GRUPO UNICOMER CORP.
AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

September 30, 2020

Grupo Unicomer Corp.

Index to the condensed consolidated interim financial statements
September 30, 2020

Page

Condensed consolidated financial statements:

Grupo Unicomer Corp.

Condensed consolidated interim statement of financial position
September 30, 2020
(expressed in U.S. dollars)

	Notes	September 30, 2020 $'000	March 31, 2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents		185,189	144,654
Accounts receivable, net	6	420,656	569,142
Accounts receivable - related parties		4,935	4,109
Current portion of loans receivable - related parties		1,750	-
Inventories, net	10	273,310	286,070
Other receivables and prepayments		42,502	42,351
Deferred policy acquisition costs		19,039	22,002
Prepaid income taxes		11,302	10,936
Total current assets		958,683	1,079,264
Non-current assets			
Accounts receivable, net	6	235,896	293,780
Loan receivable - related parties		11,356	15,273
Property and equipment, net	7	135,163	142,310
Right-of-use assets	8	153,532	178,935
Intangible assets	9	156,351	160,795
Goodwill	11	66,071	67,123
Retirement benefit assets		4,267	4,468
Deferred tax assets		60,599	53,205
Other assets		5,896	5,485
Total non-current assets		829,131	921,374
Total assets		1,787,814	2,000,638

Grupo Unicomer Corp.

Condensed consolidated interim statement of financial position
September 30, 2020
(expressed in U.S. dollars)

		Septiembre 30, 2020	March 31, 2020
		$'000	$'000
LIABILITIES			
Current liabilities			
Bank overdrafts, secured		911	4,272
Short-term borrowings	12	68,682	86,585
Current portion of long-term borrowings	13	76,101	87,795
Accounts payable		158,204	174,806
Accounts payable - related parties		3,189	2,043
Bonuses payable		7,322	7,322
Unearned premiums		11,285	17,176
Other accounts payable and accruals		73,484	67,258
Current income tax liabilities		10,361	11,984
Short-term lease liabilities	8	44,444	47,458
Provision for warranties	14	5,685	5,210
Total current liabilities		459,668	511,909
Non–current liabilities			
Long-term borrowings	13	569,635	600,407
Loans payable – related parties		6,040	-
Deferred warranty income		105,129	117,757
Employee benefits	14	16,272	16,614
Long-term lease liabilities	8	140,468	164,361
Deferred tax liabilities		12,488	14,849
Total non-current liabilities		850,032	913,988
Total liabilities		1,309,700	1,425,897
EQUITY			
Share capital	20	152,066	152,066
Retained earnings (including statutory reserves)		436,680	520,577
Currency translation reserve		(110,632)	(97,902)
Total equity		478,114	574,741
Total liabilities and equity		1,787,814	2,000,638

Grupo Unicomer Corp.

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

	Notes	Six months ended September 30 2020 $'000	2019 $'000
Sales		445,751	547,263
Cost of goods sold		(305,055)	(385,341)
Gross profit on sales		140,696	161,922
Premium income		7,447	9,107
Finance income earned on credit operations		198,528	214,840
Total gross profit		346,671	385,869
Distribution and selling expenses	15	(309,305)	(274,588)
Administrative expenses	15	(56,291)	(49,847)
Remeasurement of Account Receivables at Amortized Cost	6	(31,453)	-
Other operating income, net		7,932	8,585
Operating profit		(42,446)	70,019
Financial income		842	293
Financial expense		(30,512)	(31,613)
Financial expense in regards to leases		(6,902)	(7,675)
Foreign exchange losses and other charges		(2,751)	(350)
Net finance costs		(39,323)	(39,345)
(Loss) profit before income tax		(81,769)	30,674
Income tax expense	16	(2,128)	(15,610)
(Loss) profit for the period		(83,897)	15,064

The notes on pages 9-27 are an integral part of these consolidated financial statements.

Grupo Unicomer Corp.

