

**GRUPO UNICOMER CORP.**  
**AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM**  
**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**Grupo Unicomer Corp.**

**Index to the condensed consolidated interim financial statements  
June 30, 2020**

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## Grupo Unicomer Corp.

### Condensed consolidated interim statement of financial position

June 30, 2020

(expressed in U.S. dollars)

		June 30, <u>2020</u> \$'000	March 31, <u>2020</u> \$'000
	<u>Notes</u>		
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		176,082	144,654
Accounts receivable, net	6	503,241	569,142
Accounts receivable - related parties		4,365	4,109
Inventories, net	10	270,869	286,070
Other receivables and prepayments		48,236	42,351
Deferred acquisition costs		19,796	22,002
Prepaid income taxes		11,377	10,936
Total current assets		<u>1,033,966</u>	<u>1,079,264</u>
<b>Non-current assets</b>			
Accounts receivable, net	6	260,681	293,780
Loan receivable - related parties		13,106	15,273
Property and equipment, net	7	137,150	142,310
Right-of-use assets	8	166,697	178,935
Intangible assets	9	159,517	160,795
Goodwill	11	67,331	67,123
Retirement benefit assets		4,321	4,468
Deferred tax assets		54,796	53,205
Other assets		6,089	5,485
Total non-current assets		<u>869,688</u>	<u>921,374</u>
<b>Total assets</b>		<u><u>1,903,654</u></u>	<u><u>2,000,638</u></u>

The notes on pages 9-24 are an integral part of these consolidated financial statements.

## Grupo Unicomer Corp.

### Condensed consolidated interim statement of financial position

June 30, 2020

(expressed in U.S. dollars)

		June 30, 2020 \$'000	March 31, 2020 \$'000
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank overdrafts, secured		814	4,272
Short-term borrowings	12	73,100	86,585
Current portion of long-term borrowings	13	86,578	87,795
Accounts payable		170,369	174,806
Accounts payable - related parties		6,065	2,043
Bonuses payable		7,330	7,322
Unearned premiums		13,870	17,176
Other accounts payable and accruals		79,146	67,258
Current income tax liabilities		10,533	11,984
Short-term lease liabilities	8	45,334	47,458
Provision for warranties	14	5,397	5,210
Total current liabilities		498,536	511,909
<b>Non-current liabilities</b>			
Long-term borrowings	13	591,976	600,407
Deferred warranty income		109,235	117,757
Employee benefits	14	15,821	16,614
Long-term lease liabilities	8	153,636	164,361
Deferred tax liabilities		13,765	14,849
Total non-current liabilities		884,433	913,988
<b>Total liabilities</b>		<b>1,382,969</b>	<b>1,425,897</b>
<b>EQUITY</b>			
Share capital	20	152,066	152,066
Retained earnings (including statutory reserves)		469,864	520,577
Currency translation reserve		(101,245)	(97,902)
<b>Total equity</b>		<b>520,685</b>	<b>574,741</b>
<b>Total liabilities and equity</b>		<b>1,903,654</b>	<b>2,000,638</b>

The notes on pages 9-24 are an integral part of these consolidated financial statements.

## Grupo Unicomer Corp.

**Condensed consolidated interim statement of income**  
**For the three months ended June 30, 2020**  
*(expressed in U.S. dollars)*

		<b>Three months ended</b>	
		<b><u>June 30</u></b>	
	<b><u>Notes</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
		<b>\$'000</b>	<b>\$'000</b>
Sales		177,865	271,986
Cost of goods sold		<u>(121,216)</u>	<u>(191,692)</u>
Gross profit on sales		56,649	80,294
Premium income		3,892	4,507
Finance income earned on credit operations		<u>89,551</u>	<u>105,525</u>
Total gross profit		150,092	190,326
Distribution and selling expenses	15	(135,838)	(127,283)
Administrative expenses	15	(25,439)	(31,261)
Remeasurement of Account Receivables at Amortized Cost	6	(19,371)	-
Other operating income, net		<u>2,354</u>	<u>1,738</u>
Operating profit		(28,202)	33,520
Financial income		340	145
Financial expense		(15,298)	(20,738)
Financial expense in regards to leases		(4,154)	-
Foreign exchange losses and other charges		<u>(901)</u>	<u>193</u>
Net finance costs		(20,013)	(20,400)
Profit before income tax		(48,215)	13,120
Income tax expense	16	<u>(2,498)</u>	<u>(8,205)</u>
Profit for the period		<u><u>(50,713)</u></u>	<u><u>4,915</u></u>

The notes on pages 9-24 are an integral part of these consolidated financial statements.

