltd.
Trinidad & Tobago	Unicomer (Trinidad) Ltd. Bluestart Capital (Trinidad) Ltd.
Aruba	Unicomer (Aruba) N.V. Unicon N.V. Antillian Mercantile Corporation N.V. (inactive) International Agencies Aruba N.V. (inactive) Hagemyer (Aruba) N.V. (inactive)
Guyana	Unicomer (Guyana) Inc.
Barbados	Caribbean Licensing Corporation Unicomer (Barbados) Ltd.
Curacao, Bonaire and Sint Maarten	Unicomer (Curacao) B.V.
<i>Other subsidiaries:</i>	
El Salvador	Unicomer Corporativo, S.A. de C.V.
Guatemala	Unilab Export, S.A. Laboratorio Unicomer, S.A. Bluestart, S.A. (ii)
Panamá	Global Franchising Corporation Unicorp International Services Inc. Regal Worldwide Trading (RWT) Inc. Bluestart Capital Group Corp.
United States of America	Regal Worldwide Trading LLC

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<u>Country of incorporation</u>	<u>Name of subsidiary</u>
Guyana	Bluestart Capital (Guyana) Inc.(iii)
Trinidad & Tobago	Bluestart Capital Holding Co. Ltd. (iv)
Bermuda	Canterbury Insurance Co. Ltd.

- (i) On August 26, 2019, Bluestart Capital (St. Vincent) Ltd. was incorporated under the laws of St. Vincent.
- (ii) On September 27, 2019, Bluestart, S.A. (Guatemala) was incorporated under the laws of Guatemala.
- (iii) On February 13, 2020, Bluestart Capital (Guyana) Inc. was incorporated under the laws of Guyana.
- (iv) On December 3, 2019, Bluestart Capital Holding Co. Ltd. was incorporated under the laws of Trinidad & Tobago.

4.2 Cash and cash equivalents

Cash and cash equivalents are measured at amortized cost and include cash in hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less.

4.3 Accounts receivable, net

Customer receivables are measured at amortized cost, less impairment losses. An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the contract. The amount of the allowance is the difference between the carrying amount and the recoverable amount (notes 4.10 and 4.20)

4.4 Related parties

A related party is a person or entity that is related to the Group that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the “reporting entity”, in this case, the Group).

- a. A person or a close member of that person’s family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- b. An entity is related to a Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.

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- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

4.5 Inventories, net

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated expenditures necessary to realize the sale. An impairment allowance is recognized where the recoverable amount of inventories is likely to be less than cost.

4.6 Property and equipment, net

Property and equipment are carried at cost less accumulated depreciation and impairment losses. Property and equipment of acquired subsidiaries are recognized at the fair value at the date of acquisition. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Group and its cost can be reliably measured. The costs of day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation is calculated on the straight-line basis at rates estimated to write down the assets to residual values over their expected useful lives. Land is not depreciated. Depreciation rates are as follows:

Buildings (stores and warehouses)	2.5%
Improvements to leased properties (or during the lease term)	20.0%
Computers, office equipment	33.3%
Vehicles	20.0%
Right-of-use assets	Over the term of the lease
Construction on leased properties	Over the term of the lease

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

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4.7 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on its relative stand-alone prices.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID -19-related rent concessions

The Group has applied *COVID-19-Related Rent Concessions-Amendments to IFRS 16*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

4.8 Intangible assets, net

a. Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities of the acquired entity. Goodwill is measured at cost less any accumulated impairment losses.

b. Software

Acquired computer software licenses as well as third party and internal costs directly associated with the development of software are capitalized as intangible assets based on the costs incurred to acquire and bring the specific software to use. These costs are amortized over their estimated useful lives (three to eight years). Internal costs associated with maintaining computer software programs are recognized as expense as incurred.

c. Brand names and trademarks

Brand names and trademarks are shown at cost less any impairment losses.

d. Other intangible assets

Other intangible assets including customer relationships acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

e. Amortization

Amortization is recognized in profit or loss on the straight-line basis over the estimated useful lives of intangible assets, from the date they are available for use, unless the assets are deemed to have indefinite lives. The estimated lives of the Group's customer relationships are as follows:

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Courts Caribbean	15 years
Artefacta Ecuador	10 years
Gollo Costa Rica	10 years
Electrofacil Paraguay	10 years

The trademarks acquired by the Group are assessed to have indefinite useful lives and are tested annually for impairment.

4.9 Deferred assets of extended warranty

Policy acquisition costs are deferred on a basis consistent with that used for deferring premium income.

4.10 Impairment of assets

Financial assets

The Group recognizes loss allowances for expected credit loss (ECLs) on:

- financial assets measured at amortized cost; and
- contract assets

At each reporting date, the loss allowance for the financial asset, is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

If at the reporting date, the credit risk has not increased significantly since initial recognition, the allowance for losses is measured for the financial asset at an amount equal to twelve month expected credit losses.

The Group assumes that the credit risk of financial assets has significantly increased if they are more than 30 days past due or if there is a refinancing up to 90 days. All loans more than 90 and up to 270 days past due are considered loans with objective evidence of impairment at the reporting date. Write-off occurs when a loan accumulates more than 270 days past due. Recovery actions continue after cancellation.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset, that are discounted from the expected date of derecognition to the reporting date, using the original effective interest rate of the existing financial asset.

The Group uses judgement when considering the following factors that affect the determination of impairment:

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Macroeconomic factors, forward looking information and multiple scenarios

- a. The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and forward-looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination.
- b. Measurement of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions, and forecasts of future economic conditions. The Group uses three scenarios that are probability weighted to determine ECL.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized costs are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities to comply with the company's procedures for recovery of amounts due.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount.

4.11 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation arising from past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be estimated reliably.

4.12 Provisions for warranties

The Group recognizes the estimated liability to repair or replace products for up to one year in respect of items still under warranty at the reporting date. This provision is calculated based on the history of the level of repairs and replacements.

4.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in income over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as property and equipment.

Debt issuance costs represent financing and certain related fees associated with securing long-term borrowings. Amortization is charged to profit or loss on the effective interest basis over the life of the related borrowings.

4.14 Account payable

Accounts payable are measured at amortized cost.

4.15 Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, statutory contributions, annual vacation leave and non-monetary benefits such as post-employment benefits related to pension.

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Employee benefits that are earned as a result of past or current service are recognized in the following manner:

a. Termination benefit obligations

In certain countries the employment laws require employers to also pay a lump sum to employees when they resign from the Group. The lump sum amount is normally based on each employee's monthly salary and years of service (see note 18). These benefits are accrued based on actuarial estimates and reflected as non-current liabilities.

b. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. The Group recognizes a liability and an expense for bonuses using a formula that takes into consideration certain factors, such as compliance with budget, growth rates, etc. The Group recognizes the provision for bonuses and other short-term employee benefits based on contractual or constructive obligations to pay these amounts as a result of past services provided by the employee and the obligation can be estimated reliably.

c. Pension benefits

Certain subsidiaries as well as their employees pay contributions to a pension plan authorized by the respective governments. The subsidiaries have no further payment obligations once the contributions have been paid. The contributions by the Group are recognized as personnel expenses when they are due.

Certain other subsidiaries participate in pension plans under the responsibility of appointed trustees (defined-benefit and defined contribution pension plans), the assets of which are held separately from those of the subsidiaries and remain under the control of the appointed trustees.

Obligations for contributions to the defined contribution pension plans are recognized as an expense in profit or loss as incurred.

The asset recognized in respect of the defined benefit plans is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of the plan assets. To the extent that the obligation is less than the fair value of the plan assets, the asset recognized is restricted to the discounted value of future benefits available to the Group in the form of future refunds or reductions in contributions.

The defined benefit obligations are determined annually by independent actuaries, using the Projected Unit Credit Method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liabilities.

The Group determines the net interest income on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit asset at the beginning of the annual period to the net defined benefit asset for the year, taking into account any changes in the asset during the period as a result of contributions and benefit payments. Net interest income and other post-retirement expenses are recognized in profit or loss. Re-measurements of the net defined benefit assets/obligations, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income.

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When the benefits of a plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

4.16 Share capital

Ordinary shares, which have equal voting rights, are classified as equity. The holders of the ordinary shares are entitled to dividends as declared from time to time by the General Shareholders Assembly. Dividends payable are recognized when declared.

4.17 Revenue recognition

Revenue from services is measured at fair value of the consideration received or receivable, net of volume rebates and sales taxes.

Performance obligations and revenue recognition policies:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

<i>Type of service</i>	<i>Nature and timing of satisfaction of performance obligations, including significant payment terms.</i>	<i>Revenue recognition under IFRS 15</i>
Sale of goods	Sales are recognized when the Group has transferred benefit and rewards to the customer, and collectability of the related receivables is reasonably assured, after sale returns and discounts.	Revenue from sales are recognized at the point in time when the goods are delivered to the customers.
Financing of sales and cash loans	Hire purchase credit charges are recognized in revenue over the life of the related hire purchase contracts so as to produce a constant rate of return on the net investment.	Revenue from hire purchase are recognized over time.
Premiums and extended warranties	Premiums are calculated based upon the sum insured for consumer payment protection. Extended warranties are optionally purchased by customers over the standard warranty period.	Premiums on payment protection policies are recorded as reported and earned over the weighted average period of the risks. Extended warranty contracts is deferred and recognized over the period of the contracts.

Interest income

Interest income on cash loans and hire purchase installment loans is recognized using in profit or loss for the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

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The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The 'amortized cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income, includes interest on financial assets measured at amortized cost, other interest income presented in the statement of profit or loss and other comprehensive income.

4.18 Financial income and expense

Interest income comprises interest on invested funds. Interest income is recognized as it accrues, using the effective interest method.

Interest expense comprises interest expense recognized in profit or loss using the effective interest method. The effective interest rate is the rate method that exactly discounts estimated future cash payments over the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of that liability.

4.19 Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit and loss except to the extent that it relates to items recognized directly to other comprehensive income, in which case it is recognized in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Group has determined that interest and penalties relate to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for under IAS 37, *Provision, Contingent Liabilities and Contingent Assets*.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes, interest and penalties may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.20 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity. In the financial statements, financial assets comprise account receivables, account receivable - related party, other receivables and cash and cash equivalents. Financial liabilities comprise borrowings, accounts payable, other accounts payable and account payable-related parties.

a. Recognition and initial measurement

The Group recognizes a financial instrument when it becomes a party to the contractual terms of the instrument. The Group initially recognizes loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by The Group is recognized as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

The Group derecognizes a financial liability when its contractual obligations expire or are discharged or cancelled.

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b. Classification and subsequent measurement

On initial recognition, The Group classifies financial assets as measured at amortized cost.

The financial assets that meet both of the conditions in a) and b) below, and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are classified as “held to collect” and measured at amortized cost.

Amortized cost represents the net present value (“NPV”) of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Accounts receivable, net
- Accounts receivable – related parties
- Other receivables

The Group initially recognizes these assets at the original invoiced or transaction amount less expected credit losses.

All financial assets not classified as measured at amortized cost, as described above. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at Fair Value through Other Comprehensive Income (“FVOCI”) as at Fair Value Through Profit or Loss (“FVTPL”) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities that are funding these assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group’s management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and

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- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. However, the information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

The Group has determined that it has one business model, which is held-to-collect.

Assessment whether contractual cash flows are solely payment of principal and interest (SPPI):

- For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers the following:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- leverage features, that modify consideration of the time value of money such as periodic reset of interest rates;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the recognition methods disclosed in their individual policy statements associated with each journal.

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Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Modifications of financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value plus any eligible transaction costs.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost does not result in derecognition of the financial asset, then the Group recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss.

Impairment of financial assets

Impairment losses of financial assets, including receivables, are recognized using the expected credit loss (ECL) model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering past events and current conditions, as well as reasonable and supportable forecasts affecting collectability. Impairment of financial assets is further detailed in note 26.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and in the case of borrowings, plus directly attributable transaction costs. The Group's financial liabilities, which includes borrowings, accounts payable, other account payable and account payable-related parties are recognized initially at fair value.

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Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described in the recognition methods disclosed in the individual policy statements associated with each item.

Derecognition

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, The Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from Group of similar transactions such as in the Group's trading activity.

4.21 Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assesses its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CEO, the group has three (3) operating segments; Caribbean Group, Latin American Group and Other.