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

	Six months ended September 30	
	2020	2019
	$'000	$'000
Profit for the period	(83,897)	15,064
Items that may be reclassified to profit or loss:		
Currency translation adjustments	(12,730)	(3,300)
Other comprehensive loss for the period	(12,730)	(3,300)
Total comprehensive income for the period	(96,627)	11,764

Grupo Unicomer Corp.

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

	Share capital $'000	Statutory reserves $'000	Retained earnings $'000	Currency translation reserve $'000	Total equity $'000
Balances 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 at April 1, 2019	**152,066**	**16,928**	**483,685**	**(98,353)**	**554,326**
Total comprehensive income for the period					
Profit for the year	-	-	42,335	-	42,335
Other comprehensive loss:					
obligation, net of taxation	-	-	(371)	-	(371)
Currency translation adjustments	-	-	-	451	451
Other comprehensive (loss) for the year, net of taxation	-	-	(371)	451	80
Total comprehensive income for the year	-	-	41,964	451	42,415
Transfers to statutory reserve	-	1,461	(1,461)	-	-
Transaction with owners recorded directly in equity					
Dividends paid (note 20)	-	-	(22,000)	-	(22,000)
Balances at March 31, 2020	**152,066**	**18,389**	**502,188**	**(97,902)**	**574,741**
Total comprehensive loss for the period					
Profit for the period	-	-	(83,897)	-	(83,897)
Other comprehensive income:					
Currency translation adjustments	-	-	-	(12,730)	(12,730)
Other comprehensive (loss) for the period, net of taxation	-	-	-	(12,730)	(12,730)
Total comprehensive income for the period	-	-	(83,897)	(12,730)	(96,627)
Transfers to statutory reserve	-	2,985	(2,985)	-	-
Balances at September 30, 2020	**152,066**	**21,374**	**415,306**	**(110,632)**	**478,114**

Grupo Unicomer Corp.

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

	Notes	Septiembre 30, 2020 $'000	Septiembre 30, 2019 $'000
Cash flows from operating activities			
Profit for the period		(83,897)	15,064
Adjustments for:			
Depreciation and impairment of property and equipment	7	10,153	10,401
Depreciation of rigth-of-use assets	8	22,639	25,276
Amortization of intangible assets and impairment	9	4,714	4,937
Loss on disposal of property and equipment and intangible assets		613	3,384
(Decrease)/increase in employee benefits provision	14	1,059	1,654
Increase in provision for warranties, net	14	512	1,827
Impairment of accounts receivable	6	178,067	49,468
Interest on lease liabilities	8	6,902	7,675
Net finance costs		32,421	31,670
Income tax expense	16	2,128	15,618
		175,311	166,974
Changes in working capital:			
Decrease/(increase) in accounts receivable	6	28,303	(25,012)
Increase in accounts receivable – related parties		(826)	(618)
Increase in other receivables and prepayments		(151)	(14,560)
Increase in retirement of benefits assets		147	352
Decrease/(increase) in inventories	10	12,760	(53,695)
Decrease in deferred acquisition cost		2,963	612
Increase in other assets		(411)	(227)
(Decrease)/increase accounts payable		(17,503)	242
Increase in accounts payable – related parties		1,146	988
Provisions paid		(1,408)	(2,638)
Decrease in bonuses payable		-	(1,446)
Increase in other accounts payable and accruals		6,225	7,156
Decrease in unearned premium reserve		(5,891)	(2,849)
(Decrease)/increase in deferred warranty income, net		(12,628)	1,678
		188,037	76,957
Interest received		842	293
Interest paid		(30,512)	(31,613)
Corporate income tax paid		(15,867)	(23,282)
Net cash provided by operating activities		142,500	22,355
Cash flows from investing activities			
Acquisition of property and equipment	7	(5,340)	(11,790)
Acquisition of intangible assets	9	(2,271)	(5,169)
Decrease/(increase) in loans receivable related companies		3,917	(5,684)
Translation adjustments in respect of foreign subsidiaries		(5,318)	(3,892)
Net cash used in investing activities		(9,012)	(26,535)
Cash flows from financing activities			
Proceeds from short-term borrowings		42,405	82,574
Repayments of short-term borrowings		(60,308)	(28,150)
Proceeds of long-term borrowing		(30,678)	63,354
Repayments of long-term borrowing		34,563	(65,060)
Payment of lease liabilities		(77,029)	(32,622)
Dividents Paid		-	(22,000)
Bank overdraft		(3,361)	1,176
Net cash used in financing activities		(94,408)	(728)
Net increase in cash and cash equivalents		39,080	(4,908)
Cash and cash equivalents at the beginning of period		144,654	77,706
Effect of movements in exchange rates on cash and cash equivalents		1,455	(5,076)
Cash and cash equivalents at end of period		185,189	67,722

