# GRUPO UNICOMER CORP. AND SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS

## MARCH 31, 2020

# Grupo Unicomer Corp. and subsidiaries

## Index to the consolidated financial statements

## March 31, 2020

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## INDEPENDENT AUDITORS' REPORT

To the Members of
**GRUPO UNICOMER CORP.**

### Report on the Audit of the Financial Statements

*Opinion*

We have audited the consolidated financial statements of Grupo Unicomer Co. Ltd. ("the company") and its subsidiaries ("the Group"), set out on pages 9 to 72, which comprise the consolidated statement of financial position as at March 31, 2020, 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, 2020, and of the consolidated financial performance and 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 Financial Statements* section of our report. We are independent of the Company 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 intangible assets**

| *Key Audit Matter [see notes 10 and 11]* | *How the matter was addressed in our audit* |
|---|---|
| The Group's goodwill and intangible assets are tested annually for impairment.<br><br>There is inherent 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.<br><br>Additionally, the effects of COVID-19 (note 28) on overall economic activity, the deteriorating trading conditions and continuous changes in the business environment increases the risk of impairment. | Our audit procedures in response to this matter, included:<br><br>• With the assistance of our valuation specialist, evaluating 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, discount rates and competition and performing sensitivity analysis on the assumptions.<br><br>• 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 inquires 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 Financial Statements (continued)

*Key Audit Matters (continued)*

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

| *Key Audit Matter* | *How the matter was addressed in our audit* |
|---|---|
| | • Assessing the adequacy of the Group's disclosures about the key assumptions and sensitivity of the impairment assessment to changes in key assumptions. |

### 2. Measurement of expected credit losses on financial assets

| *Key Audit Matter [see notes 2.4(b)(i),4.7, 6 and 23a(i)]* | *How the matter was addressed in our audit* |
|---|---|
| The Group recognizes expected credit losses ('ECL') on financial assets, the determination of which is highly subjective and requires management to make significant judgement and estimates.<br><br>The key areas requiring greater management judgement include 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:<br><br>• Obtaining an understanding of the models used by management for the calculation of expected credit losses, including governance over the determination of key judgements and estimates.<br><br>• Testing management process over the completeness and accuracy of the key data inputs into the IFRS 9 impairment models.<br><br>• 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 Financial Statements (continued)**

*Key Audit Matters (continued)*

## 2. Measurement of expected credit losses on financial assets (continued)

| *Key Audit Matter [see notes 2.4(b)(i),4.7, 6 and 23a(i)]* | *How the matter was addressed in our audit* |
|---|---|
| These estimates involve increased judgment as a result of the economic impact of COVID-19 (note 28) on the Group's financial assets. Management considered the following:<br>- qualitative factors that create COVID-19 related changes to SICR.<br>- increased uncertainty about potential future economic scenarios and their impact on credit losses.<br>Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations, which increases the risk of a material misstatement.<br><br>Therefore, the impairment of financial assets has a high degree of estimation uncertainty. | • Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the criteria used to determine SICR and independently assessing the assumptions for probabilities of default, loss given default and exposure at default.<br><br>• Involved 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.<br><br>• Assessing the adequacy of the disclosures of key assumptions and judgements for compliance with IFRS 9. |

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
**GRUPO UNICOMER CORP.**

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

*Key Audit Matters (continued)*

### 3. Compliance with restrictive covenants in debt agreements

| *Key Audit Matter [see notes 15 and 29]* | *How the matter was addressed in our audit* |
|---|---|
| The Group has acquired substantial borrowings to finance its acquisitions as well as day-to- day operations.<br><br>These financing agreements contain various covenants which include maintenance of certain financial ratios.<br><br>Compliance is determined based on the terms established in the debt agreements and, accordingly, errors in the calculations may have a significant effect on the financial statements. | In order to evaluate compliance with restrictive covenants and reach a conclusion about the relevant assertions related to borrowings included in the financial statements, our audit procedures included the following:<br><br>• Examining the relevant terms of the agreements including the debt covenants and the consequences of failure to meet the covenants.<br><br>• Identifying provisions of debt agreements that provide for liens on assets or other restrictive covenants that require disclosure.<br><br>• Obtain from management, the documentation detailing quantitative covenant compliance calculations.<br><br>• Performing a recalculation of the restrictive covenants on debt agreements, verifying the mathematical accuracy of management's calculations, vouching significant items to source documentation and assess whether compliance with covenants are supported by the calculations.<br><br>• Assessing the adequacy of the disclosures in the financial statements. |

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
**GRUPO UNICOMER CORP.**

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

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

Management is responsible for the preparation 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 7-8, forms part of our auditors' report.

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

KPMG

Chartered Accountants
Kingston, Jamaica

July 30, 2020

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.

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, 2020**
*(expressed in U.S. dollars - Note 2.2)*

| | Notes | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 5 | 144,654 | 77,706 |
| Accounts receivable, net | 6 | 569,142 | 572,792 |
| Accounts receivable - related parties | | 4,109 | 5,600 |
| Loan receivable - related parties | | - | 2,848 |
| Inventories, net | 7 | 286,070 | 286,577 |
| Other receivables and prepayments | | 42,351 | 43,029 |
| Deferred acquisition costs | | 22,002 | 22,593 |
| Prepaid income taxes | | 10,936 | 17,317 |
| Total current assets | | 1,079,264 | 1,028,462 |
| **Non-current assets** | | | |
| Accounts receivable, net | 6 | 293,780 | 296,193 |
| Loan receivable - related parties | | 15,273 | 11,041 |
| Property and equipment, net | 8 | 142,310 | 143,105 |
| Right-of-use assets | 9a | 178,935 | - |
| Intangible assets | 10 | 160,795 | 158,273 |
| Goodwill | 11 | 67,123 | 66,302 |
| Retirement benefit assets | 12 | 4,468 | 5,502 |
| Deferred tax assets | 13 | 53,205 | 40,916 |
| Other assets | | 5,485 | 4,891 |
| Total non-current assets | | 921,374 | 726,223 |
| **Total assets** | | 2,000,638 | 1,754,685 |

The notes on pages 15-72 are an integral part of these consolidated financial statements.

# Grupo Unicomer Corp. and subsidiaries

## Consolidated statement of financial position
**March 31, 2020**
*(expressed in U.S. dollars - Note 2.2)*

| | Notes | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Bank overdrafts, secured | | 4,272 | 2,338 |
| Short-term borrowings | 14 | 86,585 | 27,590 |
| Current portion of long-term borrowings | 15 | 87,795 | 104,883 |
| Accounts payable | | 174,806 | 173,880 |
| Accounts payable - related parties | | 2,043 | 1,811 |
| Bonuses payable | 16 | 7,322 | 3,795 |
| Unearned premiums | | 17,176 | 19,056 |
| Other accounts payable and accruals | | 67,258 | 66,408 |
| Current income tax liabilities | | 11,984 | 21,860 |
| Short-term lease liabilities | 9b | 47,458 | - |
| Provision for warranties | 17 | 5,210 | 4,947 |
| Total current liabilities | | 511,909 | 426,568 |
| **Non–current liabilities** | | | |
| Long-term borrowings | 15 | 600,407 | 595,927 |
| Deferred warranty income | | 117,757 | 115,673 |
| Bonuses payable | 16 | - | 3,701 |
| Employee benefits | 17 | 16,614 | 16,503 |
| Long-term lease liabilities | 9b | 164,361 | - |
| Deferred tax liabilities | 13 | 14,849 | 16,264 |
| Total non-current liabilities | | 913,988 | 748,068 |
| **Total liabilities** | | 1,425,897 | 1,174,636 |
| **EQUITY** | | | |
| Share capital | 18a | 152,066 | 152,066 |
| Retained earnings (including statutory reserves) | | 520,577 | 526,336 |
| Currency translation reserve | | (97,902) | (98,353) |
| **Total equity** | | 574,741 | 580,049 |
| **Total liabilities and equity** | | 2,000,638 | 1,754,685 |