4.22 Foreign currencies for transactions and balances

a. Transactions and balances

Transactions in foreign currency are translated into the respective functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit and loss, unless the relevant assets form part of the net investment in a foreign subsidiary, in which case any exchange gains or losses are recognized through other comprehensive income and reflected in the currency translation reserve.

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b. Group companies

The results and financial position of all the subsidiaries that have functional currencies different from the Company's functional currency are translated to U.S. dollars as follows:

- (i) Assets and liabilities are translated at the closing rate at the reporting date;
- (ii) Share capital and retained earnings are converted at historical rates; Income and expenses are translated at average exchange rates; and
- (iii) All resulting exchange differences are recognized through other comprehensive income and reflected in the currency translation reserve, a component of shareholders' equity.

5. Cash and cash equivalents

	<u>2021</u> \$'000	<u>2020</u> \$'000
Cash in bank and on hand (a)	99,893	134,744
Cash in savings accounts	41,565	7,911
Short-term bank deposits (b)	<u>1,980</u>	<u>1,999</u>
	<u>143,438</u>	<u>144,654</u>

- a. This is comprised mainly of amounts held in current accounts.
- b. The effective interest rate on short-term bank deposits range up from 0.1% to 3.0% (2020: from 0.25% to 3.2%). These deposits have an average maturity of 30 days.

6. Accounts receivable, net

- a. Accounts receivable as at March 31, 2021 and 2020 are as follows:

	<u>2021</u> \$'000	<u>2020</u> \$'000
Gross accounts receivable – customers	544,947	620,283
Gross loans receivable – customers	232,466	317,303
Gross interest receivable – customers	<u>30,421</u>	<u>27,334</u>
	807,834	964,920
Less: Allowance for expected credit losses (note 26)	<u>(109,356)</u>	<u>(101,998)</u>
	698,478	862,922
Current portion of accounts receivable, net	<u>(438,941)</u>	<u>(569,142)</u>
Non-current portion of accounts receivable, net	<u>259,537</u>	<u>293,780</u>

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- b. Current portion of accounts receivable are as follows:

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Accounts receivable – customers	341,001	417,536
Loans receivable – customers	157,926	208,792
Interest receivable – customers	<u>28,234</u>	<u>25,663</u>
Total accounts receivable due within one year	527,161	651,991
Allowance for expected credit losses	(88,220)	(82,849)
Short term accounts receivable	<u>438,941</u>	<u>569,142</u>

As a result of the COVID-19 pandemic, the Group has granted and/or has been required by law to grant two or three-month forbearance periods, to some debtors up to 30 days in arrears. Certain receivable balances were also restructured and the associated modification loss accounted for in the profit or loss. The contract modifications did not result in the derecognition of the financial assets and were accounted for as an adjustment to amortized cost; the gross carrying amounts of the account and loans receivables have been recalculated by discounting the modified contractual cash flows at the original effective rate resulting in a reduction of receivables by \$47,346,181 and have been included as a remeasurement of accounts receivable at amortized cost in the statement of profit or loss. After remeasurement, and due to the loan extensions and subsequent recovery, the Group recognized a resulting additional finance income in an amount of \$32,370,062 in the year ended March 31, 2021.

7. Inventories, net

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Merchandise for sale	235,744	240,544
Spare parts, net	6,700	6,753
Goods in-transit	86,850	48,561
Supplies	<u>774</u>	<u>574</u>
	330,068	296,432
Less: allowance for impairment	(9,695)	(10,362)
	<u>320,373</u>	<u>286,070</u>

During the year, the Group recognized an expense of \$173,243 (2020: \$505,521) to write down the inventories to their net realizable value and to recognize differences in physical counts.

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8. Property and equipment, net

	Land and building \$'000	Leasehold improvements \$'000	Furniture and fixtures \$'000	Vehicles \$'000	Computer hardware and office equipment \$'000	Projects in process \$'000	Total \$'000
Cost							
Balance as of March 31, 2019	108,121	75,578	62,257	12,140	34,055	6,121	298,272
Additions	147	1,963	4,738	1,211	2,365	14,641	25,065
Disposals	(359)	(1,524)	(1,351)	(840)	(1,625)	(1,350)	(7,049)
Sales	-	-	(227)	(253)	(859)	-	(1,339)
Transfer to intangible assets (note 10)	80	3,184	3,719	234	2,492	(9,843)	(134)
Reclassifications	1,050	11	16	-	37	(1,114)	-
Adjustments	(50)	(289)	(99)	(71)	(1,209)	(11)	(1,729)
Translation adjustments	(1,753)	(1,215)	(918)	(206)	(275)	(10)	(4,377)
Balance as of March 31, 2020	107,236	77,708	68,135	12,215	34,981	8,434	308,709
Additions	79	862	2,070	735	1,210	8,647	13,603
Disposals	(2)	(2,840)	(1,401)	(126)	(2,214)	(116)	(6,699)
Sales	-	-	(91)	(507)	(10)	-	(608)
Transfer to intangible assets (note 10)	9	2,177	505	131	456	(3,447)	(169)
Reclassifications	95	69	101	(14)	(99)	(152)	-
Adjustments	60	83	31	(152)	(7)	(216)	(201)
Translation adjustments	(1,537)	(976)	(1,213)	(230)	(466)	(139)	(4,561)
Balance as of March 31, 2021	<u>105,940</u>	<u>77,083</u>	<u>68,137</u>	<u>12,052</u>	<u>33,851</u>	<u>13,011</u>	<u>310,074</u>
Accumulated depreciation							
Balance as of March 31, 2019	26,466	55,539	40,207	7,544	25,411	-	155,167
Depreciation for the year	1,779	6,695	6,902	1,443	3,904	-	20,723
Disposals	(118)	(1,296)	(1,008)	(732)	(1,476)	-	(4,630)
Sales	-	(1)	(228)	(90)	(853)	-	(1,172)
Reclassifications	125	(121)	2	-	(6)	-	-
Adjustments	(203)	80	(197)	(61)	(1,141)	-	(1,522)
Translation adjustments	59	(1,120)	(701)	(155)	(253)	-	(2,170)
Balance as of March 31, 2020	28,108	59,776	44,976	7,951	25,588	-	166,399
Depreciation for the year	876	6,180	6,872	1,337	3,890	-	19,155
Disposals	-	(2,460)	(1,286)	(90)	(2,194)	-	(6,031)
Sales	-	-	(90)	(416)	(10)	-	(516)
Reclassifications	-	2	75	-	(77)	-	-
Adjustments	(3)	(3)	2	(7)	-	-	(11)
Translation adjustments	(327)	(659)	(782)	(159)	(372)	-	(2,299)
Balance as of March 31, 2021	<u>28,654</u>	<u>62,836</u>	<u>49,767</u>	<u>8,616</u>	<u>26,824</u>	<u>-</u>	<u>176,697</u>
Carrying amounts:							
At March 31, 2021	<u>77,286</u>	<u>14,247</u>	<u>18,370</u>	<u>3,436</u>	<u>7,027</u>	<u>13,011</u>	<u>133,377</u>
At March 31, 2020	<u>79,128</u>	<u>17,932</u>	<u>23,159</u>	<u>4,264</u>	<u>9,393</u>	<u>8,434</u>	<u>142,310</u>

9. Leases

The Group leases property for its retail stores, vehicles, technology equipment, furniture and equipment. The leases are for an average term of five years. Some of these include the option to renew for an additional period of one year or after the end of the lease term. Lease payments are renegotiated to reflect market rates.

The Group has applied the practical expedient to all rent concessions that meet the conditions in IFRS 16.

The Group leases technology equipment, printers and others in which the terms of the contract are for one year or less. These leases are short-term or low value items. The Group has elected not to recognize the right to use assets and liabilities under these leases.

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Information on lease agreements for which the Group is the lessee is presented below:

a. Right-of-use assets

	<u>Properties</u> \$'000	<u>Vehicles</u> \$'000	<u>Furniture and office equipment</u> \$'000	<u>Total</u> \$'000
Cost				
Balance as of April 1, 2019	185,841	418	263	186,522
Additions	38,893	335	-	39,228
Translation adjustments	<u>47</u>	<u>(3)</u>	<u>(8)</u>	<u>36</u>
Balance as of March 31, 2020	224,781	750	255	225,786
Additions	31,813	-	-	31,813
Disposals	(25,433)	(136)	-	(25,569)
Adjustments	418	-	-	418
Translation adjustments	<u>(6,335)</u>	<u>(17)</u>	<u>(5)</u>	<u>(6,357)</u>
Balance as of March 31, 2021	225,244	597	250	226,091
Accumulated depreciation				
Balance as of April 1, 2019	-	-	-	-
Charge for the year	46,801	232	58	47,091
Translation adjustments	<u>(241)</u>	<u>1</u>	<u>-</u>	<u>(240)</u>
Balance as of March 31, 2020	46,560	233	58	46,851
Charge for the year	46,799	170	45	47,014
Disposals	(15,802)	(118)	-	(15,920)
Adjustments	(152)	-	-	(152)
Translation adjustments	<u>(1,380)</u>	<u>(7)</u>	<u>1</u>	<u>(1,388)</u>
Balance as of March 31, 2021	<u>76,025</u>	<u>278</u>	<u>102</u>	<u>76,405</u>
Carrying amounts:				
At March 31, 2021	<u>149,219</u>	<u>319</u>	<u>148</u>	<u>149,686</u>
At March 31, 2020	<u>178,221</u>	<u>517</u>	<u>197</u>	<u>178,935</u>

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b. Lease Liabilities

Maturity analysis – contractual undiscounted cash flows:

	<u>2021</u> \$'000	<u>2020</u> \$'000
Less than one year	54,804	62,656
One to five years	116,185	143,256
More than five years	<u>54,080</u>	<u>65,772</u>
Total undiscounted lease liabilities at March 31	225,069	271,684
Less: future interest expense	(48,169)	(59,865)
Carrying amount as of March 31	<u>176,900</u>	<u>211,819</u>
Current	42,319	47,458
Non-current	<u>134,581</u>	<u>164,361</u>
Lease liabilities included in the statement of financial position at March 31	<u>176,900</u>	<u>211,819</u>
Included in the above is a lease with a related party amounting to	<u>51,804</u>	<u>58,450</u>

c. Amounts recognized in profit or loss

	<u>2021</u> \$'000	<u>2020</u> \$'000
Interest expense on lease liabilities	15,755	17,835
Variable lease payments not included in the measurement of lease liabilities	443	634
Expenses relating to short-term leases	380	3,573
Expenses relating to lease of low-value assets, excluding short-term leases of low value assets	513	324
Depreciation on right-of-use assets	<u>47,014</u>	<u>47,091</u>

d. Amounts recognized in the statement of cash flows

	<u>2021</u> \$'000	<u>2020</u> \$'000
Total cash outflow for leases	<u>64,715</u>	<u>65,724</u>

e. Extension options

The lease value determined above includes leases with an option to renew. This option is exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

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f. COVID-19 effects

The effect recognized in profit or loss generated by the concessions obtained as a result of COVID-19 as of March 31, 2021 was \$11,689.

- g. The operating lease expense for the year ended March 31, 2021 would have been \$57,271 (2020: \$72,006) if the Group had applied the previous accounting standard for leasing.