The notes on pages 9-27 are an integral part of these consolidated financial statements.

Grupo Unicomer Corp.

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

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 six months ended September 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:

	Six months ended September 30							
	2020				2019			
	Latin America	Caribbean	Other	Total	Latin America	Caribbean	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sales	305,202	126,777	13,772	445,751	370,158	159,982	17,123	547,263
Finance income earned on credit sales and premium income	123,344	74,086	8,545	205,975	129,040	91,789	3,118	223,947
External revenues	428,546	200,863	22,317	651,726	499,198	251,771	20,241	771,210
Reportable segment - profit before tax	(40,652)	(42,059)	942	(81,769)	4,479	21,464	4,729	30,672

Grupo Unicomer Corp.

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

6. Accounts receivable

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

	2020 $'000	2020 $'000
Gross accounts receivable – customers	738,369	867,838
Gross cash loans receivable – customers	272,331	317,303
Gross interest receivable	33,561	27,334
Unearned finance income	(194,391)	(247,555)
	849,870	964,920
Less: allowance for impairment	(193,318)	(101,998)
	656,552	862,922
Current portion of accounts receivable, net	(420,656)	(569,142)
Non-current portion of accounts receivable, net	235,896	293,780

b. Current portion of accounts receivable:

	2020 $'000	2019 $'000
Gross accounts receivable, cash loans and interest receivable – customers	727,992	835,391
Unearned finance income	(145,689)	(183,400)
Total accounts receivable due within one year	582,303	651,991
Allowance for impairment	(161,647)	(82,849)
Short term accounts receivable	420,656	569,142

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

		2020 $'000	2020 $'000
Balance at beginning of the period		101,998	93,636
Impairment losses recognized	15	178,067	100,086
Remeasurement of Account Receivables at Amortized Cost		(31,453)	-
Utilized during the period		(53,511)	(91,400)
Foreign exchange adjustment		(1,783)	(324)
		193,318	101,998

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 September 30, 2020, and March 31, 2020:

	September 30, 2020			
Age buckets	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
		$'000	$'000	
Stage I	3.58%	573,906	-20,510	No
Stage II	21.61%	130,774	-32,104	No
Stage III	95.81%	145,190	-140,704	Yes
		849,870	-193,318	

	March 31, 2020			
Age buckets	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
		$'000	$'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
		964,920	(101,998)	

Grupo Unicomer Corp.

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

7. Property and equipment

	$'000
Cost	
Balance as of March 31, 2020	308,709
Additions	5,340
Disposals	(3,574)
Sales	(436)
Translation adjustments	(3,798)
Balance as of September 30, 2020	306,241
Accumulated depreciation	
Balance as of March 31, 2020	166,399
Depreciation for the period	10,153
Disposals	(3,118)
Sales	(389)
Translation adjustments	(1,967)
Balance as of September 30, 2020	171,078
Carrying amounts:	
At September 30, 2020	135,163
At March 31, 2020	142,310

Grupo Unicomer Corp.