The notes on pages 15-72 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, 2020
*(expressed in U.S. dollars - Note 2.2)*

| | Notes | 2020 $'000 | 2019 $'000 |
|---|---|---|---|
| Sales | 4.12 | 1,179,172 | 1,216,354 |
| Cost of goods sold | | ( 832,830) | ( 862,834) |
| Gross profit on sales | | 346,342 | 353,520 |
| Premium income | 4.12 | 17,247 | 18,351 |
| Finance income earned on credit operations | 4.12 | 435,586 | 430,043 |
| Total gross profit | | 799,175 | 801,914 |
| Distribution and selling expenses | 19 | ( 521,247) | ( 514,262) |
| Administrative expenses | 19 | ( 128,690) | ( 120,635) |
| Other operating income, net | | 11,737 | 8,403 |
| Operating profit | | 160,975 | 175,420 |
| Financial income | | 604 | 570 |
| Financial expense | 15k | ( 63,309) | ( 64,769) |
| Financial expense in regards to leases | 9 | ( 17,835) | - |
| Foreign exchange losses and other charges | | ( 429) | ( 5,206) |
| Net finance costs | | ( 80,969) | ( 69,405) |
| Profit before income tax | | 80,006 | 106,015 |
| Income tax expense | 20 | ( 37,671) | ( 32,845) |
| Profit for the year | | 42,335 | 73,170 |

The notes on pages 15-72 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, 2020
*(expressed in U.S. dollars - Note 2.2)*

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| **Profit for the year** | 42,335 | 73,170 |
| **Other comprehensive loss:** | | |
| **Item that will never be reclassified to profit or loss:** | | |
| Remeasurement of employee benefits | ( 523) | 1,312 |
| Related tax on remeasurement | 152 | ( 398) |
| **Item that may be reclassified to profit or loss:** | | |
| Currency translation adjustments | 451 | ( 9,382) |
| Other comprehensive loss for the year | 80 | ( 8,468) |
| **Total comprehensive income for the year** | 42,415 | 64,702 |

The notes on pages 15-72 are an integral part of these consolidated financial statements.

## Consolidated statement of changes in equity
## For the year ended March 31, 2020
*(expressed in U.S. dollars - Note 2.2)*

| | Share capital $'000 (note 18a) | Statutory reserves $'000 (note 18b) | Retained earnings $'000 | Currency translation reserve $'000 | Total equity $'000 |
|---|---|---|---|---|---|
| **Balances at March 31, 2018** | 163,386 | 14,810 | 480,129 | (88,971) | 569,354 |
| Impact on initial application of IFRS 9, net of tax | - | - | ( 23,768) | - | ( 23,768) |
| Impact on initial application of IFRS 15, net of tax | - | - | ( 7,687) | - | ( 7,687) |
| **Adjusted balances at April 1, 2018** | 163,386 | 14,810 | 448,674 | (88,971) | 537,899 |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year | - | - | 73,170 | - | 73,170 |
| Other comprehensive income/(loss): | | | | | |
| Remeasurement of employee benefit obligation, net of taxation | - | - | 914 | - | 914 |
| Currency translation adjustments | - | - | - | ( 9,382) | ( 9,382) |
| Other comprehensive income (loss), for the year, net of taxation | - | - | 914 | ( 9,382) | ( 8,468) |
| **Total comprehensive income/(loss) for the year** | - | - | 74,084 | ( 9,382) | 64,702 |
| Transfers to statutory reserve | - | 2,118 | ( 2,118) | - | - |
| **Transactions with owners recorded directly in equity** | | | | | |
| Transfer of subsidiaries (note 8c) | - | - | 207 | - | 207 |
| Distribution of share premium (note 18a) | ( 11,320) | - | - | - | ( 11,320) |
| Dividends paid (note 25) | - | - | ( 11,149) | - | ( 11,149) |
| Other adjustments | - | - | ( 290) | - | ( 290) |
| **Total transactions with owners recorded directly in equity** | ( 11,320) | - | ( 11,232) | - | ( 22,552) |
| **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 (note 3) | - | - | ( 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 year** | | | | | |
| 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 |
| **Total comprehensive income for the year** | - | - | 41,964 | 451 | 42,415 |
| Transfers to statutory reserve | - | 1,461 | ( 1,461) | - | - |
| **Transactions with owners recorded directly in equity** | | | | | |
| Dividends paid (note 25) | - | - | ( 22,000) | - | ( 22,000) |
| **Balances at March 31, 2020** | 152,066 | 18,389 | 502,188 | (97,902) | 574,741 |

The notes on pages 15-72 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, 2020
*(expressed in U.S. dollars - Note 2.2)*

| | Notes | 2020 $'000 | 2019 $'000 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Profit for the year | | 42,335 | 73,170 |
| Adjustments for: | | | |
| Depreciation of property and equipment | 8 | 20,723 | 21,471 |
| Depreciation of right-of-use assets | 9 | 47,091 | - |
| Amortization of intangible assets | 10 | 9,630 | 8,588 |
| Loss on disposal of property and equipment and intangible assets | | 3,351 | 8,537 |
| Increase in employee benefits provision | 17 | 2,455 | 2,422 |
| Increase in provision for warranties, net | 17 | 6,571 | 4,171 |
| Retirement benefits assets | 12 | 148 | 292 |
| Impairment of accounts receivable | 6 | 100,086 | 85,028 |
| Interest on lease liabilities | 9c | 17,835 | - |
| Net finance costs (exclude interest on lease liability) | | 63,134 | 69,405 |
| Income tax expense | 20 | 37,671 | 32,845 |
| | | 351,030 | 305,929 |
| Changes in working capital: | | | |
| Increase in accounts receivable | | ( 94,023) | ( 97,019) |
| Decrease (increase) in accounts receivable - related parties | | 1,491 | ( 2,782) |
| Decrease in other receivables and prepayments | | 678 | 365 |
| Increase in retirement of benefits assets | | ( 288) | ( 593) |
| Decrease/(increase) in inventories | | 507 | ( 18,440) |
| Decrease in deferred policy acquisition cost | | 591 | 1,093 |
| Increase in other assets | | ( 594) | ( 1,008) |
| Increase in accounts payable | | 926 | 9,417 |
| Increase in accounts payable – related parties | | 232 | 1,974 |
| (Decrease)/Increase in bonuses payable | | ( 174) | 2,262 |
| Increase/(decrease) increase in other accounts payable and accruals | | 350 | ( 5,276) |
| Warranty provisions paid | | ( 6,234) | ( 4,317) |
| Employee benefit provision paid | | ( 1,728) | ( 1,616) |
| Decrease in unearned premium reserve | | ( 1,380) | ( 2,717) |
| Decrease in deferred warranty income, net | | 2,084 | 1,906 |
| | | 253,468 | 189,178 |
| Interest received | | 604 | 570 |
| Interest paid | | ( 63,309) | ( 64,769) |
| Corporate income tax paid | | ( 47,035) | ( 40,747) |
| Net cash provided by operating activities | | 143,728 | 84,232 |
| **Cash flows from investing activities** | | | |
| Acquisition of property and equipment | 8 | ( 25,065) | ( 26,034) |
| Acquisition of intangible assets | 10 | ( 11,198) | ( 14,491) |
| Transfer of subsidiaries | | - | 56 |
| Decrease in loans receivable – related parties | | - | 59 |
| Net cash used in investing activities | | ( 36,263) | ( 40,410) |
| **Cash flows from financing activities** | | | |
| Proceeds from short-term borrowings | | 153,194 | 115,452 |
| Repayments of short-term borrowings | | ( 94,199) | (137,728) |
| Proceeds from long-term borrowings | | 162,740 | 190,482 |
| Repayments of long-term borrowing | | (175,314) | (168,762) |
| Repayment of lease liabilities | 9d | ( 65,724) | - |
| Increase/(decrease) loans payable related parties | | ( 1,384) | 4,624 |
| Bank overdraft | | 1,934 | ( 1,501) |
| Translation adjustment in respect of foreign subsidiaries | | 1,057 | ( 4,107) |
| Share premium paid | 18a | - | ( 11,320) |
| Dividends paid | 25 | ( 22,000) | ( 11,149) |
| Net cash used in financing activities | | ( 39,696) | ( 24,009) |
| Net increase in cash and cash equivalents | | 67,769 | 19,813 |
| Cash and cash equivalents at the beginning of the period | 5 | 77,706 | 66,691 |
| Effect of movements in exchange rates on cash and cash equivalents | | ( 821) | ( 8,798) |
| Cash and cash equivalents at end of year | 5 | 144,654 | 77,706 |