10. Intangible assets

	<u>Software</u>	<u>Brands/ trademarks</u>	<u>Customer relationships</u>	<u>Other intangibles</u>	<u>Projects in process</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Balance as of March 31, 2019	55,719	77,260	52,183	831	26,177	212,170
Additions	801	-	-	493	9,904	11,198
Disposals	(165)	-	-	-	(108)	(273)
Sales	(122)	-	-	-	(62)	(184)
Transfers	5,155	-	-	-	(5,021)	134
Reclassifications	(16,285)	-	-	-	16,285	-
Adjustments	5	-	-	-	(12)	(7)
Translation adjustments	(128)	1,037	724	-	(106)	1,614
Balance as of March 31, 2020	44,980	78,297	52,907	1,324	47,269	224,777
Additions	42	-	-	-	6,464	6,506
Disposals	(8)	-	-	-	(141)	(149)
Transfers	35,864	-	-	-	(35,695)	169
Adjustments	-	(55)	-	-	(12)	(67)
Translation adjustments	(200)	(1,920)	(1,417)	-	(89)	(3,626)
Balance as of March 31, 2021	<u>80,679</u>	<u>76,322</u>	<u>51,490</u>	<u>1,324</u>	<u>17,796</u>	<u>227,610</u>
Accumulated amortization						
Balance as of March 31, 2019	19,214	-	34,200	483	-	53,897
Charge for the year	4,340	-	5,196	94	-	9,630
Disposals	(83)	-	-	-	-	(83)
Sales	(124)	-	-	-	-	(124)
Adjustments	298	-	-	-	-	298
Translation adjustments	(76)	-	440	-	-	364
Balance as of March 31, 2020	23,569	-	39,836	577	-	63,892
Charge for the year	13,370	-	4,764	109	-	18,243
Disposals	(6)	-	-	-	-	(7)
Translation adjustments	(146)	-	(1,125)	-	-	(1,271)
Balance as of March 31, 2021	<u>36,786</u>	<u>-</u>	<u>43,475</u>	<u>686</u>	<u>-</u>	<u>80,947</u>
Carrying amounts:						
At March 31, 2021	<u>43,893</u>	<u>76,322</u>	<u>8,015</u>	<u>639</u>	<u>17,796</u>	<u>146,664</u>
At March 31, 2020	<u>21,411</u>	<u>78,297</u>	<u>13,072</u>	<u>747</u>	<u>47,268</u>	<u>160,795</u>

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11. Goodwill

- a. The movement in goodwill for the years ended March 31, 2021 and 2020 is as follows:

	<u>\$'000</u>
Balance as of March 31, 2019	66,301
Translation adjustments	<u>822</u>
Balance as of March 31, 2020	67,123
Translation adjustments	<u>(1,589)</u>
Balance as of March 31, 2021	<u>65,534</u>

- b. The goodwill balance corresponds for the acquisition in the following countries:

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Costa Rica	30,996	32,576
Paraguay	10,117	10,117
Ecuador	21,161	21,159
Caribbean countries	<u>3,260</u>	<u>3,271</u>
	<u>65,534</u>	<u>67,123</u>

Key assumptions used in the calculation of recoverable amounts of goodwill, brands/trademarks and customer relationships are discount rates, terminal value growth rates and EBITDA growth rates. The values assigned to the key assumptions represented management's assessment of future trends in the retail business in those countries and were based on both external and internal sources (historical data).

The key assumptions were as follows:

	<u>Discount rate</u>		<u>Terminal value growth rate</u>		<u>Budgeted EBITDA growth rate</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Caribbean	7.7%	7.6%	2.0%	2.0%	22.3%	8.9%
Ecuador	8.5%	9.8%	2.5%	2.5%	34.7%	25.8%
Costa Rica	9.0%	8.3%	2.5%	2.5%	4.6%	7.6%
Paraguay	7.6%	7.1%	2.5%	2.5%	21.0%	N/A*

* N/A due to EBITDA being negative

The discount rate is a post-tax measure estimated based on past experience and the weighted average cost of capital. In the case of Ecuador, it is based on a debt to equity ratio of 1.5 (2020: 1.5) at a market debt rate of 7.8% (2020: 7.8%). In the case of Costa Rica, it is based on a debt to equity ratio of 1.5 (2020: 1.5) at a market debt rate of 10.2% (2020: 10.2%). In the case of the Caribbean it is based on a debt to equity ratio of 1.5 (2020: 1.5) at market debt rate of 7.6% (2020: 7.6%). In the case of Paraguay, it is based on a debt to equity ratio of 1.5 (2020: 1.5) at a market debt rate of 6.9% (2020: 6.9%).

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Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity was determined based on management's estimate of the long-term compound annual growth rate in EBITDA, which management believes is consistent with the assumption that a market participant would make.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience and estimated specific revenue growth rates for the next five years. Once these base revenue numbers were estimated, it was assumed that prices would increase in line with forecast inflation for the next five years.

At March 31, 2021, the estimated recoverable amount of the CGU (enterprise value) exceeded the aggregate carrying amounts of investments in subsidiaries, including customer relationships, brands/trademarks and goodwill, plus net borrowings by approximately \$129.0 million (2020: \$65.7 million) in the case of Costa Rica; \$587.9 million (2020: \$451.1 million) in the case of the Caribbean; \$38.0 million (2020: \$55.9 million) in the case of Ecuador; and \$11.7 million (2020: \$11.9 million) in the case of Paraguay. In the latter case of Paraguay, the recoverable amount is after the goodwill impairment of \$36.5 million recorded in 2016.

Management has identified two key assumptions for which a reasonably possible change could cause the carrying amounts to exceed the recoverable amounts. The following table shows the percentage points (pp) by which these two assumptions would need to change individually in order for the estimated recoverable amount of the CGU to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount			
	Discount rate		Budgeted EBITDA growth rate	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Caribbean	+9.7 pp	+11.2pp	-8.1pp	-14.3pp
Ecuador	+0.8 pp	+0.6pp	-6.4pp	-2.3pp
Costa Rica	+1.3 pp	+1.1pp	-3.1pp	-2.5pp
Paraguay	+0.4 pp	+5.4pp	-4.1pp	N/A*

*N/A due to EBITDA being negative

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12. Employee benefits assets

Two subsidiaries operate defined benefit pension plans administered by insurance companies, in which some of their permanent employees participate. The companies contribute at a rate of 1.0% and 1.0%, respectively, of pensionable salaries. Employees contribute at a mandatory rate of 5.0% and 5.0% respectively and may make voluntary contributions not exceeding a further 10.0%. The plans are valued by independent actuaries annually using the Projected Unit Credit Method.

a. The amounts recognized in the statement of financial position are determined as follows:

	<u>2021</u> \$'000	<u>2020</u> \$'000
Present value of funded obligations	(24,690)	(25,876)
Fair value of plan assets	<u>30,619</u>	<u>30,344</u>
Over-funded obligation	5,929	4,468
Effect of asset ceiling	(458)	-
Asset in the statement of financial position	<u>5,471</u>	<u>4,468</u>

b. Movement in the amounts recognized in the statement of financial position:

	<u>2021</u> \$'000	<u>2020</u> \$'000
Balance at beginning of March 31, 2020	4,468	5,502
Contributions paid	248	288
Pension expense recognized in profit or loss	(207)	(148)
Re-measurement gains/(losses)		
recognized in other comprehensive income	1,245	(830)
Translation adjustments	(283)	(344)
Balance at end of March 31, 2021	<u>5,471</u>	<u>4,468</u>

c. Movement in the present value of obligation:

	<u>2021</u> \$'000	<u>2020</u> \$'000
Balance at beginning of March 31, 2020	(25,876)	(25,042)
Service costs	(399)	(384)
Interest cost	(1,482)	(1,541)
Employees' contributions	(911)	(1,128)
Benefits paid	1,106	1,099
Actuarial losses arising from:		
Experience adjustments	93	341
Changes in demographic assumptions	-	(47)
Changes in financial assumptions	1,359	(456)
Translation adjustments	<u>1,420</u>	<u>1,282</u>
Balance at end of March 31, 2021	<u>(24,690)</u>	<u>(25,876)</u>

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(expressed in U.S. dollars - Note 2.2)

d. Movement in fair value of pension plan assets:

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Fair value of plan assets at beginning of March 31, 2020	30,344	30,544
Employees' contributions	911	1,128
Employers' contributions	248	288
Benefits paid	(1,106)	(1,099)
Interest income on plan assets	2,029	1,373
Administrative expenses paid	(90)	(113)
Remeasurement loss on assets included in other comprehensive income	(20)	(152)
Translation adjustments	(1,697)	(1,625)
Fair value of plan assets at end of March 31, 2021	<u>30,619</u>	<u>30,344</u>

Plan assets consist of the following

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Equities	15,124	15,519
Fixed income securities	14,434	14,621
Investment properties and real estate investment trust fund	668	531
Other	<u>393</u>	<u>(327)</u>
	<u>30,619</u>	<u>30,344</u>

e. Change in effect of asset ceiling:

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Effect of asset ceiling at beginning of year		
Change in effect of asset ceiling	<u>458</u>	<u>-</u>
	<u>458</u>	<u>-</u>

f. Expense recognized in profit or loss:

	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Current service costs	399	384
Interest income on pension plan assets	(781)	(894)
Interest cost on obligation	499	546
Administrative expenses	<u>90</u>	<u>112</u>
Net pension expense included in personnel expenses	<u>207</u>	<u>148</u>

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- g. Amounts recognized in other comprehensive income:

	<u>2021</u> \$'000	<u>2020</u> \$'000
Remeasurement gain/loss on obligations	(1,460)	160
Change in financial assumptions	458	-
Remeasurement gain/loss on plan assets	(243)	670
Balance at end of March 31, 2021	<u>(1,245)</u>	<u>830</u>

- h. As mortality continues to improve, estimates of life expectancy are expected to increase. The effect on the projected benefit obligation of an increase of one year in the life expectancy is approximately \$176,422 (2020: \$256,427).

- i. Sensitivity analysis on projected benefit obligation:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the long-term discount rate would cause some increase in the benefit obligation.

	<u>2021</u>		<u>2020</u>	
	1% decrease	1% increase	1% decrease	1% increase
Discount rate	1,372	(337)	2,286	(1,020)
Future salary increases	(230)	337	(557)	717

- j. Liability duration:

	<u>2021</u>	<u>2020</u>
Active members and all participants (years)	<u>12.71</u>	<u>19.51</u>

Defined contribution plans:

The subsidiaries' contributions for the year aggregated \$233,902 (2020: \$448,543).

- k. The estimated pension contributions expected to be paid into both defined benefit and defined contributory plans during the next financial year is \$375,101.

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13. Deferred income taxes

Deferred taxes arise from temporary differences that exist between the financial and tax bases. The detail of these accounts as of March 31, 2021 is as follows:

a. Deferred tax assets

	2021				
	At beginning of the period	Recognized in income	Recognized in equity	Translation adjustments	At the end of the period
	\$'000	\$'000	\$'000	\$'000	\$'000
		(note 24)	(note 24)		
Deferred income from extended warranty	4,082	(263)	-	71	3,890
Unearned finance income	10,264	(4,878)	-	83	5,469
Account receivable	22,403	7,221	-	(306)	29,318
Property and equipment	2,817	670	-	27	3,514
Inventories	1,254	(86)	-	-	1,168
Leases	-	5,952	-	(85)	5,867
Provision for normal warranties	505	(15)	-	(13)	477
Employee benefits	2,452	797	304	9	3,562
Tax losses	1,876	1,309	-	-	3,185
Deferred credit protection insurance	-	606	-	3	609
Other	<u>7,552</u>	<u>(7,180)</u>	<u>-</u>	<u>(138)</u>	<u>234</u>
	<u>53,205</u>	<u>4,133</u>	<u>304</u>	<u>(349)</u>	<u>57,293</u>

	2020				
	At beginning of the period	Recognized in income	Recognized in equity	Translation adjustments	At the end of the period
	\$'000	\$'000	\$'000	\$'000	\$'000
		(note 24)	(note 24)		
Deferred income from extended warranty	4,178	(49)	-	(47)	4,082
Unearned finance income	8,535	1,750	-	(21)	10,264
Account receivable	19,999	2,239	-	165	22,403
Inventories	981	274	-	(1)	1,254
Property and equipment	1,961	869	-	(13)	2,817
Provision for normal warranties	403	99	-	3	505
Employee benefits	2,011	439	-	2	2,452
Tax losses	1,878	(2)	-	-	1,876
Retirement benefit assets	70	(70)	-	-	-
Other	<u>904</u>	<u>(970)</u>	<u>7,683</u>	<u>(65)</u>	<u>7,552</u>
	<u>40,920</u>	<u>4,579</u>	<u>7,683</u>	<u>23</u>	<u>53,205</u>

b. Deferred tax liabilities

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	2021				
	At beginning of the period	Recognized in income	Recognized in equity	Translation adjustments	At the end of the period
	\$'000	\$'000 (note 24)	\$'000 (note 24)	\$'000	\$'000
Deferred income from extended warranty	3,958	(558)	-	-	3,400
Hire purchase profits	7,152	(3,502)	-	(42)	3,608
Account receivable	(4,686)	110	-	64	(4,512)
Accrued interest receivable	900	1,797	-	30	2,727
Property and equipment	1,135	1,099	-	85	2,319
Deferred cost for extended warranty	984	(405)	-	4	583
Employee benefits	326	(90)	-	(2)	234
Retirement benefit assets	1,186	(128)	296	(121)	1,233
Provision for debt forgiveness	241	(150)	-	-	91
Other	<u>3,653</u>	<u>(2,112)</u>	<u>-</u>	<u>83</u>	<u>1,624</u>
	<u>14,849</u>	<u>(3,939)</u>	<u>296</u>	<u>101</u>	<u>11,307</u>
2020					
	At beginning of the period	Recognized in income	Recognized in equity	Translation adjustments	At the end of the period
	\$'000	\$'000 (note 24)	\$'000 (note 24)	\$'000	\$'000
Deferred income from extended warranty	3,813	145	-	-	3,958
Hire Purchase profits	7,172	(63)	-	43	7,152
Account receivable	(420)	(4,280)	-	14	(4,686)
Accrued interest receivable	592	316	-	(8)	900
Property and equipment	(256)	1,339	-	52	1,135
Deferred cost for extended warranty	1,097	(91)	-	(22)	984
Employee benefits	331	3	-	(8)	326
Tax loss carryforwards	(96)	96	-	-	-
Retirement benefit assets	1,645	(208)	(152)	(99)	1,186
Provision for debt forgiveness	354	(164)	-	51	241
Other	<u>2,035</u>	<u>2,118</u>	<u>-</u>	<u>(500)</u>	<u>3,653</u>
	<u>16,267</u>	<u>(789)</u>	<u>(152)</u>	<u>(477)</u>	<u>14,849</u>

As at March 31, 2021, the net deferred tax assets amounting to \$982,174 (2020: \$982,174) originated in Unicomer (Antigua and Barbuda) Ltd. have not been fully recognized in respect of the accumulated excess of tax losses and finance lease obligations over deferred tax liabilities, as management estimates that there will not be sufficient profit available to set off against the total accumulated losses.