Notes to the condensed consolidated interim financial statements
For the six months ended September 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
Cost				
Balance as of March 31, 2020	224,781	750	255	225,786
Translation adjustments	(3,399)	(10)	(3)	(3,412)
Balance as of September 30, 2020	221,382	740	252	222,374
Depreciation				
Balance as of March 31, 2020	(46,560)	(233)	(58)	(46,851)
Charge for the period	(22,491)	(120)	(28)	(22,639)
Translation adjustments	643	5	-	648
Balance as of September 30, 2020	(68,408)	(348)	(86)	(68,842)
Carrying amounts:				
At September 30, 2020	152,974	392	166	153,532
At March 31, 2020	178,221	517	197	178,935

b. Lease liabilities

	2020 $´000
Less than one year	56,550
One to five years	125,321
More than five years	55,838
Total undiscounted lease liabilities at September 30, 2020	237,709
Less future interest expense	52,797
Carrying amount as of September 30, 2020	184,912
Current	44,444
Non-current	140,468
Lease liabilities included in the statement of financial position at September 30, 2020	184,912
Included in the above is a lease with a related party amounting to	55,870

Grupo Unicomer Corp.

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

c. Amounts recognized in profit or loss

	2020 $´000
Interest expense on lease liabilities	6,902
Variable lease payments not included in the measurement of lease liabilities	
Expenses relating to short-term leases	
value assets	

d. Extension options

Total cash outflow for leases	30,678

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	2,271
Disposals	(110)
Translation adjustments	(2,799)
Balance as of September 30, 2020	224,139
Accumulated amortization	
Balance as of March 31, 2020	63,982
Amortization for the period	(4,714)
Translation adjustments	909
Balance as of Septiembre 30, 2020	66,453
Carrying amounts:	
At Septiembre 30, 2020	156,351
At March 31, 2020	160,795

10. Inventories

As of September 30, 2020, the Group's total inventory decreased by -4.5%, equivalent to -$12.9 million, compared with March 31, 2020. The decrease is principally a net effect between a reduction of merchandise for resale (-7.6% or -$18.2 million) and an increase of goods in transit (+9.6% or $4.7 million). The Latin America region is responsible for a drop of -$15.0 million or -8.5% of inventory. On the contrary, the Caribbean region shows an increase of its inventory levels by $5.6 million or +5.7%. The group´s inventory levels were adjusted to the circumstances of the pandemic in which sales of merchandise decreased by -18.5% compared with the six months ended September 30, 2019. The strategy focused on reducing purchases during the six months in order to avoid overstocks and maintain healthy levels of cash. The Latin America region was more impacted because in several countries the lockdowns were longer than in the Caribbean, particularly in Ecuador, Honduras and El Salvador.

11. Goodwill

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

	Septiembre 30, 2020 $'000	March 31, 2020 $'000
Beginning balance	67,123	66,302
Effect of movements in exchange rates	(1,052)	821
Ending Balance	66,071	67,123

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

	September 30, 2020 $'000	March 31, 2020 $'000
Costa Rica	31,513	32,576
Paraguay	10,117	10,117
Ecuador	21,159	21,159
Other Caribbean countries	3,282	3,271
	66,071	67,123

Grupo Unicomer Corp.

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

12. Short-term borrowings

	Interest rates	September 30, 2020 $'000	March 31, 2020 $'000
Borrowings under short-term lines of credit:			
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	September: 3.48% - 6.50% (March: 4.16% - 5.03%)	44,913	45,163
Non-U.S. dollar based local functional currencies	September: 5.50% - 9.75% (March: 6.00% - 15.00%)	7,002	27,349
		51,915	72,512
Short-term loans:			
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	September: 7.25% - 8.45% (March: NIL)	3,557	-
Non-U.S. dollar based local functional currencies	7.00%	13,210	14,073
		16,767	14,073
Total short-term borrowings		68,682	86,585

Grupo Unicomer Corp.

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

13. Long-term borrowings

	Interest rates	September 30, 2020 $'000	March 31, 2020 $'000
Long-term lines of credit:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	September: 4.47% - 4.47% (March: 6.03%)	4,545	4,545
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	September: 3.77% - 4.92% (March: 3.77% - 5.72%)	8,914	15,268
Non-U.S. dollar based local functional currencies	September: 8.90% - 10.50% (March: 8.90% - 10.50%)	15,669	28,857
		29,128	48,670
Long-term loans:			
U.S. dollar denominated in countries where the functional currency is not the U.S. dollar	6.00% - 12.00%	13,513	19,093
U.S. dollar denominated in countries where the functional currency is the U.S. dollar	September: 4.18% - 9.48% (March: 5.77% - 9.16%)	377,664	384,959
Non-U.S. dollar based local functional currencies	September: 4.50% - 12.00% (March: 5.00% - 12.90%)	229,576	240,247
		620,753	644,299
Subtotal long-term borrowings		649,881	692,969

Grupo Unicomer Corp.