The notes on pages 15-72 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, 2020
*(expressed in U.S. dollars - Note 2.2)*

**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 [note 15 (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 9 to 72 were tabled at a meeting of the Board of Directors on July 6, 2020 and it was agreed that the Chairman approve the final issue of these financial statements, which occurred on July 30, 2020.

*New, and amended standards and interpretations that became effective during the year:*

Certain new and amended standards and interpretations that were in issue came into effect during the current financial year. This is the first set of the Group's annual financial statements in which IFRS 16, *Leases* has been applied from April 1, 2019. A number of other new standards and interpretations are also effective April 1, 2019 but they do not have a material effect on the Group's financial statements. Changes to significant accounting policies are described in note 3.

*New and amended standards and interpretations that are in issue but not yet effective*

At the date of approval of these financial statements, there were certain new and amended standards and interpretations, which were in issue but were not yet effective at the reporting date and had not been early-adopted by the Group. The Group is assessing them and has determined that the following are relevant to its financial statements.

a. Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognized and de-recognized in the financial statements.

- New ‘bundle of rights’ approach to assets will mean that an entity may recognize a right to use an asset rather than the asset itself;
- A liability will be recognized if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognize an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The Group is assessing the impact that the amendments will have on its 2021 financial statements.

b. Amendment to IAS 1, *Presentation of Financial Statements*, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, is effective for annual periods beginning on or after January 1, 2020, it provides a definition of ‘material’ to guide preparers of financial statements in making judgements about information to be included in financial statements.

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purposes financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The Group does not expect the amendment to have a significant impact on its 2021 financial statements.

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.

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 Use of judgements and estimates

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Although these estimates are based on management's best information of current events and conditions, actual results could differ from these estimates. The areas involving a higher degree of judgment and or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed below:

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 estimate the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions makes uncertainly 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). Retirement 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 financial statements for these obligations.

(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 initially applied IFRS 16 *Leases* from April 1, 2019. Except for the changes below, the Group has consistently applied the accounting policies as set out in note 4 to all periods presented in these financial statements.

IFRS 16 *Leases*

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at April 1, 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

a. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 4.13.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after April 1, 2019.

b. As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right of use assets and lease liabilities for most of these leases – i.e. these leases are on balance sheet.

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 on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non lease components and account for the lease and associated non lease components as a single lease component.

Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at April 1, 2019 (see note 9).

Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application: the Group applied this approach to its property and other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used several practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognize right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

# Grupo Unicomer Corp. and subsidiaries

## Notes to the consolidated financial statements
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*(expressed in U.S. dollars - Note 2.2)*

c. Transition impact on the financial statements

On transition to IFRS 16, the Group recognized additional right-of-use assets, and additional lease liabilities, recognizing the difference in retained earnings. The impact on transition is summarized below.

| | April 1, 2019<br>$'000 |
|---|---|
| Right-of-use assets (note 9) | 186,522 |
| Lease liabilities | (219,928) |
| Related deferred tax effect | 7,683 |
| Retained earnings | ( 25,723) |

For the impact of IFRS 16 on profit or loss for the year, see note 9. For the details of accounting policies under IFRS 16 and IAS 17, see note 4.13.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at April 1, 2019. The weighted average rate applied is 8.3%.

| | April 1, 2019<br>$'000 |
|---|---|
| Operating lease commitments at March 31, 2019 as disclosed under IAS 17 in the Group's financial statements | 238,614 |
| Discounted using the incremental borrowing rate at April 1, 2019 | 215,447 |
| Recognition exemption for leases of low-value assets | ( 634) |
| Recognition exemption for leases with less than 12 months of lease term at transition | ( 3,573) |
| Extension options reasonably certain to be exercised | 8,688 |
| Lease liabilities recognized at April 1, 2019 | (219,928) |

### 4. Significant Accounting Policies

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.

# Grupo Unicomer Corp. and subsidiaries

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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".

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:

| Country of incorporation | Name of subsidiary |
|---|---|
| *United States of America Group:* | |
| Panamá | Facilito Overseas Holding Corp. (i) |
| United States of America | Unicredit, Inc.<br>Unicomer USA Holding, Inc. Unicomer Texas, LLC<br>Unicomer West Coast, LLC (inactive) |
| *Latin America Group:* | |
| Panamá | Unicomer Latin America Corp.(ii) |
| Guatemala | Unión Comercial de Guatemala, S.A. (iii) Unicoservi, S.A. |
| El Salvador | Unión Comercial de El Salvador, S.A. de C.V.<br>Unicoservi, S.A. de C.V. |
| Panama | Samoil International Corp. |
| Nicaragua | Unión Comercial de Nicaragua, S.A.<br>Unicoservi, S.A. |
| Ecuador | Unicomer de Ecuador, S.A. |

# Grupo Unicomer Corp. and subsidiaries

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

| Country of incorporation | Name of subsidiary |
|---|---|
| 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. |
| *Caribbean Group:* | |
| St. Lucia | Unicomer Caribbean Holding Co. Ltd.<br>Unicomer (St. Lucia) Ltd.<br>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. Grenada | Unicomer (Grenada) |
| Ltd. | |
| Trinidad & Tobago | Unicomer (Trinidad) Ltd.<br>Bluestart Capital Holding Co. Ltd (TT) (iv)<br>Bluestart Capital (Trinidad) Ltd. |
| Aruba<br>Unicon N.V. | Unicomer (Aruba) N.V.<br>Antillian Mercantile Corporation N.V. (inactive) International Agencies Aruba N.V. (inactive) Hagemyer (Aruba) N.V. (inactive) |
| Guyana | Unicomer (Guyana) Inc.<br>Bluestart Capital (Guyana) Inc. (v) |
| Barbados | Caribbean Licensing Corporation Unicomer (Barbados) Ltd. |

Curacao, Bonaire and Sint Maarten Unicomer (Curacao) B.V.