## Grupo Unicomer Corp.

**Condensed consolidated interim statement of income and other comprehensive income**  
**For the three months ended June 30, 2020**  
*(expressed in U.S. dollars)*

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	<b>Three months ended</b>	
	<b><u>June 30</u></b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit for the period</b>	(50,713)	4,915
<b>Items that may be reclassified to profit or loss:</b>		
Currency translation adjustments	<u>7,115</u>	<u>66</u>
Other comprehensive loss for the period	<u>7,115</u>	<u>66</u>
<b>Total comprehensive income for the period</b>	<u><u>(43,598)</u></u>	<u><u>4,981</u></u>

The notes on pages 9-24 are an integral part of these consolidated financial statements.

## Grupo Unicomer Corp.

### Condensed consolidated interim statement of changes in equity For the three months ended June 30, 2020 (expressed in U.S. dollars)

	Share capital \$'000	Statutory reserves \$'000	Retained earnings \$'000	Currency translation reserve \$'000	Total equity \$'000
<b>Balances at March 31, 2019</b>	<b>152,066</b>	<b>16,928</b>	<b>509,408</b>	<b>(98,353)</b>	<b>580,049</b>
Impact on initial application of IFRS 16, net of tax	-	-	(25,723)	-	(25,723)
<b>Adjusted balances at April 1, 2019</b>	<b>152,066</b>	<b>16,928</b>	<b>483,685</b>	<b>(98,353)</b>	<b>554,326</b>
<b>Total comprehensive income for the period</b>					
Profit for the year	-	-	42,335	-	42,335
Other comprehensive loss:					
Remeasurement of employee benefit obligation, net of taxation	-	-	(371)	-	(371)
Currency translation adjustments	-	-	-	451	451
Other comprehensive (loss) for the year, net of taxation	-	-	(371)	451	80
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>41,964</b>	<b>451</b>	<b>42,415</b>
Transfers to statutory reserve	-	1,461	(1,461)	-	-
<b>Transaction with owners recorded directly in equity</b>					
Dividends paid (note 20)	-	-	(22,000)	-	(22,000)
<b>Balances at March 31, 2020</b>	<b>152,066</b>	<b>18,389</b>	<b>502,188</b>	<b>(97,902)</b>	<b>574,741</b>
<b>Total comprehensive loss for the period</b>					
Profit for the period	-	-	(50,713)	-	(50,713)
Other comprehensive income:					
Currency translation adjustments	-	-	-	(3,343)	(3,343)
Other comprehensive (loss) for the period, net of taxation	-	-	-	(3,343)	(3,343)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(50,713)</b>	<b>(3,343)</b>	<b>(54,056)</b>
Transfers to statutory reserve	-	2,985	(2,985)	-	-
<b>Balances at June 30, 2020</b>	<b>152,066</b>	<b>21,374</b>	<b>448,490</b>	<b>(101,245)</b>	<b>520,685</b>

The notes on pages 9-24 are an integral part of these consolidated financial statements.

## Grupo Unicomer Corp.

### Condensed consolidated interim statement of cash flows For the three months ended June 30, 2020 (expressed in U.S. dollars)