No deferred tax assets have been recognized with regards to Union Comercial de Republica Dominicana, S.A., Unicomer Texas LLC, and Unicredit USA Inc., although the companies hold carry forward accumulated losses as per their corporate tax status.

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14. Borrowings

a. Short-term borrowings

	<u>Interest rates</u>	<u>2021</u> \$'000	<u>2020</u> \$'000
<i>Borrowings under short-term lines of credit:</i>			
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	4.50% - 4.75% (2020: 4.16% - 5.03%)	16,502	45,163
Non-U.S. dollar based local functional currencies	5.50% - 6.75% (2020: 6.00% - 15.00%)	<u>4,410</u>	<u>27,349</u>
		<u>20,912</u>	<u>72,512</u>
<i>Short-term loans:</i>			
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	4.75% (2020: NIL)	2,000	-
Non-U.S. dollar based local functional currencies	4.00% - 7.00% (2020: 7.00%)	<u>15,291</u>	<u>14,073</u>
		<u>17,291</u>	<u>14,073</u>
Total short-term borrowings		<u>38,203</u>	<u>86,585</u>

As of March 31, 2021, the Group has approved short-term revolving credit lines of up to \$128,823,520 (2020: \$131,212,454) of which \$20,912,476 (2019: \$72,512,000) were used, at annual interest rates between 4.00% and 7.00% (2020: 4.16% and 15.00%).

Also see note 25 for additional guarantees provided by the Group.

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b. Long-term borrowings		<u>2021</u>	<u>2020</u>
	<u>Interest rates</u>	<u>\$'000</u>	<u>\$'000</u>
<i>Revolving credit lines</i>			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	4.32% (2020: 6.03%)	3,632	4,545
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	3.33% - 4.75% (2020: 3.77% - 5.72%)	15,920	15,268
Non-U.S. dollar based local functional currencies	6.75% - 9.95% (2020: 8.90% - 10.50%)	<u>6,622</u>	<u>28,857</u>
		<u>26,174</u>	<u>48,670</u>
<i>Borrowings</i>			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	7.06% - 7.13% (2020: 6.00 % - 12.00%)	13,284	19,093
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	4.14% - 11.00% (2020: 5.77% - 9.16%)	368,174	384,959
Non-U.S. dollar based local functional currencies	4.50% - 10.50% (2020: 5.00% - 12.90%)	<u>200,521</u>	<u>240,247</u>
		<u>581,979</u>	<u>644,299</u>
Subtotal long-term borrowings		<u>608,153</u>	<u>692,969</u>
Less: Capitalized loan transaction costs:			
At beginning of the period		(4,767)	(5,792)
Arising on new loans		-	(15)
Amortized in interest expense for the period		1,104	1,074
Translation adjustments		<u>51</u>	<u>(34)</u>
		<u>(3,612)</u>	<u>(4,767)</u>
Carrying value of long-term borrowings		<u>604,541</u>	<u>688,202</u>

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	<u>2021</u> \$'000	<u>2020</u> \$'000
Long-term loans	(56,509)	(60,778)
Lines of credit	(19,366)	(27,017)
Current portion of long-term borrowings	(75,875)	(87,795)
Long-term portion of long-term borrowings	<u>528,667</u>	<u>600,407</u>
Current portion	75,875	87,795
Between 1 and 2 years	35,369	69,892
Between 2 and 5 years	410,420	429,794
Over 5 years	<u>86,489</u>	<u>105,488</u>
	<u>608,153</u>	<u>692,969</u>

- a. The Group has approved revolving long-term credit lines of up to \$129,624,760 (2020: \$134,089,591), of which \$26,174,248 (2019: \$44,170,000) were used, at annual interest rates between 3.33% and 11.00% (2019: 3.77% and 10.50%).
- b. Of the total long-term borrowings of the Group, loans in the amount of \$287,750,102 (2020: \$180,032,503), are priced at floating interest rates. The remaining long-term borrowings are at fixed rates.
- c. On March 27, 2017, the Company issued US\$350,000,000 Senior Unsecured Notes with a seven years term at a 7.875% fixed interest rate, in a private placement in accordance with Rule 144A and Regulation S under the Securities Act of 1933. The Notes were issued at a price of 99.998% of the principal amount.

The principal amount of the Notes is due on April 1, 2024. Interest is payable semi-annually beginning on October 1, 2017. The payment of principal, interest and premium is guaranteed by certain subsidiaries on, at least pari passu basis with any existing and future unsecured and unsubordinated indebtedness of those subsidiaries. Proceeds were used to repay short-term and medium-term debt.

The fair values of these Senior Unsecured Notes are based on the secondary market prices quoted in the OTC market. The carrying amounts and fair value of Senior Unsecured Notes are as follows:

	Carrying <u>value</u> 2021 \$'000	Fair <u>value</u> 2021 \$'000
Senior Unsecured Notes 7.875%	<u>341,734</u>	<u>357,360</u>

During the year, the Group repurchased in the market bonds in a nominal amount of \$8,266,000 at a discount. As at the balance sheet date, none of the repurchase bonds were sold.

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- d. During 2021, the Company renewed only one unsecured standby letter of credit for \$9,760,000. During the year ended March 31, 2020, the Company renewed two unsecured standby letters of credit for a total of \$15,780,000 (2019: \$15,780,000) through an international bank to secure term bonds issued by Unicomer (Guyana) Inc.
- e. On December 18, 2019, the Group raised financing from an international bank for \$7,000,000. The loan is being repaid in through quarterly installments over a five-year period.
- f. On December 20, 2019, the Group raised financing from an international bank for \$8,000,000. The loan is being repaid in through quarterly installments over a five-year period.
- g. On May 30, 2018, the Group issued a 15-year tranche and a 10-year tranche of bonds denominated in Jamaica dollars equivalent to \$31,984,640 at that time each tranche, through private placement. Both tranches had their full amounts issued.
- h. On June 29, 2018, the Group raised financing from IDB for \$15,000,000. The loan is being repaid in TT dollars through quarterly installments over a three-year period with the final installment due August, 2021. Loan was prepaid on November 16, 2020.
- i. On August 24, 2018, the Group raised financing from an international development bank for \$9,000,000. The loan is being repaid in CR colones through quarterly installments over a three-year period with the final installment due August 2021. As of March 31, 2021 the outstanding balance stood at \$1,384,396 (2020: \$4,354,282).
- j. On August 18, 2014, Unicomer Latin America Corp. executed a revolving credit line agreement up to \$15,000,000 for a term of three years. Drawdowns made under this revolving line are indexed to a variable 3-month Libor base rate plus a spread with quarterly payments of principal and interest. The revolving credit line was amended on November 30, 2016, and has an approved credit amount for \$15,000,000, and the following subsidiaries have sub-limits, under this line as follows:

<u>Name of companies</u>	<u>Sub-limit</u> \$'000
Unicomer de El Salvador, S.A. de C.V. and Unicoservi, S.A. de C.V.	15,000
Unicomer de Costa Rica Unicomer, S.A.	15,000
Unicomer de Guatemala, S.A. and Unicoservi, S.A.	10,000

As of March 31, 2021, the outstanding balance under this credit line was \$2,683,764 (2020: \$3,562,477).

Certain short-term and long-term borrowings are secured by the following assets:

	<u>2021</u> \$'000	<u>2020</u> \$'000
Accounts receivable	152,664	215,147
Inventories	2,913	13,065
Property and equipment	30,012	43,871
Vehicles	513	699
Total	<u>186,102</u>	<u>272,782</u>

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k. On February 19, 2020, a subsidiary of the Group in Guatemala raised financing from an international bank for \$9,115,960 as of March 31, 2021, the outstanding balance is \$7,813,680. The loan is being repaid in annual installments over a seven-year period		
l. On November 14, 2013, the Group issued 4 series of bonds in Trinidad and Tobago for a total of \$17,628,705, with principal payment at maturity and with original term from 1 to 2 years, which was renewed as of March 31, 2020, \$14,712,962. The amount remains outstanding at reporting year end.		
m. Financial expense for both periods can be broken down as follows:		
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Interest expenses	54,591	60,730
Amortized transactions cost and fees	1,104	1,074
Banks commissions	794	929
Fees and charges on letter of credit	653	382
Other financial expenses	<u>713</u>	<u>194</u>
Total	<u>57,855</u>	<u>63,309</u>
15. Bonuses payable		
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	7,322	7,496
Charged to results of the period	8,323	3,192
Amounts paid	<u>(8,384)</u>	<u>(3,366)</u>
Balance at end of period	<u>7,261</u>	<u>7,322</u>
Amount expected to be paid within 12 months	<u>7,261</u>	<u>7,322</u>
16. Other payable and accruals		
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Obligations to customers	5,255	8,740
Accrued expenses	17,299	18,365
Financial expenses payable	1,550	2,431
Taxes and withholdings payable	3,738	3,284
Obligations and withholdings to employees	29,702	26,832
Deferred income	2,172	1,459
Other accounts payable	<u>11,280</u>	<u>6,147</u>
	<u>70,996</u>	<u>67,258</u>
17. Deferred income of extended warranty		
	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Current portion of deferred income of extended warranty	18,973	20,757
Non-current portion of deferred income of extended warranty	<u>87,855</u>	<u>97,000</u>
	<u>106,828</u>	<u>117,757</u>

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The movement in the extended warranty deferred income liability for the years ended March 31, is as follows:

	\$'000
Balance as of March 31, 2019	118,089
Deferred income for the period	63,814
Release of deferred income for the period	(57,474)
Reversed during the year	(6,652)
Translation adjustments	(20)
Balance as of March 31, 2020	117,757
Deferred income for the period	38,867
Release of deferred income for the period	(43,004)
Reversed during the year	(5,734)
Translation adjustments	(1,058)
Balance as of March 31, 2021	<u>106,828</u>

18. Employee benefit provision

	<u>2021</u> \$'000	<u>2020</u> \$'000
Balance at beginning of year	16,614	16,503
Charges to income for the period	3,307	2,455
Provision used during the year	(2,212)	(2,260)
Translation adjustments	<u>51</u>	<u>(84)</u>
Balance at the end of the year	<u>17,760</u>	<u>16,614</u>

The main actuarial assumptions used in the calculation are: future salary increases 2.5% - 4.5% for 2021 (2020: 2.5% - 4.5%), minimum salary \$304.17 - 497.34 for both years, discount rate 3.2% - 3.27% for 2021 (2020: 3.15% - 10.65%) and staff turnover rate of 100% for both years.