*Other subsidiaries:*

| | |
|---|---|
| El Salvador | Unicomer Corporativo, S.A. de C.V. |
| Guatemala | Laboratorio Unicomer, S.A. |

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

| Country of incorporation | Name of subsidiary |
| --- | --- |
| Unilab Export, S.A. | Bluestart Guatemala, S.A. (vi) |
| Panamá | Global Franchising Corporation Unicorp International Services Inc.<br>Regal Worldwide Trading (RWT) Inc. (vii) |
| | Bluestart Capital Group Corp. (viii) |
| United States of America | Regal Worldwide Trading LLC |
| Bermuda | Canterbury Insurance Co. Ltd. |

i. On July 3, 2019 the subsidiary Facilito Overseas Holding Co. Ltd. changed its legal domicile to the Republic of Panama, and is now called Facilito Overseas Holding Corp.

ii. On July 3, 2019 the subsidiary Unicomer Latin America Co. Ltd. changed its legal domicile to the Republic of Panama, and is now called Unicomer Latin America Corp.

iii. On November 28, 2019, the merger of Unión Comercial de Guatemala, S.A. and Ceteco de Guatemala, S.A., became effective. The surviving entity was Unión Comercial de Guatemala, S.A.

iv. On December 3, 2019, the entity Bluestart Capital Holding Co. Ltd. was incorporated under the laws of Trinidad & Tobago.

v. On February 13, 2020, Bluestart Capital (Guyana) Inc. was incorporated under the laws of Guyana.

vi. On November 28, 2019, Bluestart Guatemala, S.A. was incorporated under the laws of the Republic of Guatemala.

vii. On July 3, 2019 the subsidiary Regal Worldwide Trading (RWT) Inc. changed its legal domicile to the Republic of Panama.

viii. On July 3, 2019, the subsidiary Courts Caribbean Holding Co. Ltd. changed its legal domicile to the Republic of Panama and changed its name to Bluestart Capital Group Corp.

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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management activities are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

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

4.3 Accounts receivable, net

Customer receivables are measured at amortized cost, less impairment losses (notes 4.7 and 4.18).

4.4 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 amounts of inventories is likely to be less than cost.

4.5 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 | 2.5% |
| Leasehold improvements | 20.0% - 33.3% (or over the period of the lease) |
| Furniture and fixtures | 20.0% |
| Computers, office equipment | 33.3% |
| Vehicles | 18.0% |
| Right-of-use assets | over lease term |
| Constructions on leased land | over the period of the lease |

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

4.6 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.

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

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 on the basis of 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. Deferred policy acquisition costs

Policy acquisition costs are deferred on a basis consistent with that used for deferring premium income (see note 4.12).

f. 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:

| | |
|---|---|
| Courts Caribbean | 15 years (see note 10) |
| Artefacta Ecuador | 10 years (see note 10) |
| Gollo Costa Rica | 10 years (see note 10) |
| Electrofacil Paraguay | 10 years (see note 10) |

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

4.7 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 loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses.

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

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.

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.

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.

4.8 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.

4.9 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation arising out of a 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.

4.10 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 past history of the level of repairs and replacements.

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4.11 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.

4.12 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:

| *Type of service* | *Nature and timing of satisfaction of performance obligations, including significant payment terms.* | *Revenue recognition under IFRS 15* |
|---|---|---|
| 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. |
| Hire purchase | 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 overtime. |
| 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 is recognized using 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.

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 profit or loss, includes interest on cash loans and other financial assets measured at amortized cost

4.13 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in note 3.

*Policy applicable from April 1, 2019*

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 of time 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.

This policy is applied to contracts entered into, on or after April 1, 2019.

*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 on the basis of 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.

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.

*Policy applicable before April 1, 2019*

Leases under which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight-line basis over the period of the lease.

Assets held under other leases were classified as operating leases and were not recognized in the Group's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

4.14 Financial expense

Financial expense represents interest expense and is method recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument to the amortized cost of the financial liability.

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 17). 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.

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 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 the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

4.17 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.

(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.

4.18 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.

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.

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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.

b. Classification of financial instruments

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

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVOCI:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Business model assessment:

In making an assessment of the objective of the business model in which a financial asset is held, the Group considers all of the relevant information about how the business is managed.

The Group has determined that it has one business model held to collect business model:

This includes cash and cash equivalents, other receivables, accounts receivable – related parties and loan receivable – related parties. These financial assets are held to collect contractual cash flows.

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).

4.19 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 (note 27).

4.20 Foreign currency transactions

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.

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.

# Grupo Unicomer Corp. and subsidiaries

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## For the year ended March 31, 2020
*(expressed in U.S. dollars - Note 2.2)*

### 5. Cash and cash equivalents

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Cash in bank and on hand | 134,744 | 72,152 |
| Cash in savings accounts | 7,911 | 3,487 |
| Short-term bank deposits | 1,999 | 1,616 |
| Restricted funds | - | 451 |
| | 144,654 | 77,706 |

a. This is comprised mainly of amounts held in current accounts.

b. The effective interest rate on short-term bank deposits range up from 0.25% to 3.2% (2019: from 0.25% to 2%). These deposits have an average maturity of 30 days.

c. In the prior year, Unicomer (Trinidad) Ltd. held the sum of $451,000 on deposit by a local bank as a security for the partial guaranty of a loan disbursed by Redstart Investments Trinidad, Ltd. (related party) for the purpose of constructing the Freeport Campus situated at Trinidad and Tobago, for which Unicomer is the sole tenant.

### 6. Accounts receivable, net

a. Accounts receivable as at March 31, 2020 and 2019 are as follows:

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Gross accounts receivable – customers | 867,838 | 1,003,642 |
| Gross cash loans receivable – customers | 317,303 | 278,682 |
| Gross interest receivable | 27,334 | 25,436 |
| Unearned finance income | (247,555) | ( 345,139) |
| | 964,920 | 962,621 |
| Less: Allowance for impairment | (101,998) | ( 93,636) |
| | 862,922 | 868,985 |
| Current portion of accounts receivable, net | (569,142) | ( 572,792) |
| Non-current portion of accounts receivable, net | 293,780 | 296,193 |

b. Current portion of accounts receivable:

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Gross accounts receivable, cash loans and interest receivable – customers | 835,391 | 908,431 |
| Unearned finance income | (183,400) | (260,266) |
| Total accounts receivable due within one year | 651,991 | 648,165 |
| Allowance for impairment | ( 82,849) | ( 75,373) |
| Short term accounts receivable | 569,142 | 572,792 |

c. The movement in the allowance for impairment of receivables during the year is as follows:

| | Note | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|---|
| Balance at beginning of the period | | 93,636 | 100,777 |
| Impairment losses recognized | 19.a | 100,086 | 85,028 |
| Utilized during the period | | ( 91,400) | ( 91,048) |
| Foreign exchange adjustment | | ( 324) | ( 1,121) |
| | | 101,998 | 93,636 |

### 7. Inventories, net

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Merchandise for resale | 240,544 | 239,772 |
| Spare parts | 7,327 | 6,076 |
| Goods in-transit | 48,561 | 49,687 |
| | 296,432 | 295,535 |
| Less: allowance for obsolescence | ( 10,362) | ( 8,958) |
| | 286,070 | 286,577 |

During the year, the Group recognized an expense of: $4,704,000 (2019: $2,004,000) to write down the inventories to their net realizable value.