	<u>Notes</u>	<u>June 30,</u> <u>2020</u> <u>\$'000</u>	<u>June 30,</u> <u>2019</u> <u>\$'000</u>
<b>Cash flows from operating activities</b>			
Profit for the period		(50,713)	4,915
Adjustments for:			
Depreciation and impairment of property and equipment	7	5,225	4,924
Depreciation of right-of-use assets	8	11,895	13,894
Amortization of intangible assets and impairment	9	2,377	2,631
Loss on disposal of property and equipment and intangible assets		631	336
Increase in employee benefits provision	14	97	756
Increase in provision for warranties, net	14	222	632
Retirement benefits assets		147	-
Impairment of accounts receivable	6	83,480	25,185
Interest on lease liabilities	8	4,154	-
Net finance costs		15,859	20,400
Income tax expense	16	2,498	8,205
		<u>75,872</u>	<u>81,878</u>
Changes in working capital:			
Decrease/(increase) in accounts receivable	6	15,519	(10,478)
(Increase)/decrease in accounts receivable – related parties		(256)	1,409
Increase in other receivables and prepayments		(5,885)	(8,606)
Increase in retirement of benefits assets		-	197
Decrease/(increase) in inventories	10	15,201	(4,676)
Decrease in deferred acquisition cost		2,206	499
Increase in other assets		(603)	(263)
Decrease in accounts payable		(5,338)	(13,777)
Increase/(decrease) in accounts payable – related parties		4,022	(150)
Provisions paid		(882)	(1,273)
Increase in bonuses payable		8	1,299
Increase in other accounts payable and accruals		11,888	11,936
Decrease in unearned premium reserve		(3,306)	(1,958)
(Decrease)/increase in deferred warranty income, net		<u>(8,522)</u>	<u>840</u>
		99,924	56,877
Interest received		340	145
Interest paid		(15,298)	(20,738)
Corporate income tax paid		<u>(7,065)</u>	<u>(13,019)</u>
Net cash provided by operating activities		<u>77,901</u>	<u>23,265</u>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment	7	(1,495)	(4,647)
Acquisition of intangible assets	9	(959)	(2,099)
Decrease/(increase) in loans receivable related companies		2,167	(985)
Translation adjustments in respect of foreign subsidiaries		<u>(2,591)</u>	<u>(50)</u>
Net cash used in investing activities		<u>(2,878)</u>	<u>(7,781)</u>
<b>Cash flows from financing activities</b>			
Proceeds from short-term borrowings		10,387	25,950
Repayments of short-term borrowings		(23,872)	(20,053)
Proceeds of long-term borrowing		14,210	28,217
Repayments of long-term borrowing		(23,858)	(25,803)
Payment of lease liabilities		(16,612)	(13,186)
Bank overdraft		<u>(3,458)</u>	<u>1,736</u>
Net cash used in financing activities		<u>(43,203)</u>	<u>(3,139)</u>
Net increase in cash and cash equivalents		31,820	12,345
Cash and cash equivalents at the beginning of period		144,654	77,706
Effect of movements in exchange rates on cash and cash equivalents		<u>(392)</u>	<u>(1,085)</u>
<b>Cash and cash equivalents at end of period</b>		<u><u>176,082</u></u>	<u><u>88,966</u></u>

The notes on pages 9-24 are an integral part of these consolidated financial statements.



# Grupo Unicomer Corp.

## Notes to the condensed consolidated interim financial statements

For the three months ended June 30, 2020

(expressed in U.S. dollars)

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### 1. Reporting entity

Grupo Unicomer Corp. ("the Company") [formerly Grupo Unicomer Co. Ltd.], is incorporated and registered in the Republic of Panama (formerly in the British Virgin Islands).

Infotech of the Caribbean and Central America Corp. ("Infotech"), owns 50% of the share capital of the Company, which it controls, and in turn is controlled by Milady Associates Ltd. The other 50% 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.

### 2. Statement of compliance, basis of preparation and significant accounting policies.

#### 2.1 Statement of compliance

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 Interim Financial Reporting. This condensed consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as of and for the year ended March 31, 2020.

#### 2.2 Judgements and estimates

In preparing these interim financial statements, management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended March 31, 2020.

### 3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended March 31, 2020.

## Grupo Unicomer Corp.

### Notes to the condensed consolidated interim financial statements

For the three months ended June 30, 2020

(expressed in U.S. dollars)

#### 4. Seasonality of operations

The Group's revenues are subject to seasonal fluctuations as a result of the high sales in the second half of the year related to the holiday season. In the first half of the year the Group traditionally increases inventory significantly to prepare for the high season; for this period, the strategy of the Group has changed in order to improve the efficiency of the inventory management (note 10).

#### 5. Operating segments

The Group has two reportable segments, which are principally distributed by geographic areas. These two 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.

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:

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

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

Information about reportable segments:

	Three months ended June 30							
	2020				2019			
	<u>Latin America</u>	<u>Caribbean</u>	<u>Other</u>	<u>Total</u>	<u>Latin America</u>	<u>Caribbean</u>	<u>Other</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales	125,351	45,744	6,770	177,865	190,033	76,222	5,731	271,986
Finance income earned on credit sales and premium income	53,390	35,732	4,337	93,459	62,458	43,476	4,098	110,032
External revenues	178,741	81,476	11,107	271,324	252,491	119,698	9,829	382,018
Reportable segment - profit before tax	(24,753)	(23,488)	26	(48,215)	4,886	6,769	1,465	13,120

The notes on pages 9-24 are an integral part of these consolidated financial statements.