Sensitivity analysis

Reasonably possible changes in the relevant actuarial assumptions at the reporting date, provided that other assumptions remained constant, would have affected the defined benefit obligation by the amounts included in the table below:

	2021		2020	
	1 pp Increase in variable \$'000	1 pp Decrease in variable \$'000	1 pp Increase in variable \$'000	1 pp Decrease in variable \$'000
Discount rate	(8,093)	9,590	(6,922)	8,035
Future salary increases	(9,321)	8,280	(7,906)	6,960
Staff turnover rate	(3,233)	3,360	(3,224)	3,362

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(expressed in U.S. dollars - Note 2.2)

19. Provisions

	<u>2021</u> \$'000	<u>2020</u> \$'000
Balance at beginning of year	5,210	4,947
Charged to profit for the year	5,275	6,571
Amount used during the year	(5,583)	(6,234)
Translation adjustments	(154)	(74)
Balance at end of year	<u>4,748</u>	<u>5,210</u>

20. Equity

a. Share capital

	<u>2021</u> \$'000	<u>2020</u> \$'000
Authorized at no par; issued and fully paid ordinary shares of \$152,066 per share:		
501 (2020: 500) Class "A" Ordinary shares	76,033	76,185
499 (2020: 500) Class "B" Ordinary shares	<u>76,033</u>	<u>75,881</u>
	<u>152,066</u>	<u>152,066</u>

b. Statutory reserves

In accordance with the local regulations, certain subsidiaries are required to allocate a portion of their annual income into a statutory reserve that is restricted from dividend distribution.

At Annual General Meeting of Shareholders held on August 25, 2019, a dividend payment of \$22,000,000 was approved from the retained earnings of the years ended before March 31, 2010.

21. Revenue

Revenue from contracts with customers comprises the Group's sales of goods and services. This is shown after deducting returns, rebates and discounts, consumption taxes and eliminating sales within the Group.

The following tables show the disaggregation of the main revenues from contracts with customers and the timing of their recognition:

	<u>2021</u> \$'000	<u>2020</u> \$'000
Product Sales	1,021,967	1,090,595
Service income, net	120,532	105,824
Financial income earned on credit operations	<u>387,358</u>	<u>435,586</u>
	<u>1,529,857</u>	<u>1,632,005</u>
Timing of revenue recognition		
Revenue recognized at a point in time	1,021,967	1,090,595
Revenue recognized over time	<u>507,890</u>	<u>541,410</u>
Total revenue	<u>1,529,857</u>	<u>1,632,005</u>

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22. Expenses by nature

- a. The following expenses have been charged in determining operating profit:

	<u>2021</u> \$'000	<u>2020</u> \$'000
Personnel expenses (note 22 b.)	239,093	264,446
Depreciation of right-of-use assets (note 9)	47,014	47,091
Depreciation of property and equipment (note 8)	19,155	20,723
Amortization of intangible assets (note 10)	18,243	9,630
Insurance	28,753	21,622
Outsourcing expenses	25,187	14,715
Advertising	19,677	31,929
Commissions and others	17,022	15,316
Freight expenses	15,942	19,302
Professional fees	11,944	11,148
Telecommunications	10,957	12,732
Utilities	10,138	13,905
Repairs and maintenance	9,953	12,515
Maintenance and leasing computer equipment	8,623	9,620
Security services	6,979	7,424
Municipal tax	3,031	2,757
Travel expenses	2,092	6,416
Charitable donations	1,174	1,670
Administrative services	509	755
Operating leases	(7,998)	7,594
Other operating expenses, net	<u>15,186</u>	<u>18,489</u>
	<u>502,674</u>	<u>549,799</u>
Comprising:		
Distribution and selling expenses	374,521	421,109
Administrative expenses	<u>128,153</u>	<u>128,690</u>
	<u>502,674</u>	<u>549,799</u>

- b. Personnel expenses incurred for the years are as follows:

	<u>2021</u> \$'000	<u>2020</u> \$'000
Wages and benefits	155,030	171,388
Commissions	38,065	45,147
Social security and pension cost	22,831	26,144
Other employee benefits	<u>23,167</u>	<u>21,767</u>
	<u>239,093</u>	<u>264,446</u>

The average number of full-time-equivalent employees for the year ended March 31, 2021, 12,972 (2020: 14,399).

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(expressed in U.S. dollars - Note 2.2)

23. Related party balances and transactions

The main transactions and balances between related parties for the years ended March 31, are as follows:

- a. The profit for the year includes the following expenses, revenue earned and other transactions with related parties:

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Revenues		
Administrative services	1,055	1,512
Logistics services	4,423	6,088
Sale of goods	334	268
Interest income on loan granted to related company	619	340
Costs and expenses		
Leasing	9,377	8,669
Expenses for logistic services	-	2,900
Charges for technology services	-	4,347
Purchase of fixed assets	-	7
Purchase of merchandise	110	306
Expenses for financial interest	174	34
Expenses for service repairs	6	-
Other transactions		
Dividend payments – Parent company	-	22,000
Proceeds of borrowings	10,057	-
Repayments of borrowings	(35,886)	(26,979)

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b. The following related party balances are included in the statements of financial position as follows:

i. Accounts receivable – related parties:

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
<i>Redstart Investment group:</i>		
Redstart Investment Ltd.	1,520	992
Redstart Investments (Jamaica) Ltd.	1,355	-
Redstart Investments (Trinidad and Tobago) Ltd.	622	891
Unicon Investments (Aruba) N.V.	472	472
Redstart Investments (Guyana) Inc.	330	411
Inversiones y Valores Comerciales, S.A. de C.V.	324	58
Redstart Investments El Salvador, S.A. de C.V.	214	178
Redstart Investments (A&B) Ltd.	159	19
Redstart Investments San Cristobal Ltd.	82	72
Redstart Investments Ltd.	56	138
Redstart Investments (Grenada) Ltd.	11	-
Sociedad de Ahorro y Crédito CREDICOMER, S.A.	5	15
Redstart Costa Rica, S.A.	<u>2</u>	<u>-</u>
	<u>5,152</u>	<u>3,246</u>
<i>Other related companies:</i>		
Almacenes Siman, S.A. de C.V. (El Salvador)	145	401
Sites S.A. de C.V.	85	172
Blue Jay (St Lucia) Inc.	58	58
Almacenes Siman S.A. (Guatemala)	54	26
Servicios Liverpool, S.A. de C.V.	18	-
Catco Corp	8	12
Milady Associate Ltd.	5	147
Inversiones Simco S.A. de C.V.	4	3
Almacenes Siman S.A. (Nicaragua)	2	12
Intradeco Apparel, Inc.	1	1
Almacenes Siman S.A. (Costa Rica)	-	1
Distribuidora Agelsa, S.A. de C.V.	-	14
Impresos Diversos, S.A. de C.V.	-	5
Intratext de El Salvador S.A. de C.V.	-	3
Inversiones Mercado Común, S.A. de C. V.	-	1
Intradeco Export, S.A. de C.V.	<u>-</u>	<u>7</u>
	<u>380</u>	<u>863</u>
	<u>5,532</u>	<u>4,109</u>

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ii. Accounts payable – related parties:

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
<i>Redstart Investment group:</i>		
Redstart Investments Ltd.	1,590	-
Unicon Investments (Aruba) N.V.	240	235
Sociedad de Ahorro y Crédito CREDICOMER, S.A.	198	5
Redstart Investments San Cristobal Limited	176	-
Redstart Investments (Trinidad and Tobago) Ltd.	159	-
Redstart Investment Ltd.	34	34
Redstart Investments (A&B) Ltd.	15	68
Redstart Investments (Grenada) Ltd.	6	6
Redstart Costa Rica, S.A.	1	-
Redstart Investment Honduras, S.A. de C.V.	-	36
Redstart Investments El Salvador, S.A. de C.V.	-	2
	<u>2,419</u>	<u>386</u>
<i>Other related companies:</i>		
Sites S.A. de C.V.	853	896
Almacenes Siman S.A. (Guatemala)	358	338
Intradeco Inc.	333	96
Almacenes Siman, S.A. de C.V. (El Salvador)	15	246
Intraloxix, S.A. de C.V.	2	-
Inversiones Simco S.A de C.V.	1	-
Impresos Diversos, S.A. de C.V.	-	18
Eurotiendas de Honduras, S.A. de C.V.	-	3
Intertiendas de Honduras, S.A. de C.V.	-	1
Distribuidora Agelsa , S.A. de C.V.	-	59
	<u>1,562</u>	<u>1,657</u>
	<u>3,981</u>	<u>2,043</u>

iii. Loans receivable – related parties:

Redstart Investment Ltd.	4,675	2,450
Unicon Investments (Aruba) N.V.	2,197	4,364
Redstart Investments (A&B) Ltd.	1,200	1,200
Inversiones y Valores Comerciales, S.A. de C.V.	<u>7,274</u>	<u>7,259</u>
	15,346	15,273
Current portion of loans receivable – related parties	(2,450)	-
Non-current portion of loans receivable – related parties	<u>12,896</u>	<u>15,273</u>

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iv. Borrowings – related parties:

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Redstart Investments (Trinidad and Tobago) Ltd.	5,577	-
Redstart Investment Honduras, S.A. de C.V.	<u>155</u>	<u>-</u>
	<u>5,732</u>	<u>-</u>

c. Compensation to key personnel of the Group:

For the years ended March 31, the Group has recognized the following amounts of compensation to its key management personnel and directors:

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Salaries and short-term benefits	9,206	10,210
Statutory contributions	161	188
Other	<u>956</u>	<u>1,028</u>
	<u>10,323</u>	<u>11,426</u>

24. Income taxes

a. Tax expense for the year comprises the following:

	<u>2021</u>	<u>2020</u>
	\$'000	\$'000
Current income tax expense:		
Income tax	34,035	40,831
Other (alternative minimum taxes)	<u>6,853</u>	<u>2,708</u>
	40,888	43,539
Deferred tax expense:		
Effect of tax losses	(7,590)	(5,868)
	<u>33,298</u>	<u>37,671</u>

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b. Reconciliation of effective tax expense:

Profit before taxation	11,175	80,006
Computed "expected" tax expense at subsidiaries' tax rates	19,677	26,513
Non-deductible expenses	6,754	4,530
Non-taxable income	(2,084)	(1,034)
Tax losses	(12)	(113)
Other	8,963	7,775
	<u>33,298</u>	<u>37,671</u>

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of the tax laws and prior experience.

25. Commitments

Guarantees

- a. In the ordinary course of business, Regal Worldwide Trading LLC maintains a bank facility under which the bank issues documentary and stand-by letters of credit for up to \$25,000,000 (2020: \$25,000,000) to third party vendors in connection with the purchase of inventories. The following of the Company's subsidiaries guarantee this facility as follows:

<u>Name of subsidiaries</u>	<u>Guaranty up to \$'000</u>
Unicomer de Guatemala, S.A. and Unicoservi, S.A.	6,250
Unicomer de El Salvador, S.A. de C.V. and Unicoservi, S.A. de C.V.	6,250
Unicomer de Nicaragua, S.A. and Unicoservi, S.A.	6,250
Unicomer de Honduras, S.A. de C.V.	6,250

- b. In the ordinary course of business, Regal Worldwide Trading LLC, contracted a bank facility under which the bank issues documentary and stand-by letters of credit and revolving loans for up to \$25,000,000, in connection with the purchase of inventories. Following of the Company's subsidiaries guarantee this facility as follows:

<u>Name of subsidiaries</u>	<u>Guaranty up to \$'000</u>
Unicomer de Guatemala, S.A. and Unicoservi, S.A.	6,250
Unicomer de Costa Rica S.A., El Gallo Más Gallo de Alajuela, S.A.	
Importadora Punto Nueve, S.A., Desalmacenadora Guayaquil, S.A.	
El Gallo de San Isidro, S.A.	6,250
Unicomer de Nicaragua, S.A. and Unicoservi, S.A.	6,250
Unicomer de Honduras, S.A. de C.V.	6,250

- c. During the year ended March 31, 2021, the Company renewed only one unsecured standby letter of credit for \$9,760,000 (2020: two stand-by letters of credit for \$15,780,000) through an international bank to secure term bonds issued by Unicomer (Guyana) Inc.

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- d. During the years ended March 31, 2021 and 2020, the Company renewed a one-year unsecured standby letter of credit for a total of \$15,000,000 through an international bank to secure a term loan granted to Unicomer Paraguay, S.A. by a local bank.
- e. During the years ended March 31, 2021 and 2020, the Company renewed a one-year unsecured standby letter of credit for a total of \$6,700,000 through an international bank to secure a term loan granted to Unicomer Republica Dominicana S.A. by a local bank.