# Grupo Unicomer Corp. and subsidiaries

## Notes to the consolidated financial statements
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*(expressed in U.S. dollars - Note 2.2)*

## 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, 2018 | 106,012 | 75,496 | 61,205 | 11,787 | 37,184 | 13,215 | 304,899 |
| Additions | 1,244 | 4,392 | 6,716 | 1,238 | 3,446 | 8,998 | 26,034 |
| Disposals | - | ( 4,105) | (10,211) | ( 542) | ( 3,654) | ( 667) | ( 19,179) |
| Sales | ( 136) | ( 22) | ( 145) | ( 373) | ( 1,200) | - | ( 1,876) |
| Transfer to intangible assets (note 10) | 153 | 2,750 | 952 | 217 | 1,100 | ( 4,954) | 218 |
| Transfer of subsidiary | ( 1,275) | - | - | - | - | ( 5,113) | ( 6,388) |
| Reclassifications | 1,942 | ( 1,684) | 4,313 | 6 | ( 3,285) | ( 1,292) | - |
| Adjustments | ( 2) | ( 99) | ( 33) | ( 42) | 782 | ( 3,812) | ( 3,206) |
| Translation adjustments | 183 | ( 1,150) | ( 540) | ( 151) | ( 318) | ( 254) | ( 2,230) |
| 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 |
| **Accumulated depreciation** | | | | | | | |
| Balance as of March 31, 2018 | 24,924 | 52,461 | 42,854 | 6,962 | 26,735 | - | 153,936 |
| Depreciation for the year | 1,932 | 7,769 | 6,325 | 1,439 | 4,006 | - | 21,471 |
| Disposals | ( 111) | ( 3,788) | (10,158) | ( 451) | ( 3,137) | - | ( 17,645) |
| Sales | - | ( 10) | ( 134) | ( 297) | ( 900) | - | ( 1,341) |
| Transfer of subsidiary | ( 84) | - | - | - | - | - | ( 84) |
| Reclassifications | - | - | 1,831 | - | ( 1,831) | - | - |
| Adjustments | 18 | (75) | (93) | ( 41) | 676 | - | 485 |
| Translation adjustments | ( 213) | ( 818) | ( 418) | ( 68) | ( 138) | - | ( 1,655) |
| 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) | ( 1,009) | ( 730) | ( 1,474) | - | ( 4,627) |
| 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 |
| **Carrying amounts:** | | | | | | | |
| At March 31, 2020 | 79,128 | 17,932 | 23,159 | 4,264 | 9,393 | 8,434 | 142,310 |
| At March 31, 2019 | 81,655 | 20,039 | 22,050 | 4,596 | 8,644 | 6,121 | 143,105 |

# Grupo Unicomer Corp. and subsidiaries

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### 9. Leases

The Group leases property for its retail stores, motor vehicles, IT equipment and furniture and office equipment. The leases typically run for an average period of five (5) years. Some leases include an option to renew the lease for an additional one year after end of the original contract term period. Previously, these leases were classified as operating leases under IAS 17.

The Group leases IT equipment, printers, among other with contract terms of one year or less. These leases are short term and/or leases of low value items. The Group has elected not to recognize right of use assets and lease liabilities for these leases.

a. Information about leases for which the Company is a lessee is presented below.

i Right-of-use assets

| | Land and Buildings $´000 | Vehicles and transport equipment $´000 | Furniture and office equipment $´000 | Total $´000 |
|---|---|---|---|---|
| Cost | | | | |
| Balance as of April 1, 2019 | 185,841 | 418 | 263 | 186,522 |
| Additions | 38,893 | 335 | - | 39,228 |
| Translation adjustments | 47 | (3) | (8) | 36 |
| Balance as of March 31, 2020 | 224,781 | 750 | 255 | 225,786 |
| Depreciation | | | | |
| Balance as of April 1, 2019 | - | - | - | - |
| Charge for the year | 46,801 | 232 | 58 | 47,091 |
| Translation adjustments | (241) | 1 | - | (240) |
| Balance as of March 31, 2020 | 46,560 | 233 | 58 | 46,851 |
| Carrying amounts | | | | |
| At March 31, 2020 | 178,221 | 517 | 197 | 178,935 |

b. Lease Liabilities

| | 2020 $´000 |
|---|---|
| Less than one year | 62,656 |
| One to five years | 143,256 |
| More than five years | 65,772 |
| Total undiscounted lease liabilities at March 31, 2020 | 271,684 |
| Less: future interest expense | ( 59,865) |
| Carrying amount as of March 31, 2020 | 211,819 |
| Current | 47,458 |
| Non-current | 164,361 |
| Lease liabilities included in the statement of financial position at March 31, 2020 | 211,819 |
| Liabilities in respect of leases with related parties | 58,450 |

c. Amounts recognized in profit or loss

| | 2020 $´000 |
|---|---|
| 2020 – Leases under IFRS 16: | |
| Interest expense on lease liabilities | 17,835 |
| Variable lease payments not included in the measurement of lease liabilities | 634 |
| Expenses relating to short-term leases | 3,573 |
| Expenses relating to lease of low-value assets, excluding short-term leases of low value assets | 324 |
| Depreciation on right-of-use assets | 47,091 |

| | 2019 $´000 |
|---|---|
| 2019 – Operating leases under IAS 17: | |
| Lease expense | 68,927 |

d. Amounts recognized in the statement of cash flows

| | 2020 $´000 |
|---|---|
| Total cash outflow for leases | 65,724 |

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. The Group assesses at the 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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### 10. Intangible assets

| | Software $'000 | Brands/ trademarks $'000 | Customer relationships $'000 | Projects in process $'000 | Other intangibles $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance as of March 31, 2018 | 48,166 | 82,089 | 51,302 | 24,160 | 853 | 206,570 |
| Additions | 5,096 | - | - | 9,395 | - | 14,491 |
| Disposals | ( 1,234) | - | - | ( 420) | ( 22) | ( 1,676) |
| Sales | ( 309) | - | - | ( 2,115) | - | ( 2,424) |
| Transfer from property and equipment (note 8) | 4,352 | - | - | ( 4,570) | - | ( 218) |
| Reclassifications | - | ( 2,416) | 2,416 | - | - | - |
| Translation adjustments | ( 352) | ( 2,413) | ( 1,535) | ( 273) | - | ( 4,573) |
| Balance as of March 31, 2019 | 55,719 | 77,260 | 52,183 | 26,177 | 831 | 212,170 |
| Additions | 801 | - | - | 9,904 | 493 | 11,198 |
| Disposals | ( 165) | - | - | ( 108) | - | ( 273) |
| Sales | ( 122) | - | - | ( 62) | - | ( 184) |
| Transfer from property and equipment (note 8) | 5,155 | - | - | ( 5,021) | - | 134 |
| Reclassifications | (16,285) | - | - | 16,285 | - | - |
| Adjustments | 5 | - | - | ( 12) | - | ( 7) |
| Translation adjustments | ( 128) | 1,037 | 724 | 106 | - | 1,739 |
| Balance as of March 31, 2020 | 44,980 | 78,297 | 52,907 | 47,269 | 1,324 | 224,777 |
| **Accumulated amortization** | | | | | | |
| Balance as of March 31, 2018 | 16,647 | - | 30,667 | - | 426 | 47,740 |
| Amortization for the year | 4,053 | - | 4,455 | - | 80 | 8,588 |
| Disposals | ( 1,184) | - | - | - | ( 23) | ( 1,207) |
| Sales | ( 117) | - | - | - | - | ( 117) |
| Translation adjustments | ( 185) | - | ( 922) | - | - | ( 1,107) |
| Balance as of March 31, 2019 | 19,214 | - | 34,200 | - | 483 | 53,897 |
| Amortization 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 | 63,982 |
| **Carrying amounts** | | | | | | |
| At March 31, 2020 | 21,411 | 78,297 | 13,071 | 47,269 | 747 | 160,795 |
| At March 31, 2019 | 36,505 | 77,260 | 17,983 | 26,177 | 348 | 158,273 |