## Grupo Unicomer Corp.

### Notes to the condensed consolidated interim financial statements For the three months ended June 30, 2020 (expressed in U.S. dollars)

#### 6. Accounts receivable

- a. Accounts receivable as of June 30, 2020 and March 31, 2020 are as follows:

	June 30, <u>2020</u> \$'000	March 31, <u>2020</u> \$'000
Gross accounts receivable – customers	786,744	867,838
Gross cash loans receivable – customers	289,713	317,303
Gross interest receivable	38,655	27,334
Unearned finance income	<u>(210,349)</u>	<u>(247,555)</u>
	904,763	964,920
Less: allowance for impairment	<u>(140,841)</u>	<u>(101,998)</u>
	763,922	862,922
Current portion of accounts receivable, net	<u>(503,241)</u>	<u>(569,142)</u>
Non-current portion of accounts receivable, net	<u>260,681</u>	<u>293,780</u>

- b. Current portion of accounts receivable:

	<u>2020</u> \$'000	<u>2019</u> \$'000
Gross accounts receivable, cash loans and interest receivable – customers	772,693	835,391
Unearned finance income	<u>(157,209)</u>	<u>(183,400)</u>
Total accounts receivable due within one year	615,484	651,991
Allowance for impairment	<u>(112,243)</u>	<u>(82,849)</u>
Short term accounts receivable	<u>503,241</u>	<u>569,142</u>

- c. The movement in the allowance for impairment of receivables during the three months' period ended June 30, 2020 and year ended March 31, 2020 is as follows:

	June 30, <u>2020</u> \$'000	March 31, <u>2020</u> \$'000
Balance at beginning of the period	101,998	93,636
Impairment losses recognized	15 83,480	100,086
Remeasurement of Account Receivables at Amortized Cost	(19,371)	-
Utilized during the period	(24,783)	(91,400)
Foreign exchange adjustment	<u>(483)</u>	<u>(324)</u>
	<u>140,841</u>	<u>101,998</u>

## Grupo Unicomer Corp.

### Notes to the condensed consolidated interim financial statements

For the three months ended June 30, 2020

(expressed in U.S. dollars)

As a result of governmentally mandated or voluntary forbearance programs implemented in the ULA region, expected cashflows from accounts receivables have been reschedule, therefore the gross carrying amount has been recalculated and the adjustment recognized as a loss in profit and loss. In the Caribbean region no formal forbearance program was introduced and the deteriorated aging of the receivables after the reporting date may not reflect correctly the payment capacity of clients; and the ECL provision might be higher.

- d. The following table provides information about the exposure to credit risk and expected credit losses for accounts receivable – customers as at June 30, 2020, and March 31, 2020:

Age buckets	Weighted average <u>loss rate</u>	<u>June 30, 2020</u>		<u>Credit impaired</u>
		<u>Gross carrying amount</u> \$'000	<u>Impairment loss allowance</u> \$'000	
Stage I	4.24%	650,396	(27,576)	No
Stage II	21.57%	140,531	(30,317)	No
Stage III	72.87%	113,836	(82,948)	Yes
		<u>904,763</u>	<u>(140,841)</u>	

  

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

## Grupo Unicomer Corp.

### Notes to the condensed consolidated interim financial statements

For the three months ended June 30, 2020

(expressed in U.S. dollars)

#### 7. Property and equipment

\$'000

##### Cost

Balance as of March 31, 2020	308,709
Additions	1,495
Disposals	(1,871)
Sales	(178)
Translation adjustments	(1,911)
Balance as of June 30, 2020	<u>306,244</u>

##### Accumulated depreciation

Balance as of March 31, 2020	166,399
Depreciation for the period	5,225
Disposals	(1,226)
Sales	(138)
Adjustments	(153)
Translation adjustments	(1,013)
Balance as of June 30, 2020	<u>169,094</u>

##### Carrying amounts:

At June 30, 2020	<u>137,150</u>
At March 31, 2020	<u>142,310</u>

## Grupo Unicomer Corp.

### Notes to the condensed consolidated interim financial statements For the three months ended June 30, 2020 (expressed in U.S. dollars)