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

	September 30, 2020 $'000	March 31, 2020 $'000
Subtotal long-term borrowings	649,881	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	537	1,074
Translation adjustments	85	(34)
	(4,145)	(4,767)
Carrying value of long-term borrowings	645,736	688,202
Less: Current portions of:		
Long-term loans	(60,340)	(60,778)
Lines of credit	(15,761)	(27,017)
Current portion of long-term borrowings	(76,101)	(87,795)
Long-term portion of long-term borrowings	569,635	600,407
Maturity		
Current portion	76,101	87,795
Between 1 and 2 years	57,289	69,892
Between 2 and 5 years	417,320	429,794
Over 5 years	99,171	105,488
	649,881	692,969

As of September 30, 2020, the Company exceeded two of its financial covenants related to the Senior Unsecured Notes. First, 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 of September 30, 2020, the net debt to EBITDA ratio was 9.33. Second, the Company did not meet the minimum service coverage ratio, determined as interest expense paid over the last twelve months over EBITDA of 2.00 times, the ratio as of September 30, 2020 was 0.95 times. The Company does not foresee that these limitations will affect the ongoing business planned for the 2021 financial year.

As of September 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 of September 30, 2020, the delinquency ratio was 9.8%. All other financial covenants were met.

As of September 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 of September 30, 2020, the delinquency ratio was 27.5% because stores had been closed for most of the quarter and no forbearance plan had been instituted. All other financial covenants were met.

As of September 30, 2020, Unicomer (Trinidad) Ltd. a subsidiary met all its financial covenants with the exception of three related to a long-term loan with an international financial institution 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 of September 30, 2020, the delinquency ratio was 20.8% as a result of stores being closed for most of the first financial 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 of September 30, 2020, the debt to EBITDA ratio was (11.28) due to sizeable reductions in sales and collections resulting from closed stores.

- Finally, a third breach 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 September 30, 2020, interest coverage ratio was (1.09) times driven by a reduction in EBITDA mainly due to additional provisions for its increase in delinquency ratio.

As of September 30, 2020, Union Comercial de Costa Rica, Unicomer S.A a subsidiary had a breach in a financial covenant related to a long-term loan with an international financial institution which require the subsidiary to maintain a delinquency ratio (i.e. receivables over 90 days as a percentage of total receivables) of no more than 9%. As of September 30, 2020, the delinquency ratio was 10.6%. All other covenants were met.

As of September 30, 2020, Unicomer (Barbados) Ltd.; a subsidiary had a breach in a financial covenant related to a long-term loan with a local financial institution which require 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 of September 30, 2020, the delinquency ratio was 8.3%. All other covenants were met.

As of September 30, 2020, Unicomer Ltd. (Antigua & Barbuda) a subsidiary had a breach in two of their financial covenants related to a long-term loan with a local financial institution as follows:

Grupo Unicomer Corp.

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

- A financial covenant required the subsidiary to maintain a net debt to EBITDA ratio (measured as all bank debt included affiliated debt less cash and cash equivalents 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 3.50 times. As of September 30, 2020, the net debt to EBITDA ratio was (0.37) due to sizeable reductions in sales and collections resulting from closed stores.

- Furthermore, the same subsidiary had an additional breach of a financial covenant that required the subsidiary to maintain a Debt Service Coverage Ratio (as measured as EBITDA divided by financial expenses for the last twelve consecutive months) of no less than 1.25 times. As of September 30, 2020, interest coverage ratio was (3.77) times. All other financial covenants were met.