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Key assumptions used in the calculation of recoverable amounts of goodwill (see note 11), 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:

| | Discount rate | | Terminal value growth rate | | Budgeted EBITDA growth rate | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Caribbean | 7.6% | 10.0% | 2.0% | 2.5% | 8.9% | 4.9% |
| Ecuador | 9.8% | 9.7% | 2.5% | 2.5% | 25.8% | 11.9% |
| Costa Rica | 8.3% | 10.9% | 2.5% | 2.5% | 7.6% | 11.3% |
| Paraguay | 7.1% | 10.9% | 2.5% | 2.0% | N/A* | N/A* |

* N/A due to EBITDA currently 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 (2019: 1.5) at a market debt rate of 7.8% (2019: 6.8%). In the case of Costa Rica it is based on a debt to equity ratio of 1.5 (2019: 1.5) at a market debt rate of 10.2% (2019: 10.9%). In the case of the Caribbean it is based on a debt to equity ratio of 1.5 (2019: 1.5) at market debt rate of 7.59% (2019: 7.5%). In the case of Paraguay it is based on a debt to equity ratio of 1.5 (2019: 1.5) at a market debt rate of 6.9% (2019: 6.7%).

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 believed was 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, 2020, 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 $65,686,000 (2019: $36,395,000) in the case of Costa Rica; $451,143,000 (2019: $475,363,000) in the case of the Caribbean; $21,723,000 (2019: $55,944,000) in the case of Ecuador; and $11,894,000 (2019: $434,000) in the case of Paraguay. In the latter case of Paraguay, the recoverable amount is after the goodwill impairment of $36,500,000 recorded at March 2016.

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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 | |
| | 2020 | 2019 | 2020 | 2019 |
| Caribbean | +11.2pp | +9.5pp | -14.3pp | -10.6pp |
| Ecuador | +0.6pp | +4.8pp | -2.3pp | -4.4pp |
| Costa Rica | +1.1pp | +0.9pp | -2.5pp | -1.6pp |
| Paraguay | +5.4pp | +1.8pp | N/A* | N/A* |

*N/A due to EBITDA currently being negative

## 11. Goodwill

a. The movement of goodwill for the years ended March 31, 2020 and 2019 is as follows:

| | 2020 | 2019 |
|---|---|---|
| | $'000 | $'000 |
| Beginning balance | 66,302 | 68,069 |
| Effect of movements in exchange rates | 821 | ( 1,767) |
| Balance as of March 31 | 67,123 | 66,302 |

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

| | 2020 | 2019 |
|---|---|---|
| | $'000 | $'000 |
| Costa Rica | 32,576 | 31,765 |
| Paraguay | 10,117 | 10,117 |
| Ecuador | 21,159 | 21,159 |
| Other Caribbean countries | 3,271 | 3,261 |
| | 67,123 | 66,302 |

Key assumptions used in the calculation of recoverable amounts of goodwill are disclosed at note 10.

# Grupo Unicomer Corp. and subsidiaries

## Notes to the consolidated financial statements
## For the year ended March 31, 2020
*(expressed in U.S. dollars - Note 2.2)*

### 12. Retirement benefit 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:

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Present value of funded obligations | (25,876) | (24,232) |
| Fair value of plan assets | 30,344 | 29,734 |
| Asset in the statement of financial position | 4,468 | 5,502 |

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

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Balance at beginning of year | 5,502 | 2,623 |
| Contributions paid | 288 | 593 |
| Pension expense recognized in profit or loss | ( 148) | ( 292) |
| Re-measurement (losses)/gains recognized in other comprehensive income | ( 830) | 2,515 |
| Translation adjustments | ( 344) | 63 |
| Balance at end of year | 4,468 | 5,502 |

c. Movement in the present value of obligation:

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Balance at beginning of year | (24,232) | (25,515) |
| Service costs | ( 384) | ( 464) |
| Interest cost | ( 1,541) | ( 1,659) |
| Employees' contribution | ( 1,126) | ( 1,008) |
| Benefits paid | 1,099 | 862 |
| Actuarial losses arising from: | | |
| Experience adjustments | 343 | 172 |
| Changes in financial assumptions | ( 503) | 2,676 |
| Translation adjustments | 468 | 704 |
| Balance at end of year | (25,876) | (24,232) |

# Grupo Unicomer Corp. and subsidiaries

## Notes to the consolidated financial statements
## For the year ended March 31, 2020
*(expressed in U.S. dollars - Note 2.2)*

d. (i) Movement in fair value of pension plan assets:

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Fair value of plan assets at beginning of year | 29,734 | 28,138 |
| Employees' contribution | 1,128 | 1,008 |
| Employer's contributions | 288 | 593 |
| Benefits paid | ( 1,099) | ( 862) |
| Interest income on plan assets | 1,373 | 1,322 |
| Administrative expenses paid | ( 113) | ( 119) |
| Remeasurement (gain)/loss on assets included in other comprehensive income: | ( 152) | 297 |
| Translation adjustment | ( 815) | ( 643) |
| Fair value of plan assets at end of year | 30,344 | 29,734 |

(ii) Plan assets consist of the following:

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Equities | 15,519 | 12,424 |
| Fixed income securities | 14,621 | 15,158 |
| Investment properties and real estate investment trust fund | 531 | 1,563 |
| Other | ( 327) | 589 |
| | 30,344 | 29,734 |

e. Expense recognized in profit or loss:

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Current service costs | 384 | 464 |
| Interest income on pension plan assets | ( 894) | ( 956) |
| Interest cost on obligation | 545 | 665 |
| Administrative expenses | 113 | 119 |
| Net pension expense included in personnel expenses | 148 | 292 |

f. Amounts recognized in other comprehensive income:

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Remeasurement gain/(loss) on obligations | 160 | ( 2,690) |
| Remeasurement gain on plan assets | 670 | 175 |
| Balance at end of year | 830 | ( 2,515) |

g. 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 $256,427 (2019: $223,806).

## Grupo Unicomer Corp. and subsidiaries

### Notes to the consolidated financial statements
### For the year ended March 31, 2020
*(expressed in U.S. dollars - Note 2.2)*

h. 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 reduction in the medical trend rate.

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | 1% decrease | 1% increase | 1% decrease | 1% increase |
| Discount rate | 2,286 | (1,020) | 2,047 | (1,263) |
| Future salary increases | ( 557) | 717 | ( 437) | 624 |
| Future pension increases | 1,385 | ( 559) | 1,610 | ( 639) |

i. Liability duration:

| | 2020 | 2019 |
|---|---|---|
| Active members and all participants (years) | 19.51 | 17.73 |

Defined contribution plans:

The subsidiaries' contributions for the year aggregated $448,543 (2019: $593,346).

j. The estimated pension contributions expected to be paid into both defined benefit and defined contributory plans during the next financial year is $449,801.