#### 8. Leases

##### a. Right-of-use assets

	Land and buildings \$'000	Vehicles and transport equipment \$'000	Furniture and office equipment \$'000	Total \$'000
<b>Cost</b>				
Balance as of March 31, 2020	224,781	750	255	225,786
Translation adjustments	(453)	(7)	(2)	(462)
Balance as of June 30, 2020	<u>224,328</u>	<u>743</u>	<u>253</u>	<u>225,324</u>
<b>Depreciation</b>				
Balance as of March 31, 2020	46,560	233	58	46,851
Charge for the period	11,821	60	14	11,895
Translation adjustments	(116)	(3)	-	(119)
Balance as of June 30, 2020	<u>58,265</u>	<u>290</u>	<u>72</u>	<u>58,627</u>
<b>Carrying amounts:</b>				
At June 30, 2020	<u>166,063</u>	<u>453</u>	<u>181</u>	<u>166,697</u>
At March 31, 2020	<u>178,221</u>	<u>517</u>	<u>197</u>	<u>178,935</u>

##### b. Lease liabilities

	<u>2020</u> \$'000
Less than one year	59,568
One to five years	134,185
More than five years	60,747
Total undiscounted lease liabilities at June 30, 2020	<u>254,500</u>
Less future interest expense	<u>55,530</u>
Carrying amount as of June 30, 2020	<u>198,970</u>
Current	45,334
Non-current	153,636
Lease liabilities included in the statement of financial position at June 30, 2020	<u>198,970</u>
Liabilities in respect of leases with related parties	57,160

## Grupo Unicomer Corp.

### Notes to the condensed consolidated interim financial statements For the three months ended June 30, 2020 (expressed in U.S. dollars)

c. Amounts recognized in profit or loss

2020  
\$'000

Interest expense on lease liabilities

4,154

d. Extension options

The lease value determined above includes leases with an option to renew. This option is exercisable by the Company up to one year before the end of the non-cancellable contract period. The Company assesses at the lease commencement date, whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

## 9. Intangible assets

\$'000

### Cost

Balance as of March 31, 2020	224,777
Additions	959
Disposals	(99)
Translation adjustments	333
Balance as of June 30, 2020	<u>225,970</u>

### Accumulated amortization

Balance as of March 31, 2020	63,982
Amortization for the period	2,377
Translation adjustments	94
Balance as of June 30, 2020	<u>66,453</u>

### Carrying amounts:

At June 30, 2020	<u>159,517</u>
At March 31, 2020	<u>160,795</u>

## Grupo Unicomer Corp.

### Notes to the condensed consolidated interim financial statements

For the three months ended June 30, 2020

(expressed in U.S. dollars)

#### 10. Inventories

During the first quarter ended at June 2020, the Group's total inventory decreased by -5.3%, equivalent to -\$15.2 million, compared with March 2020. The decrease is majorly observed in both categories: goods in transit (-20.0% or -\$9.7 million) as well as merchandise for resale (-2.3% or -\$5.5 million). Latin America region is causing such fall with a drop down of \$16.0 million or -9.1% of its inventory. On the contrary, Caribbean region is having an upswing of its stock equivalent to \$4.3 million or +4.3%. As a Group, this net reduction of the inventory is related to the stock reduction strategy, specifically in Latin America region, in order to improve the inventory turnover and the efficiency of the inventory management.

#### 11. Goodwill

a. The movement of Goodwill for the three months ended June 30, is as follows:

	June 30, <u>2020</u> \$'000	March 31, <u>2020</u> \$'000
Beginning balance	67,123	66,302
Effect of movements in exchange rates	208	821
Ending Balance	<u>67,331</u>	<u>67,123</u>

b. The Goodwill balance for each of the following countries acquisitions:

	June 30, <u>2020</u> \$'000	March 31, <u>2020</u> \$'000
Costa Rica	32,772	32,576
Paraguay	10,117	10,117
Ecuador	21,159	21,159
Other Caribbean countries	3,283	3,271
	<u>67,331</u>	<u>67,123</u>



## Grupo Unicomer Corp.

**Notes to the condensed consolidated interim financial statements**  
**For the three months ended June 30, 2020**  
*(expressed in U.S. dollars)*

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### 12. Short-term borrowings

	<u>Interest rates</u>	June 30, <u>2020</u> \$'000	March 31, <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	June: 3.48% - 6.50% (March: 4.16% - 5.03%)	33,663	45,163
Non-U.S. dollar based local functional currencies	June: 6.00% - 9.75% (March: 6.00% - 15.00%)	<u>21,683</u>	<u>27,349</u>
		<u>55,346</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	June: 9.02% (March: NIL)	4,114	-
Non-U.S. dollar based local functional currencies	7.00%	<u>13,640</u>	<u>14,073</u>
		<u>17,754</u>	<u>14,073</u>
Total short-term borrowings		<u>73,100</u>	<u>86,585</u>