26. Financial instruments

Financial risk factors and management

The Group has exposure to the following financial risks from its use of financial instruments in its business:

- Credit risk
- Liquidity risk
- Market risk

Management seeks to minimize potential adverse effects on the financial performance of the Group by applying procedures to identify, evaluate and manage these risks, based on guidelines set by the Board of Directors.

(i) Credit risk:

This is the risk that one of the parties to the financial instrument will fail to meet its obligations and cause a financial loss to the other party. The Group does not have a significant concentration of credit risk related to accounts receivable portfolio due to a broad and diverse customer base, which does not show a relevant concentration in a single agent or person, whether individual or legal. For products sold on credit, the Group tends to erase the loan balance of the customer if the financed product is returned. In the Caribbean, the commercial practice of financing purchases is through hire-purchase contracts under which title to the product passes to the customer upon payment of a certain percentage of the original balance. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. Accounts receivable from customers are presented net of the allowance for impairment, which reflects management's estimates of expected collection losses.

The maximum credit exposure to credit risk is represented by the carrying amount of each financial asset.

Management performs ongoing analysis of the ability of its customers and other counterparties to meet repayment obligations. Globally, the COVID-19 pandemic has resulted in market volatility, which has increased the Group's credit risk. Management has taken these circumstances into account in determining expected credit loss provisions.

Cash and cash equivalents

Cash and short-term investments are held with reputable and regulated financial institutions, which present minimal risk of default.

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Related party balances

The Group assesses each related entity's ability to pay if payment is demanded as at the reporting date. Management reviews recovery scenarios considering given economic conditions and the counterparties liquidity over the expected life of the recoverable. The expected credit losses are calculated on this basis.

Maximum exposure to credit risk

The carrying value of financial assets represents the maximum exposure to credit risk.

	Note	<u>2021</u> \$'000	<u>2020</u> \$'000
Cash and cash equivalents	5	143,438	144,654
Accounts receivable, net	6	698,478	862,921
Accounts receivable – related parties	23	5,532	4,109
Loans receivable – related parties	23	15,346	15,273
Other account receivable		<u>37,662</u>	<u>42,351</u>
		<u>900,456</u>	<u>1,069,308</u>

Account receivable – customers

The entity uses an expected credit loss risk model to measure expected credit losses on accounts receivable – customers.

The credit risk model is based on its historical default rates observed over the expected life of accounts receivable and customer balances and is adjusted for forward looking estimates.

Loss rates are calculated based on the probability that a receivable will advance through successive stages of delinquency to write-off, current conditions, and economic conditions over the expected life of the receivables. The Group measures credit risk using the probability of default, exposure at default and loss given default.

The following table provides information on credit risk exposure and Expected Credit Losses for accounts receivable- customers as of March 31, 2021 and 2020.

	March 31, 2021			
Aging buckets	<u>Weighted average loss rate</u>	<u>Gross carrying amount \$'000</u>	<u>Impairment loss allowance \$'000</u>	<u>Credit impaired</u>
Stage I	3.04%	600,931	(18,268)	No
Stage II	27.14%	133,685	(36,283)	No
Stage III	74.85%	<u>73,218</u>	<u>(54,806)</u>	Yes
		<u>807,834</u>	<u>(109,357)</u>	

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Aging buckets	March 31, 2020			
	Weighted average loss rate	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
Stage I	2.81%	766,968	(21,572)	No
Stage II	19.21%	121,479	(23,331)	No
Stage III	74.85%	<u>76,473</u>	<u>(57,095)</u>	Yes
		<u>964,920</u>	<u>(101,998)</u>	

The movement in the allowance for impairment of accounts receivable as of March 31, 2021 and 2020, are as follows:

	<u>2021</u> \$'000	<u>2020</u> \$'000
At the beginning of the period	101,998	93,693
Impairment losses recognized through profit or loss	122,509	100,086
Utilized during the period	(112,893)	(91,400)
Translation adjustments	<u>(2,258)</u>	<u>(324)</u>
Balance at end of the period	<u>109,356</u>	<u>101,998</u>

Due to the nature of accounts receivable, the exposure to credit risk and the risk concentration is determined by the aging as of March 31, 2021 and 2020 as follows:

	<u>2021</u> \$'000	<u>2020</u> \$'000
0-30 days: low risk	600,931	766,968
31-90 days: increased risk	133,685	121,479
More than 90 days: high risk	<u>73,218</u>	<u>76,473</u>
	<u>807,834</u>	<u>964,920</u>

Expected credit losses measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial asset is moved to 'Stage 2' but is not yet deemed to be credit impaired. The Group uses past due information to determine when a significant increase in credit risk has occurred.
- A financial instrument that has objective evidence of impairment is moved to 'Stage 3'.

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- Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Financial assets in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. The inputs, assumptions and estimation techniques used in measuring the ECL are determined by management and included in the credit risk model. Net modification loss was considered in evaluating the impact on ECL.

(ii) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The management of the Group and its parent company seek to maintain flexibility in funding by monitoring budgeted commitments in relation to operating cash inflows and by keeping committed lines of credit available as part of Company borrowing arrangements. During the year, the Group modified its approach in the way it measures and manages liquidity risk by placing a temporary freeze on payments to some large suppliers; maintaining adequate cash balances to cover accounts payable; renegotiating loan amortization with most banks and maintaining comfortable headroom with the availability of credit lines.

Liquidity risk – non-derivative financial liabilities

The following are the contractual maturities of non-derivative financial liabilities, including estimated interest payments and excluding the impact of netting arrangements. The Group does not have any derivative financial instruments.

	2021						
	Carrying amount \$'000	Contractual cash flows \$'000	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Accounts payables	280,418	279,658	274,673	4,985	-	-	-
Accounts payable – related parties	9,713	386,948	253,416	12,499	18,613	102,420	-
Bonuses payable	7,261	7,261	7,261	-	-	-	-
Borrowings, including overdrafts	644,287	896,330	67,992	85,867	86,319	551,287	104,864
Lease liabilities	<u>176,900</u>	<u>271,382</u>	<u>31,880</u>	<u>28,668</u>	<u>49,416</u>	<u>90,430</u>	<u>70,988</u>
	<u>1,118,579</u>	<u>1,841,579</u>	<u>635,222</u>	<u>132,019</u>	<u>154,348</u>	<u>744,137</u>	<u>175,842</u>

	2020						
	Carrying amount \$'000	Contractual cash flows \$'000	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Accounts payables	242,064	239,060	239,060	7,508	1,810	-	-
Accounts payable – related parties	2,043	1,946	1,922	-	24	-	-
Bonuses payable	7,322	7,322	7,322	-	-	-	-
Borrowings, including overdrafts	779,059	1,083,416	104,198	109,873	130,548	596,456	133,023
Lease liabilities	<u>211,819</u>	<u>271,684</u>	<u>32,706</u>	<u>29,951</u>	<u>50,050</u>	<u>93,205</u>	<u>65,772</u>
	<u>1,242,307</u>	<u>1,603,428</u>	<u>385,208</u>	<u>147,332</u>	<u>182,432</u>	<u>689,661</u>	<u>198,795</u>

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(iii) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices risk will affect the value of the Group's assets, the amount of its liabilities and/or income. Market risk arises from fluctuations in the value of liabilities and the value of investments held. The Group is exposed to market risk on certain of its financial assets.

▪ *Currency risk:*

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to U.S. dollars. The Group does not use forward exchange derivatives to hedge its exposure to foreign exchange risk in the local reporting currencies. The Company has investments in foreign subsidiaries, whose assets are exposed to foreign currency translation risk.

Currency exposure to the net assets of the consolidated subsidiaries in Unicomer Latin America Group and Unicomer Caribbean Group are managed primarily through borrowings and suppliers' credit denominated in the relevant foreign currencies. The Group does not have liabilities or assets denominated in currencies other than the U.S. dollar or the functional currencies of its subsidiaries.

Financial assets and liabilities denominated in the Group's reporting currency, U.S. dollars:

As of March 31, 2021 and 2020, the total of assets and liabilities denominated in U.S. dollars in those subsidiaries whose functional currency is not the U.S. dollar are as follows:

	Unicomer Latin America group		Unicomer Caribbean group	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash and cash equivalents	1,339	8,385	4,895	11,517
Account receivable – related parties	434	786	26,144	9,362
Leasing deposits	903	763	61	68
Borrowings	(41,708)	(23,139)	(18,783)	(28,537)
Others account receivable and prepayments	48	1,084	1,350	1,796
Accounts payable	(12,953)	(10,985)	(2,133)	(5,552)
Borrowings of related parties	(63,184)	(41,863)	(44,163)	(46,129)
Net exposure	<u>(115,123)</u>	<u>(64,969)</u>	<u>(32,629)</u>	<u>(57,475)</u>

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Financial assets and liabilities denominated in the Group's reporting currency, U.S. dollars (continued):

The detail per country is as follows:

	2021														
	Unicomer Latin America group						Unicomer Caribbean group								
	GT	HN	NI	DO	CR	PY	BB	BZ	OECS	GY	JM	TT	ABCX	UCH	CLC
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	77	90	597	157	222	196	-	16	-	283	1,394	1,629	188	921	464
Accounts receivable – related parties	68	21	26	69	2	248	-	4	1,977	2,665	3,030	4,896	3	7,157	6,412
Leasing deposits	-	-	-	57	820	26	-	-	-	-	-	-	61	-	-
Borrowings	-	(5,000)	(21,417)	-	-	(15,291)	-	-	(5,708)	-	-	-	(13,075)	-	-
Other accounts receivable and prepayments	-	-	-	28	-	19	-	-	-	-	3	-	1,347	-	-
Accounts payable	(362)	(1,257)	(717)	(21)	(9,036)	(1,560)	-	-	(726)	-	(648)	(22)	(1,333)	-	596
Borrowings of related companies	(26,267)	(10,785)	(9,139)	(1,632)	(12,851)	(2,510)	-	-	(7,030)	(3,480)	(2,898)	(23,109)	(12,162)	(559)	5,075
Net exposure	(26,485)	(16,931)	(30,650)	(1,342)	(20,843)	(18,872)	-	20	(11,487)	(532)	881	(16,606)	(24,971)	7,519	12,547

	2020														
	Unicomer Latin America group						Unicomer Caribbean group								
	GT	HN	NI	DO	CR	PY	BB	BZ	OECS	GY	JM	TT	ABCX	UCH	CLC
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	124	65	2,304	922	3,970	1,000	-	10	-	35	8,919	2,282	272	1,640	1,943
Accounts receivable – related parties	594	49	70	67	-	6	818	31	1,460	690	2,091	4,256	16	3,781	3,326
Leasing deposits	-	-	-	-	760	3	-	-	-	-	-	-	68	-	-
Borrowings	-	-	(23,139)	-	-	-	(1,933)	-	(13,519)	-	-	-	(13,085)	-	-
Other accounts receivable and prepayments	-	-	-	1,052	25	7	-	-	-	-	7	-	1,789	-	-
Accounts payable	(1,289)	(1,034)	(553)	(46)	(7,807)	(256)	-	-	(409)	-	(2,482)	(728)	(1,933)	-	2,666
Borrowings of related companies	(14,118)	(5,520)	(3,628)	(2,863)	(14,858)	(876)	(12,358)	(3,119)	(3,892)	(3,529)	(4,096)	(1,816)	(17,319)	2,284	846
Net exposure	(14,689)	(6,440)	(24,946)	(868)	(17,910)	(116)	(13,473)	(1,538)	(16,360)	(2,804)	(4,438)	3,994	(30,192)	7,704	8,780

Unicomer Latin America group

GT – Guatemala
HN – Honduras
NI – Nicaragua
DO – Dominican Republic
CR – Costa Rica
PY – Paraguay

Unicomer Caribbean group

BB – Barbados
BZ – Belize
OECS – Dominica, Grenada, St. Vincent, St. Lucia, Antigua and St. Kitts
GY – Guyana
JM – Jamaica
TT – Trinidad
ABCX – Aruba and Curacao
UCH – Unicomer Caribbean Holding Co. Ltd.
CLC – Caribbean Licensing Corporation

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The Group does not generally engage in currency hedges, and rather aims to have financial liabilities denominated in local currencies in order to avoid currency risk. Financial assets and liabilities denominated in non-U.S. dollar currencies at the reporting date were as follows:

	2021														
	Unicomer Latin America group						Unicomer Caribbean group								
	GT \$'000	HN \$'000	NI \$'000	DO \$'000	CR \$'000	PY \$'000	BB \$'000	BZ \$'000	OECS \$'000	GY \$'000	JM \$'000	TT \$'000	ABCX \$'000	UCH \$'000	CLC \$'000
Cash and cash equivalents	18,110	22,490	81,237	19,707	2,045,979	-	5,476	10,348	13,055	1,554,161	1,628,841	405,111	1,520	-	-
Accounts receivable	426,903	969,801	686,254	104,163	98,853,269	79,598,463	48,886	25,104	147,561	7,112,410	12,412,856	423,627	14,019	-	-
Accounts receivable – related parties	155	-	108	-	-	-	413	-	3,027	69,174	-	-	-	-	-
Leasing deposits	-	-	-	4,935	112,707	167,448	-	-	732	-	-	9,694	147	-	-
Borrowings	(408,564)	(274,830)	-	(298,894)	(41,623,258)	(98,580,309)	(17,741)	-	(36,353)	(3,963,467)	(7,892,316)	(264,500)	(2,244)	-	-
Financial leases liabilities	(343,723)	(231,362)	(273,297)	(17,619)	(29,183,420)	(2,396,926)	(5,917)	(15,497)	(16,572)	(1,063,191)	(573,120)	(291,435)	(2,284)	-	-
Other accounts receivable and prepayments	21,227	969,801	741,604	162,681	96,797,115	97,779,535	(48,886)	27,411	160,835	7,312,331	522,544	443,210	20,145	-	-
Accounts payable	(13,863)	(209,855)	(86,201)	(59,855)	(24,687,779)	(11,993,124)	(2,812)	(24)	(11,231)	(404,718)	(1,012,938)	(25,230)	(991)	-	-
Borrowings of related companies	-	(3,750)	-	-	-	-	(3,866)	-	(230)	-	-	-	-	-	-
Exposure	(299,755)	1,242,295	1,149,705	(84,882)	102,314,613	64,575,087	73,325	47,342	260,774	10,634,892	5,085,877	700,477	30,312	-	-
USD equivalent	(38,879)	51,356	32,858	(1,492)	166,146	10,016	36,663	23,437	96,583	50,800	34,957	97,696	16,840	-	-
	2020														
	Unicomer Latin America group						Unicomer Caribbean group								
	GT \$'000	HN \$'000	NI \$'000	DO \$'000	CR \$'000	PY \$'000	BB \$'000	BZ \$'000	OECS \$'000	GY \$'000	JM \$'000	TT \$'000	ABCX \$'000	UCH \$'000	CLC \$'000
Cash and cash equivalents	35,823	279,210	60,917	54,280	9,928,481	11,813,589	2,152	714	15,933	726,470	1,200,245	82,471	1,583	-	-
Accounts receivable	537,894	1,171,126	605,297	383,619	104,126,714	55,624,705	60,708	34,659	171,518	11,701,195	14,784,265	636,358	16,021	-	-
Accounts receivable – related parties	-	-	-	-	-	211,693	-	-	-	-	-	-	-	-	-
Leasing deposits	-	-	-	-	616,877	-	(10,451)	-	944	-	-	-	168	-	-
Borrowings	-	(805,646)	-	(274,891)	(66,441,025)	(92,100,000)	60,184	(4,563)	(33,596)	(4,806,206)	(7,880,893)	(272,309)	(2,587)	-	-
Other accounts receivable and prepayments	14,218	1,187,129	656,346	431,032	104,104,606	63,799,835	(5,535)	33,240	179,335	11,836,576	313,038	72,428	36,947	-	-
Accounts payable	(77,533)	(414,908)	(79,543)	(126,434)	(23,273,335)	(2,581,113)	-	(153)	(9,954)	(482,648)	(1,526,322)	(6,059)	(1,136)	-	-
Financial leases liabilities	(363,219)	(308,909)	(331,670)	(137,314)	(34,385,174)	(2,581,113)	(6,471)	(16,556)	(20,877)	(1,263,130)	(652,731)	(318,214)	(3,823)	-	-
Borrowings of related companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local currency	147,083	1,108,002	911,347	330,292	94,677,144	30,884,751	(8,711)	47,341	303,303	17,712,257	6,237,602	194,675	47,173	-	-
USD equivalent	18,978	44,445	26,734	6,138	161,188	4,719	(4,356)	23,675	112,334	85,418	46,349	28,969	26,207	-	-

Exchange rates of one U.S. dollar to the relevant foreign currencies at the reporting date were as follows:

	Unicomer Latin America Group						Unicomer Caribbean Group						
	GTQ	HNL	NIQ	DOP	CRC	PYG	BBD	BZD	XCD	GYD	JMD	TTD	ANG
At March 31, 2021	7.71	24.19	34.99	56.89	615.81	6447.04	2.00	2.00	2.70	209.35	145.49	7.17	1.80
At March 31, 2020	7.75	24.93	34.09	53.81	587.37	6544.50	2.00	2.00	2.70	207.36	134.58	6.72	1.80

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Currency risk sensitivity analysis

In the Unicomer Latin America Group, management believes that the effect of an annual 5% weakening or strengthening of the U.S. dollar against the functional currencies of its subsidiaries at March 31, 2021 and 2020 is not significant to the profit reported for the Group.

In the Unicomer Caribbean Group, with the exception of the Jamaica and Trinidad dollar, all the currencies in the Group have been relatively stable against the U.S. dollar. A 6% (2020: 6%) weakening or a 2% (2020: 2%) strengthening of the Jamaican dollar against the U.S. dollar at March 31 would have resulted in an additional credit/(charge) to the profit or loss by the amounts shown below. A 5% weakening of the Trinidad dollar and a 1% weakening against the United States dollar, would have resulted in an additional credit/(charge) to profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>2021</u> Effect <u>on profit</u> \$'000	<u>2020</u> Effect <u>on profit</u> \$'000
JMD		
6% weakening (2020: 6%)	2,097	2,781
2% strengthening (2020: 2%)	(699)	(927)
TTD		
5% weakening (2020: 5%)	4,885	1,448
1% strengthening (2020: 1%)	(977)	(290)

▪ Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are influenced by changes in market rates. The Group has significant interest-bearing assets and borrowings at fixed interest rates. Based on local market conditions, the Group borrows at variable rates as the Group interest-bearing assets have an average life of less than eighteen months.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	<u>2021</u> \$'000	<u>2020</u> \$'000
Fixed rate instruments:		
Financial assets	667,515	998,285
Financial liabilities	(150,964)	(596,889)
	<u>516,551</u>	<u>401,396</u>
Variable rate instruments:		
Financial assets	230,039	143,109
Financial liabilities	(234,782)	(156,284)
	<u>(4,743)</u>	<u>(13,175)</u>

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Interest rate sensitivity

Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for material fixed rate financial assets or liabilities at fair value. Therefore, a change in interest rates at the reporting date would not affect the profit or equity recognized for the year.

Cash flow sensitivity of variable rate financial instruments

A 100-basis point change in interest rates at the reporting date would have a positive or negative effect on the results of operations in the amounts presented below. This analysis assumes that all variables remain constant. The analysis is developed under the same basis used in 2020:

	2021		2020	
	100bp increase \$'000	100bp decrease \$'000	100bp increase \$'000	100bp decrease \$'000
Effect on profit for variable rate instruments	(2,665)	2,519	(1,575)	1,480

▪ Price risk:

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market. The Group has no material exposure to such risk.

Offsetting agreement

The Group enters into offsetting agreements whereby the parties agree to offset balances owed by subsidiaries against balances owed by local insurance companies to Canterbury Insurance Co. Ltd. on an ongoing basis. The following table sets out the carrying amounts that are subject to the above agreements.

	2021			2020		
	Gross Amount before offset \$'000	Related financial instruments that are offset \$'000	Net amount \$'000	Gross amount before offset \$'000	Related financial instruments that are offset \$'000	Net amount \$'000
Financial assets:						
Other receivables	57,640	(18,707)	38,933	60,477	(12,716)	47,761
Financial liabilities:						
Other accounts payable and accruals	85,803	(18,707)	66,376	90,089	(12,716)	77,373

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Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where an active market exists, market price is used to determine fair value as the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values are estimated using present value or other estimation and valuation techniques based on market conditions existing at the reporting dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

- (i) The fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short- term elements of all other financial assets and financial liabilities;
- (ii) The fair value of variable-rate financial instruments is assumed to approximate their carrying amounts; and
- (iii) The fair value of accounts receivable from customers is assumed to approximate the carrying value, as the accounts bear market rates of interest applicable to similar instruments.

	2021		2020	
	Carrying amounts Amortized cost \$'000	Fair Value Level 2 \$'000	Carrying amounts Amortized cost \$'000	Fair Value Level 2 \$'000
Financial assets not measured at fair value				
Cash and cash equivalents	143,438	143,438	144,654	144,654
Account receivable, net	698,478	698,478	862,922	862,922
Account receivable – related parties	<u>5,532</u>	<u>5,532</u>	<u>4,109</u>	<u>4,109</u>
	<u>847,448</u>	<u>847,448</u>	<u>1,011,685</u>	<u>1,011,685</u>
Financial liabilities not measured at fair value				
Account payables	209,422	209,422	174,806	174,806
Borrowings	642,745	658,371	774,785	724,459
Accounts payable – related parties	3,981	3,981	2,043	2,043
Borrowings – related parties	5,732	5,732	-	-
Lease liabilities	<u>176,900</u>	<u>176,900</u>	<u>211,819</u>	<u>211,819</u>
	<u>1,038,780</u>	<u>1,054,406</u>	<u>1,162,453</u>	<u>1,113,127</u>

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27. Capital management

It is the Group's policy to maintain a strong capital base so as to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholders' equity. The Company is not subject to externally imposed capital requirements. Certain subsidiaries are subject to capital requirements imposed by regulators or local legislation. There were no changes in the Group's approach to capital management during the year.

28. Contingencies

The Group is involved in several matters of litigation or disputes in the ordinary course of business. Where the outcomes of these matters are expected to result in material settlements against the subsidiaries, management has recognized its best estimate of the liability, based on available information and advice. No provision is recognized for a claim where management believes that the Group has a strong defense, or it is not possible to estimate the potential liability. Contingencies for which provisions have not been recognized, that are considered potentially significant are discussed below. The Group has evaluated the likely outcome of all the claims and recognized a provision of \$5 million after a holistic analysis and assessment.

Latin America group

- a. In February 2018, the subsidiary in the Dominican Republic received a corporate tax assessment for a total amount of \$9,305,183 inclusive of tax, penalties, and interests for the fiscal year 2014. The assessment was challenged and on January 2020 the General Directorate of Internal Taxes (DGII) issued a resolution in which it rejected the Remedy Appeal filed by the subsidiary. Furthermore, the resolution issued was appealed before the Contentious Tributary Court by the subsidiary however, the court has resolved to abstain to know with regards to the issue being litigated on the basis that certain time requirements were not met for that specific instance, leaving the case open for discussion before the Supreme Court. It is expected that the subsidiary will present before the Supreme Court the case during June 2021. The estimated probability to win the case is more than 50%.
- b. In February 2018, the subsidiary in the Dominican Republic, received VAT tax assessment for a total amount of \$9,613,859 inclusive of tax, penalties and interests for the fiscal year April 2013 - March 2014. The assessment was appealed and on January 2020 the General Directorate of Internal Taxes (DGII) issued a resolution in which it rejected the Remedy Appeal filed by the subsidiary. The subsidiary filed a law a suit in June 2020 regarding such resolution before the Contentious Tributary Court. The estimated probability of success is 60%.

The majority of the assessments under a and b above are based on a severe misinterpretation by local fiscal authorities of the reclassification of accounts receivables into a short-term and a long-term portion, as required under IFRS. The local fiscal authority considers the credit portion of the allocation journal entry to be an income even though the income related to the creation of the account receivable has already been recognized and fiscally declared. A small portion of the assessment is related to technical difficulties in automating the documentation of the relationship of certain supplier credit notes to their original invoices of the same suppliers.

- c. In June 2017, a subsidiary in Paraguay received a formal assessment regarding the Corporate Tax and VAT for the fiscal year 2015. On the final resolution emitted by SET, the subsidiary was sanctioned to pay approximately \$6,115,000. Such resolution was submitted to an administrative process in which the Tax Authority Court reduced the adjustment to \$2,805,000 including liabilities and tax penalties. The estimated probability of success is 50%. This contingency is covered by the original Share Purchase Agreement of December 24, 2015 in which an escrow hold-back of \$3,500,000 was determined.