# Grupo Unicomer Corp. and subsidiaries

## Notes to the consolidated financial statements
## For the year ended March 31, 2020
*(expressed in U.S. dollars - Note 2.2)*

### 13. Deferred income taxes

Deferred tax balances are attributable to temporary differences arising between financial statement and tax accounting.

a. Deferred tax assets:

| | 2020 | | | | |
|---|---|---|---|---|---|
| | At beginning of year | Recognized in income | Effect of transition for IFRS 16 | Translation adjustment | At end of year |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| Deferred warranty Income | 4,178 | ( 49) | - | (47) | 4,082 |
| Tax effect of losses | 1,878 | ( 2) | - | - | 1,876 |
| Depreciation of property and equipment | 1,961 | 869 | - | (13) | 2,817 |
| Impairment of receivables | 19,999 | 2,239 | - | 165 | 22,403 |
| Provision for warranties | 403 | 99 | - | 3 | 505 |
| Employee benefits | 2,011 | 439 | - | 2 | 2,452 |
| Retirement benefit assets | 70 | ( 70) | - | - | - |
| Allowance for impairment of inventories | 981 | 274 | - | ( 1) | 1,254 |
| Unearned finance income | 8,535 | 1,750 | - | (21) | 10,264 |
| Other | 904 | ( 970) | 7,683 | (65) | 7,552 |
| Total | 40,920 | 4,579 | 7,683 | 23 | 53,205 |

| | 2019 | | | | | |
|---|---|---|---|---|---|---|
| | At beginning of year | Effect of transition for IFRS 9 and 15 | At April 1, 2018 | Recognized in income | Translation adjustment | At end of year |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Deferred warranty Income | 4,079 | - | 4,079 | 231 | (132) | 4,178 |
| Tax effect of losses | 1,187 | - | 1,187 | 691 | - | 1,878 |
| Depreciation of property and equipment | 1,960 | - | 1,960 | 45 | ( 46) | 1,959 |
| Impairment of receivables | 13,633 | 2,500 | 16,133 | 3,465 | 401 | 19,999 |
| Provision for warranties | 502 | - | 502 | ( 66) | ( 33) | 403 |
| Employee benefits | 2,226 | - | 2,226 | ( 176) | ( 38) | 2,012 |
| Allowance for impairment of inventories | 1,309 | - | 1,309 | ( 306) | ( 23) | 980 |
| Unearned finance income | 6,097 | 1,733 | 7,830 | 800 | ( 96) | 8,534 |
| Accrued interest receivable | 1,316 | - | 1,316 | 461 | (461) | 1,316 |
| Other | 522 | - | 522 | ( 455) | (410) | ( 343) |
| Total | 32,831 | 4,233 | 37,064 | 4,690 | (838) | 40,916 |

# Grupo Unicomer Corp. and subsidiaries

## Notes to the consolidated financial statements
## For the year ended March 31, 2020
*(expressed in U.S. dollars - Note 2.2)*

b. Deferred tax liabilities:

| | 2020 | | | | |
|---|---|---|---|---|---|
| | At beginning of year | Recognized in income | Recognized in equity | Translation adjustment | At end of year |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| Property and equipment | ( 256) | 1,339 | - | 52 | 1,135 |
| Hire purchase profits | 7,172 | ( 63) | - | 43 | 7,152 |
| Retirement benefit assets | 1,645 | ( 208) | ( 152) | ( 99) | 1,186 |
| Deferred warranty income | 3,813 | 145 | - | - | 3,958 |
| Deferred warranty expense | 1,097 | ( 91) | - | ( 22) | 984 |
| Interest receivable | 592 | 316 | - | ( 8) | 900 |
| Employee benefit provision | 331 | 3 | - | ( 8) | 326 |
| Allowance for forgiveness of instalments | 354 | ( 164) | - | 51 | 241 |
| Impairment of receivables | ( 420) | (4,280) | - | 14 | ( 4,686) |
| Effect of tax losses | ( 96) | 96 | - | - | - |
| Other | 2,035 | 2,118 | - | (500) | 3,653 |
| Total | 16,267 | ( 789) | ( 152) | (477) | 14,849 |

| | 2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| | At beginning of year | Effect of transition for IFRS 9 and 15 | At April 1, 2018 | Recognized in income | Recognized in equity | Translation adjustment | At end of year |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Property and equipment | 1,869 | - | 1,869 | (2,164) | - | 38 | (257) |
| Hire purchase profits | 6,185 | (1,100) | 5,085 | 2,142 | - | ( 55) | 7,172 |
| Retirement benefit assets | 1,222 | - | 1,222 | 302 | 398 | ( 277) | 1,645 |
| Deferred warranty income | 3,438 | - | 3,438 | 375 | - | - | 3,813 |
| Interest receivable | 873 | ( 255) | 618 | ( 5) | - | ( 22) | 591 |
| Employee benefit provision | 298 | - | 298 | 69 | - | ( 36) | 331 |
| Allowance for forgiveness of instalments | 338 | - | 338 | 15 | - | - | 353 |
| Impairment of receivables | 25 | ( 265) | ( 240) | ( 179) | - | ( 1) | ( 420) |
| Effect of tax losses | ( 97) | - | ( 97) | - | - | 1 | ( 96) |
| Other | 902 | - | 902 | 267 | - | 1,963 | 3,132 |
| Total | 15,053 | (1,620) | 13,433 | 822 | 398 | 1,611 | 16,264 |

As at March 31, 2020, the net deferred tax assets amounting to $982,174 (2019: $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.

## 14. Short-term borrowings

| | Interest rates | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|---|
| *Borrowings under short-term lines of credit:* | | | |
| U.S. dollar denominated in countries where the functional currency is the U.S. dollar | 4.16% - 5.03%<br>(2019: 4.95% - 6.00%) | 45,163 | 2,500 |
| Non-U.S. dollar based local functional currencies | 6.00% - 15.00%<br>(2019: 5.19% - 10.25%) | 27,349 | 16,199 |
| | | 72,512 | 18,699 |
| *Short-term loans:* | | | |
| Non-U.S. dollar based local functional currencies | 7.00%<br>(2019: 6.50% - 7.00%) | 14,073 | 8,891 |
| Total short-term borrowings | | 86,585 | 27,590 |

As of March 31, 2020, the Group has approved short-term revolving credit lines of up to $131,212,454 (2019: $122,926,000) of which $72,512,000 (2019: $18,699,000) were used, at annual interest rates between 4.16% and 15.00% (2019: 4.95% and 10.25%).

Also see note 15 for additional securities provided by the Group.