## Grupo Unicomer Corp.

### Notes to the condensed consolidated interim financial statements For the three months ended June 30, 2020 (expressed in U.S. dollars)

#### 13. Long-term borrowings

	<u>Interest rates</u>	June 30, <u>2020</u> \$'000	March 31, <u>2020</u> \$'000
<i>Long-term lines of credit:</i>			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	June: 5.76% (March: 6.03%)	4,545	4,545
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	June: 3.77% - 4.92% (March: 3.77% - 5.72%)	12,139	15,268
Non-U.S. dollar based local functional currencies	June: 8.90% - 10.75% (March: 8.90% - 10.50%)	<u>30,370</u>	<u>28,857</u>
		47,054	48,670
<i>Long-term loans:</i>			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	6.00% - 12.00%	13,806	19,093
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	June: 5.29% - 9.33% (March: 5.77% - 9.16%)	383,990	384,959
Non-U.S. dollar based local functional currencies	June: 4.50% - 12.90% (March: 5.00% - 12.90%)	<u>238,169</u>	<u>240,247</u>
		<u>635,965</u>	<u>644,299</u>
Subtotal long-term borrowings		683,019	692,969

## Grupo Unicomer Corp.

### Notes to the condensed consolidated interim financial statements

For the three months ended June 30, 2020

(expressed in U.S. dollars)

	June 30, 2020 \$'000	March 31, 2020 \$'000
Subtotal long-term borrowings	683,019	692,969
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	269	1,074
Translation adjustments	33	(34)
	<u>(4,465)</u>	<u>(4,767)</u>
Carrying value of long-term borrowings	<u>678,554</u>	<u>688,202</u>
Less:		
Current portions of:		
Long-term loans	(61,510)	(60,778)
Lines of credit	<u>(25,068)</u>	<u>(27,017)</u>
Current portion of long-term borrowings	<u>(86,578)</u>	<u>(87,795)</u>
Long-term portion of long-term borrowings	<u>591,976</u>	<u>600,407</u>
Maturity of long-term borrowings as at the reporting date was as follows:		
Current portion	86,578	87,795
Between 1 and 2 years	68,781	69,892
Between 2 and 5 years	429,951	429,794
Over 5 years	<u>97,709</u>	<u>105,488</u>
	<u>683,019</u>	<u>692,969</u>

As at quarter ended June 30, 2020, the Company exceeded one of its financial covenants related to the Senior Unsecured Notes. This financial incurrence covenant establishes for the Company a limit of Net Debt to EBITDA ratio (measured as all bank debt minus all cash and cash equivalents divided by the earnings before interest, taxes amortization and depreciation (EBITDA) for the most recently ended four fiscal quarters for which internal consolidated interim financial statements are available) of 3.75 times and when exceeded the Company will face certain limitations on incurrence of debt and certain payment restrictions. As at June 30, 2020, the Net Debt to EBITDA ratio was 4.42. All other financial covenants were met. The Company does not foresee that these limitations will affect the ongoing business planned for the 2021 financial year.

As at quarter ended June 30, 2020, Unicomer (Jamaica) Ltd. a subsidiary had a breach in one of its financial covenants related to the Senior Secured Bonds due 2033 and 2028. This financial covenant required the subsidiary to maintain a delinquency ratio (i.e receivables over 90 days as a percentage of total receivables) of no more than 8%. As at June 30, 2020, the delinquency ratio was 9.2%. All other financial covenants were met.

As at quarter ended June 30, 2020, Unicomer (Guyana) Inc., a subsidiary had a breach in one of its financial covenants related to a long-term loan with a local bank. This financial covenant required the subsidiary to maintain a delinquency ratio (i.e receivables over 90 days as a percentage of total receivables) of no more than 15%. As at June 30, 2020, the delinquency ratio was 22.6% because

The notes on pages 9-24 are an integral part of these consolidated financial statements.

## Grupo Unicomer Corp.

### Notes to the condensed consolidated interim financial statements

For the three months ended June 30, 2020

(expressed in U.S. dollars)

stores had been closed for most of the quarter and no forbearance plan had been instituted. All other financial covenants were met.