As of September 30, 2020, Unicomer (Grenada) Ltd. a subsidiary had a breach in a financial covenants related to a long-term loan with a local financial institution which required the subsidiary to maintain a net debt to EBITDA ratio (measured as all bank debt included affiliated debt less cash and cash equivalents 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 3.50 times. As of September 30, 2020, the net debt to EBITDA ratio was 13.25 due to sizeable reductions in sales and collections resulting from closed stores.

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	2,190	1,059	3,249
Amount used during the year	(1,678)	(1,408)	(3,086)
Translation adjustments	(37)	7	(30)
Balance as of Septiembre 30, 2020	5,685	16,272	21,957

Grupo Unicomer Corp.

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

15. Operating expenses

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

	Six months ended September 30 2020 $'000	2019 $'000
Accounts receivable – impairment	146,614	49,649
Personnel	103,784	130,706
Depreciation of right-of-use assets	22,639	25,276
Depreciation of property and equipment	10,153	10,401
Amortization of intangible assets	4,714	4,937
Insurance	11,143	6,900
Outsourcing	10,839	9,946
Advertising	7,111	18,494
Commissions and others	7,008	7,013
Freight	6,182	8,885
Maintenance and leasing computer equipment	6,166	3,737
Telecommunications	5,238	6,175
Professional fees	4,875	5,487
Utilities	4,502	7,204
Repairs and maintenance	4,110	5,760
Security services	3,232	3,585
Supplies	2,165	2,232
Insurance extended warranty claims and administrative	1,771	2,706
Municipal tax	1,368	1,125
Charitable donations	1,242	1,222
Travel	795	3,288
Operating leases	(5,518)	3,589
Other operating, net	5,463	6,118
	365,596	324,435
Comprising:		
Distribution and selling expenses	309,305	274,588
Administrative expenses	56,291	49,847
	365,596	324,435

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

	2020 $'000	2019 $'000
Wages and benefits	67,583	84,691
Commissions	15,491	21,743
Social security and pension cost	10,069	13,274
Other employee benefits	10,641	10,998
	103,784	130,706

The average number of full-time-equivalent employees as of September 30, 2020, was 12,488 (2019: 14,876).

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 six months ended September 30, 2020 was 7.76% (six months ended September 30, 2019: 50.89%).

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

(i) Subsidiaries with negative first quarter results (Guatemala, Honduras, Dominican Republic, Ecuador, Paraguay, several OECS jurisdictions, Barbados, Belize, Trinidad, Guyana, Aruba and Curacao).

(ii) 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.

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 during the first, and partially, in the second 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:

	Six months ended September 30,	
	2020	2019
	$'000	$'000
Expenses incurred for services	2,038	4,150
Purchase of merchandise	170	579
Financial interest expenses	30	-
Financial interest income	277	-
Income from services provided	197	611
Sales of merchandise	131	78
Interest income on loan granted to affiliates	-	179

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 September 30, 2020, the Group had $220,988,730 of lines of credit, with available head rooms totaling $81,043,153.

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.

Grupo Unicomer Corp.

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

20. Equity

a. Share capital as of September and March 2020:

	2020
	$'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	76,033
	152,066

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 was 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. 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 and expense management/reduction initiatives resulting in significant and rapid reduction in operating expenses to counteract the reduction in revenues due to lockdown measures experienced (mostly in April through July) 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 is a potential increase in the probability of default, resulting in deterioration in the aging profile and increases in ECL provisions. Management believes that those impairment provisions are partially recoverable and that the deteriorated aging of the receivables at and 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 granting 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 in our operating territories and on the restoration of employment to levels close to those at the time before COVID-19;

- Accelerated implementation of automation and e-commerce activities to adapt to the clients' wishes to shop and pay online. And the development of a consumer finance app, introduced very successfully in Costa Rica and Trinidad to expand into financing credit purchases of credit worthy clients of consumer durable products in third-party retail establishments;

- 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 clear that the financial performance of the Group for the full 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. Yet, governments in the countries of the Group's operations do not generally have the financial resources to provide strong economic stimulus packages over extended period as do some developing countries.