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- d. In March 2019, the subsidiary in Ecuador received an assessment on adjustments of corporate tax regarding fiscal year 2015 for a total of \$1,261,449. A fine of \$252,290 plus interest was imposed. The subsidiary currently is disputing the assessment and estimates a probability of 60-80% of success. This contingency is partially covered by the remaining escrow on the purchase of shares of this subsidiary, which amounts to \$1,210,359.

Caribbean group:

- a. In March 2015, a subsidiary in St. Vincent and the Grenadines received an assessment from the Inland Revenue Department in respect of certain expenses that the department has indicated are not allowable for tax purpose. This reassessment covered the financial years 2007-2011. The assessment in respect of corporate tax amounted \$4,460,482 (equivalent EC\$12,043,302) and withholding taxes of \$1,651,772 (equivalent EC\$4,459,785) inclusive of interest and penalties. On April 29, 2021, the High Court issued a judgment upholding a decision issued by the Tax Appeal Commissioners. As a result, the subsidiary filed an appeal of the High Court judgment to the Court of Appeal of the Eastern Caribbean Supreme Court on June 2, 2021. In addition, in June 8, 2021 the Subsidiary filed an application for Stay of Payments pending the determination of Appeal to the Court of Appeal of the Eastern Caribbean Supreme Court. The subsidiary is disputing these liabilities and estimates a 65% of probability of success.
- b. In January 2016, a subsidiary in St. Kitts & Nevis received an assessment for income years 2010-2014 from the Inland Revenue Department claiming outstanding income taxes inclusive of both interest and penalties for \$1,242,987 (equivalent EC\$3,356,065) relating to the disallowance of credit protection insurance expense, extended warranty premiums and exempt income claimed. The subsidiary is disputing the assessment and according to the external advisor a positive outcome is likely to take place eventually, with a 50% of probability of success.
- c. In February 2019, a subsidiary in St. Lucia received a re-assessment from the Inland Revenue Department totaling \$18,149,310, including penalties. The subsidiary is disputing these assessments and is in the process of resolving these issues with the Inland Revenue and estimating a likely outcome in favor of the subsidiary with an 85% of probability of success.
- d. During 2006, a subsidiary in Barbados received an assessment from the VAT Division of the Customs and Excise Department, based on an audit of VAT returns for the 1999 to 2004 periods, and determined a liability owing of \$503,587. The matter was contested by the subsidiary. The external legal counsel believes that there is a highly meritorious case for success. Oral evidence has been given at the tribunal hearing and the final ruling of the tribunal is being awaiting. The estimated probability of success is more than 50%.
- e. In February 2018, a subsidiary in Guyana received on assessment from the Guyana Revenue Authority related to withholding tax for imports from Regal Worldwide Tradring LLC and Ashley Furniture from 2011 to 2018, totaling US\$2,711,000. The assessment has been objected and local legal counsel has been engaged to follow up on the case. The estimated probability of success is 85%.

29. Operating segments

- a. The Group has three reportable segments, which are principally distributed by geographic areas. These three operating segments offer comparable products and services but are managed separately because even though the business units located within each of the segments operate in similar market and economic environment conditions, each geographic segment as a region has diverse conditions than those of the other segments.

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The Group's CEO and senior management review each of the geographic segment internal management reports separately. The following summary describes the operations in each of the Group's reportable operating segments:

Caribbean group: includes the subsidiaries based in the Caribbean countries, except Dominican Republic, and includes Belize, Guyana and United States of America subsidiaries based in Texas and Delaware.

Latin American group: includes the subsidiaries based in the Central American and South American countries, except Belize and Guyana, but includes Dominican Republic.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) as a primary indicator, followed by Profit Before Tax (PBT), as included in the internal management reports that are reviewed by the Group's CEO and senior management. Segment profit is used to measure performance, as management believes that such information is most relevant in evaluating the results of its segments relative to other entities that operate within these industries.

b. Information about reportable segment

	Caribbean		Latin America		Other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues								
Sales	321,889	362,061	767,906	786,227	38,857	30,884	1,128,652	1,179,172
Premium income	-	-	-	-	13,847	17,247	13,847	17,247
Finance income from credit operations	146,754	174,384	231,343	260,693	9,262	509	387,358	435,586
Inter-segment revenues	-	-	-	-	-	348,005	-	348,005
Segment revenue	468,643	536,445	999,249	1,046,920	61,966	396,645	1,529,859	1,980,010
Depreciation/ amortization	(8,563)	(10,183)	(17,668)	(18,149)	(11,166)	(2,021)	(37,397)	(30,353)
Financial income – interest	388	72	414	184	1,413	348	2,215	604
Financial expense – Interest	(18,244)	(12,798)	(18,831)	(21,881)	(20,778)	(28,630)	(57,853)	(63,309)
Segment profit before tax	6,839	53,174	15,257	17,507	(10,921)	64,744	11,175	135,425
Segment tax	(9,334)	(18,920)	(21,532)	(17,215)	(2,432)	(1,536)	(33,298)	(37,671)
Reportable segment assets	750,266	806,764	986,547	1,086,894	80,592	106,980	1,817,405	2,000,638
Reportable segment liabilities	320,253	337,946	613,640	700,062	351,949	387,889	1,285,842	1,425,897
Capital expenditure	3,820	8,076	7,881	14,863	1,902	2,126	13,603	25,065

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	<u>2021</u> \$'000	<u>2020</u> \$'000
(i) Revenues		
Total revenues for reportable segments	1,467,892	1,583,367
Revenues for other segments	<u>390,137</u>	<u>396,643</u>
Subtotal	1,858,029	1,980,010
Elimination of inter-segment revenue	(312,103)	(331,311)
5% mark up intercompany profit for the year	<u>(16,067)</u>	<u>(16,591)</u>
Consolidated revenue	<u>1,529,859</u>	<u>1,632,108</u>
(ii) Profit or loss before tax		
Total profit or loss for reportable segments	22,366	70,805
Profit or loss for other segments	<u>37,201</u>	<u>64,620</u>
Subtotal	59,567	135,425
5% mark up intercompany profit for the year	(1,163)	(149)
5% crawling peg exchange rate	219	(550)
Dividend income between segments	(39,750)	(56,300)
Other consolidation adjustments	<u>7,699</u>	<u>1,580</u>
Consolidated profits before income tax	<u>26,572</u>	<u>80,006</u>
(iii) Assets		
Total assets for reportable segments	1,738,545	1,893,658
Assets for other segments	<u>852,362</u>	<u>840,515</u>
Subtotal	2,590,907	2,734,173
Elimination of investment in subsidiaries	(502,862)	(502,262)
Elimination of goodwill in subsidiaries	(54,823)	(54,823)
Elimination of related party loans and receivables	(166,989)	(173,023)
Other consolidation adjustments	<u>(47,091)</u>	<u>(3,427)</u>
Consolidated total assets	<u>1,819,142</u>	<u>2,000,638</u>
(iv) Liabilities		
Total liabilities for reportable segments	935,631	1,038,007
Liabilities of other segments	<u>551,624</u>	<u>558,420</u>
Subtotal	1,487,255	1,596,427
Elimination of related party loans and payables	(159,037)	(162,848)
Elimination of loan participations	(4,500)	(4,500)
Other consolidation adjustments	<u>(37,873)</u>	<u>(3,182)</u>
Consolidated total liabilities	<u>1,285,845</u>	<u>1,425,897</u>

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(v) Other material items

	2021					2020				
	Reportable segment	All other segments	SUM		Consolidated	Reportable segment	All other segments	SUM		Consolidated
	<u>total</u>	<u>total</u>	<u>total</u>	<u>Adjustments</u>	<u>total</u>	<u>total</u>	<u>total</u>	<u>total</u>	<u>Adjustments</u>	<u>total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other material items										
Financial income – interest	802	2,905	3,707	(1,492)	2,215	255	2,309	2,564	(1,960)	640
Financial expense – interest	(29,076)	(30,268)	(59,344)	1,492	(57,852)	(34,679)	(30,590)	(65,269)	1,960	(63,309)
Depreciation and amortization	(26,231)	(2,261)	(28,492)	(8,905)	(37,397)	(28,332)	(2,021)	(30,353)	-	(30,353)
Capital expenditures	11,701	1,901	13,602	-	13,602	22,939	2,126	25,065	-	25,065
Average full-time employees	<u>12,584</u>	<u>388</u>	<u>12,972</u>	<u>-</u>	<u>12,972</u>	<u>14,024</u>	<u>375</u>	<u>14,399</u>	<u>-</u>	<u>14,399</u>

a. Geographic Information

Segment revenues and non-current assets based on the geographical location are represented as follows:

	2021		2020	
	Revenues	Non-current Assets	Revenues	Non-current Assets
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Costa Rica	366,958	191,038	344,300	214,964
Ecuador	155,113	61,576	189,204	64,591
Guatemala	140,912	41,766	153,213	40,059
El Salvador	136,560	50,511	147,029	50,489
Jamaica	135,632	67,938	149,288	72,519
Trinidad & Tobago	115,305	70,902	145,956	89,408
Honduras	98,220	41,129	112,760	44,493
Nicaragua	69,859	24,634	62,933	25,285
OECS	68,752	55,809	80,305	60,235
Guyana	52,490	21,251	68,338	28,906
ABCX	38,272	20,539	41,403	25,655
Barbados	35,632	18,371	38,705	21,087
Belize	20,243	10,673	25,166	13,326
Other countries	<u>95,910</u>	<u>166,664</u>	<u>73,405</u>	<u>172,427</u>
	<u>1,529,858</u>	<u>842,801</u>	<u>1,632,005</u>	<u>923,444</u>

OECS represents the six countries we operate within the region of the Organization of Eastern Caribbean States and ABCX includes Aruba, Bonaire, Curacao, and St. Maarten.

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30. Impact of COVID-19 Pandemic

The World Health Organization declared the novel coronavirus, COVID-19, outbreak as a global pandemic on March 11, 2020. The pandemic and the measure to control its human impact have resulted in disruptions to economic activity, business operations and asset value. In response to the pandemic, management has adopted several measures specifically around safety and financial risk management. These measures include:

- a. Safeguard and protect its stakeholders at the corporate office, subsidiaries' operations such as stores, distribution centers, collections departments by providing information and supplies to prevent contagion, and encouraging vaccination and testing;
- b. Implementing "work from home" arrangements for its employees to enable optimal continuation of back office and certain commercial operations for our valued associates.
- c. Design a Business Continuity Plan for the pandemic and create Crisis Management Committees at its operating countries, regional and corporate levels to assess and remedy the impact on its business operations and associates through regular meetings to plan and to evaluate the effectiveness of our planning;
- d. Cost management and expense reduction initiatives resulting in a significant rapid reduction in operating expenses to counteract the reduction in revenues due to lockdown measures in several countries, while continuing efforts to drive the sales as markets re-open, and introduce measures to increase the adoption of digital technologies by our clients to use online platforms for purchases and for payments of monthly instalments;
- e. Enhanced monitoring of market conditions by the Consumer Finance division and tracking the impact on the accounts receivable portfolio to support timely decision making on assisting clients during this crisis such as governmentally mandated or voluntary forbearance programs and other measures. Due to complete or partial lockdown in several countries, no or limited access to payment options and the overall economic outlook, there was an increase in the probability of default of accounts receivable, for certain period during the year. This resulted in deterioration in the aging profile and an increase in ECL provision, however slow recoveries were also noted, as a result of improved collections and also some limited forbearance and refinancing programs for those customers that could prove a renewed capacity to pay.
- f. The Group implemented and monitored strategies and plans around managing liquidity. These strategies include monitoring of the Group's daily cash flows using automated dashboards and continues to maintain stronger cash positions despite reducing its debt subsequent to the March 2020 annual reporting date. This is a natural effect that occurs while the Group reduces new extensions of credit and collect its existing receivables.
- g. As far as remaining risks related to COVID-19, the ability of certain risk profiles of its clients to keep paying their instalments and to purchase products will depend on the timing of the containment of the virus and the restoration of employment in the countries of operation to levels close to those at the time before COVID-19 on a continuous basis;
- h. The Group maintains a strict monitoring of financial covenants as outlined in the loan agreements.