As at quarter ended June 30, 2020, Unicomer (Trinidad) Ltd. a subsidiary had a breach in two of their financial covenants related to a long-term loan with an international financial institution, a revolving facility with a local bank and privately placed bonds as follows:

- The first financial covenant required the subsidiary to maintain a delinquency ratio (i.e. receivables over 90 days as a percentage of total receivables) of no more than 8%. As at June 30, 2020, the delinquency ratio was 18.4% as a result of stores being closed for most of the quarter and no forbearance plan had been instituted.
- The second financial covenant required the subsidiary to maintain a Debt to EBITDA Ratio (measured as all bank debt included affiliated debt divided by the EBITDA for the most recently ended four fiscal quarters for which internal consolidated interim financial statements are available) of no more than 3.75 times. As at June 30, 2020, the Net Debt to EBITDA ratio was 20.03 due to sizeable reductions in sales and collections resulting from closed stores.

Furthermore, the same subsidiary had an additional breach of a financial covenant related to a long-term loan with an international financial institution. This financial covenant required the subsidiary to maintain an interest coverage ratio (as measured as EBITDA divided by financial expenses for the last twelve consecutive months) of no less than 3.00 times. As of June 30, 2020, interest coverage ratio was 0.64 times. All other financial covenants were met.

The Group's management maintains continuous communication with its lenders, who have been supportive of the Group's effort in managing its operations during the COVID crisis.

#### 14. Provisions

	Product warranties \$'000	Employee benefits \$'000	Total \$'000
Balance as of March 31, 2019	4,947	16,503	21,450
Charged to profit for the year	6,571	2,455	9,026
Amount used during the year	(6,234)	(1,868)	(8,102)
Release of provision	-	(85)	(85)
Remeasurement loss by financial assumptions	-	(307)	(307)
Translation adjustments	(74)	(84)	(158)
Balance as of March 31, 2020	5,210	16,614	21,824
Charged to profit for the year	676	97	773
Amount used during the year	(454)	(882)	(1,336)
Release of provision	-	(1)	(1)
Translation adjustments	(35)	(7)	(42)
Balance as of June 30, 2020	5,397	15,821	21,218

## Grupo Unicomer Corp.

### Notes to the condensed consolidated interim financial statements

For the three months ended June 30, 2020

(expressed in U.S. dollars)

#### 15. Operating expenses

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

	Three months ended June 30	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Accounts receivable – impairment	64,109	25,185
Personnel expenses	49,254	65,616
Depreciation of right-of-use assets	11,895	13,894
Depreciation of property and equipment	5,225	4,924
Amortization of intangible assets	2,377	2,631
Outsourcing expenses	4,409	2,192
Insurance	3,692	3,987
Commissions and others	2,936	3,593
Advertising	2,814	9,540
Telecommunications	2,501	2,976
Freight expenses	2,423	4,225
Professional fees	2,258	2,805
Utilities	2,057	3,553
Maintenance and leasing computer equipment	1,960	2,066
Repairs and maintenance	1,461	2,739
Security services	1,461	1,796
Charitable donations	814	460
Municipal tax	633	615
Insurance extended warranty claims and administrative expenses	495	1,283
Travel expenses	324	1,561
Operating leases	(5,144)	-
Other operating expenses, net	3,323	2,903
	<u>161,277</u>	<u>158,544</u>
Comprising:		
Distribution and selling expenses	135,838	127,283
Administrative expenses	25,439	31,261
	<u>161,277</u>	<u>158,544</u>

b. Personnel expenses incurred for the periods are as follows:

Wages and benefits	32,444	41,360
Commissions	6,467	10,980
Social security and pension cost	4,608	6,563
Other employee benefits	5,736	6,713
	<u>49,255</u>	<u>65,616</u>

The average number of full-time-equivalent employees as of June 30, 2020, was 12,956 (2019: 14,594).

## Grupo Unicomer Corp.

### Notes to the condensed consolidated interim financial statements

For the three months ended June 30, 2020

(expressed in U.S. dollars)

#### 16. Income tax expense

Income tax expense is recognized based on management's best estimate of the subsidiaries' expected annual income tax rate for the full financial year applied to the pre-tax financial income of the interim period.

The Group's consolidated effective tax rate for the three months ended June 30, 2020 was 5.18% (three months ended June 30, 2019: 58.9%).

The decrease of effective tax rate in the comparison is significantly explained by:

- (i) The combination of an extraordinary social and political situation in Nicaragua that has impacted local subsidiaries' results combined with a minimum tax on net revenue. The effect of corporate taxes calculated on net revenue rather than net earnings (Guatemala), or where a minimum tax applies (Dominican Republic and Belize).
- (ii) Subsidiaries with negative first quarter results (Guatemala, Honduras, Dominican Republic, Ecuador, Paraguay, OECS islands, Barbados, Belize, Trinidad, Guyana, Aruba and Curacao).
- (iii) In Caribbean, as the income tax expense reported consisted of both current and deferred income taxes the overall reduction of the effective taxes rates were due to the movement in the deferred tax arising from the effects of IFRS 16 and IFRS 9.
- (iv) The impact of the pandemic has caused several declines in revenues and consequently profitability due to the closure or reduction of the operations of several profit centers during the government implemented lockdowns in the first quarter, which consequently resulted in operating losses. All the entities were impacted by the overall economies of the regions which experienced employee lay-off and job losses and therefore reduced disposable income.

#### 17. Related-party transactions

Certain key administrative services relating to the areas of information technology and logistics are provided by a company related by virtue of common controlling shareholders. Principal transactions with related parties are as follows:

	Three months ended	
	<u>June 30,</u>	
	2020	2019
	\$'000	\$'000
Expenses incurred for services	2,539	3,206
Purchase of merchandise	69	26
Financial interest expenses	14	-
Expenses for advertising	-	112
Financial interest income	113	-
Income from services provide	67	211
Sales of merchandise	55	34
Interest income on loan granted to affiliates	-	77

The notes on pages 9-24 are an integral part of these consolidated financial statements.

## Grupo Unicomer Corp.

### Notes to the condensed consolidated interim financial statements

For the three months ended June 30, 2020

(expressed in U.S. dollars)

#### 18. Financial instruments

With respect to the management of liquidity risk, management constantly maintains adequate access to funding in terms of available headroom under bank lines of credit. As of June 30, 2020, the Group had \$139,604,013 (June 2019: \$250,107,929) of lines of credit, with available head rooms totaling \$98,600,178 (June 2019: \$171,561,723).

Other aspects of the Group's financial risk management goals and policies regarding market risk, currency risk and interest rate risk are consistent with the guidelines and policies disclosed in the consolidated financial statements for the years ended March 31, 2020 and 2019.

#### 19. 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.

#### 20. Equity

##### a. Share capital as of June and March 2020:

	<u>2020</u> \$'000
Authorized, Issued and fully paid ordinary shares	
of \$152,066 per share:	
500 Class "A" Ordinary shares	76,033
500 Class "B" Ordinary shares	<u>76,033</u>
	<u>152,066</u>

During 2019, the Company changed its legal domicile from British Virgin Islands to the Republic of Panama. According to the new articles of Incorporation, the share capital of the Company is 1,000 ordinary shares with no par value. The value is assigned by the Shareholders, in the General Shareholders' Meeting, and is \$152,066 per share.

##### 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.

#### 21. 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.

## Grupo Unicomer Corp.

### Notes to the condensed consolidated interim financial statements

For the three months ended June 30, 2020

(expressed in U.S. dollars)

In response to the pandemic, management has adopted several measures specifically around safety and financial risk management. These measures include:

- Safeguard and protect its stakeholders at the corporate office, subsidiaries, and points of sale by providing information and supplies to prevent contagion;
- Implementing “work from home” arrangements for its employees to enable optimal continuation of back office and commercial operations for our valued associates;
- 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;
- Cost management/reduction initiatives resulting in 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;
- 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 will be a potential increase in probability of default resulting in deterioration in the age profile and increase in ECL provisions. Management believes that those provisions are partially recoverable due to the fact that in the Caribbean region no formal forbearance program was introduced and the deteriorated aging of the receivables after the reporting date may not reflect correctly the payment capacity of clients;
- Implementing and monitoring strategies and plans around managing liquidity. The Group monitors its daily cash flows using automated dashboards and continues to maintain stronger cash positions despite reducing its debt subsequent to the reporting date. This is a natural effect that occurs while the Group reduces new extensions of credit and remains reasonably successful in collecting existing receivables. 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;
- Strict monitoring of financial covenants as outlined in the loan agreements.

While the Group aims to maintain ongoing communication with its stakeholders to maintain transparency on all matters of interest, due to the continued uncertainty, it is difficult at this time to provide long-term projections, however it is likely that the financial performance of the Group for the new financial year started April 1, 2020 will be negatively affected. Management believes that Group is adequately positioned and is flexible to adapt to new circumstances from time to time. It has strong relations with its creditors, suppliers and banks, and continues having access to supply of inventory and lines of credit without significant interruptions. Governments in the countries of Group’s operations do not generally have the financial resources to provide economic stimulus packages over extended period as do some developing countries.