## 15. Long-term borrowings

| | Interest rates | 2020 $'000 | 2019 $'000 |
|---|---|---|---|
| *Long-term lines of credit (a)* | | | |
| U.S. dollar denominated in countries where the functional currency is not the U.S. dollar | 6.03% (2019: 6.00% - 7.21%) | 4,545 | 4,710 |
| U.S. dollar denominated in countries where the functional currency is the U.S. dollar | 3.77% - 5.72% (2019: 5.72% - 6.04%) | 15,268 | 25,687 |
| Non-U.S. dollar based local functional currencies | 8.90% - 10.50% (2019: 9.00% - 10.00%) | 28,857 | 13,853 |
| | | 48,670 | 44,250 |
| *Long-term loans (b)* | | | |
| U.S. dollar denominated in countries where the functional currency is not the U.S. dollar | 6.00% - 12.00% (2019: 6.00% - 12.00%) | 19,093 | 15,245 |
| U.S. dollar denominated in countries where the functional currency is the U.S. dollar | 5.77% - 9.16% (2019: 6.24% - 9.42%) | 384,959 | 377,171 |
| Non-U.S. dollar based local functional currencies | 5.00% - 12.90% (2019: 5.00% - 12.90%) | 240,247 | 269,936 |
| | | 644,299 | 662,352 |
| | | 692,969 | 706,602 |
| Less: Capitalized loan transaction costs: | | | |
| At beginning of the year | | ( 5,792) | ( 5,937) |
| Arising on new loans | | ( 15) | ( 1,096) |
| Translation adjustments | | ( 34) | ( 32) |
| Amortized in interest expense for the period | | 1,074 | 1,273 |
| | | ( 4,767) | ( 5,792) |
| Carrying value of long-term borrowings | | 688,202 | 700,810 |
| Less: Current portions of: | | | |
| Long-term loans | | ( 60,778) | ( 71,411) |
| Lines of credit | | ( 27,017) | ( 33,472) |
| Current portion of long-term borrowings | | ( 87,795) | (104,883) |
| Long-term portion of long-term borrowings | | 600,407 | 595,927 |

Maturity of long-term borrowings as at the reporting date was as follows:

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| Current portion | 87,795 | 104,883 |
| Between 1 and 2 years | 69,892 | 76,181 |
| Between 2 and 5 years | 429,794 | 71,962 |
| Over 5 years | 105,488 | 453,576 |
| | 692,969 | 706,602 |

a. The Group has approved revolving long-term credit lines of up to $134,089,591 (2019: $77,192,000), of which $44,170,000 (2019: $44,250,000) were used, at annual interest rates between 3.77% and 10.50% (2019: 5.28% and 10.00%).

b. Of the total long-term borrowings of the Group, loans in the amount of $287,750,102 (2019: $234,308,000), 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 payable 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 value 2020 $'000 | Fair value 2020 $'000 |
|---|---|---|
| Senior Unsecured Notes 7.875% | 350,000 | 299,674 |

d. During the year ended March 31, 2020, the Group 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 ("J$") for J$4,000,000,000 ($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.

# Grupo Unicomer Corp. and subsidiaries

## Notes to the consolidated financial statements
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i. On August 24, 2018, the Group raised financing from IDB 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.

j. On August 18, 2014, Unicomer Latin America Co. Ltd. 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:

| Name of companies | Sub-limit<br>$'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, 2020 the outstanding balance under this credit line was Nil (2019: $14,896,288).

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

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Accounts receivable | 215,147 | 207,112 |
| Inventories | 13,065 | 21,493 |
| Property and equipment | 43,871 | 42,707 |
| Vehicles | 699 | - |
| Total | 272,782 | 271,312 |

k. Financial expense

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Interest expenses | 60,730 | 62,413 |
| Amortized transactions cost and fees | 1,074 | 1,273 |
| Banks commissions | 929 | 654 |
| Fees and charges on letter of credit | 382 | 313 |
| Other financial expenses | 194 | 116 |
| Total | 63,309 | 64,769 |

## 16. Bonuses payable

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Balance at beginning of year | 7,496 | 5,234 |
| Charged to results of operation | 3,192 | 5,836 |
| Amounts paid | (3,366) | (3,574) |
| Balance at end of year | 7,322 | 7,496 |
| Amount expected to be paid within 12 months | 7,322 | 3,795 |
| Amount expected to be paid after more than 12 months | - | 3,701 |
| | 7,322 | 7,496 |

# Grupo Unicomer Corp. and subsidiaries

## Notes to the consolidated financial statements
## For the year ended March 31, 2020
*(expressed in U.S. dollars - Note 2.2)*

### 17. Provisions

| | Product warranties (note 4.10) $'000 | Employee benefits (note 4.15) $'000 | Total $'000 |
|---|---|---|---|
| Balance as of March 31, 2018 | 5,170 | 14,485 | 19,655 |
| Charged to profit for the year | 3,972 | 5,244 | 9,216 |
| Amount used during the year | (3,319) | ( 1,616) | ( 4,935) |
| Release of provision | ( 799) | ( 253) | ( 1,052) |
| Remeasurement loss by financial assumptions | - | ( 1,203) | ( 1,203) |
| Translation adjustments | ( 77) | ( 154) | ( 231) |
| 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 |

These benefits are accrued using actuarial estimates, based on local employment regulations, and which involves certain assumptions on discount rates, changes in wages and salaries, mortality, disability and unemployment rates, increase in the minimum retirement pensions, etc.

### 18. Share capital and statutory reserve

a. Share capital

| | 2020 $'000 |
|---|---|
| Authorized at no par; 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 |

| | 2019 $'000 |
|---|---|
| Authorized - ordinary shares: | |
| 100,000,000 Class “A” Ordinary shares | 100,000 |
| 100,000,000 Class “B” Ordinary shares | 100,000 |
| | 200,000 |
| Issued and fully paid ordinary shares of $1 per share: | |
| 76,032,774 Class "A" Ordinary shares | 76,033 |
| 76,032,774 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 is assigned by the Shareholders, in a General Shareholders´ Meeting, and was set at $152,066 per share.

At a General Meeting of Shareholders held on July 16, 2018, the shareholders of the Company authorized the payment of US$11,319,618 consisting on share premiums in excess of its nominal capital, in lieu of payment of dividend.

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.

## 19. Operating expenses

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

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Personnel expenses | 264,446 | 264,290 |
| Accounts receivable – impairment | 100,086 | 85,028 |
| Depreciation of right-of-use assets | 47,091 | - |
| Depreciation of property and equipment | 20,723 | 21,471 |
| Amortization of intangible assets | 9,630 | 8,588 |
| Advertising | 31,929 | 34,029 |
| Freight expenses | 19,302 | 19,024 |
| Insurance | 15,803 | 15,643 |
| Commissions and others | 15,316 | 12,202 |
| Outsourcing expenses | 14,715 | 7,672 |
| Utilities | 13,905 | 13,489 |
| Telecommunications | 12,732 | 10,709 |
| Repairs and maintenance | 12,515 | 11,771 |
| Professional fees | 11,148 | 8,253 |
| Maintenance and leasing computer equipment | 9,620 | 8,782 |
| Operating leases | 7,594 | 68,927 |
| Security services | 7,424 | 7,198 |
| Travel expenses | 6,416 | 6,397 |
| Insurance extended warranty claims and administrative expenses | 5,819 | 8,491 |
| Municipal tax | 2,757 | 3,245 |
| Charitable donations | 1,670 | 1,930 |
| Administrative services | 755 | 1,300 |
| Other operating expenses, net | 18,541 | 16,458 |
| | 649,937 | 634,897 |
| Comprising: | | |
| Distribution and selling expenses | 521,247 | 514,262 |
| Administrative expenses | 128,690 | 120,635 |
| | 649,937 | 634,897 |

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## For the year ended March 31, 2020
*(expressed in U.S. dollars - Note 2.2)*

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

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| Wages and benefits | 171,388 | 163,037 |
| Commissions | 45,147 | 46,874 |
| Social security and pension cost | 26,144 | 27,729 |
| Other employee benefits | 21,767 | 26,650 |
| | 264,446 | 264,290 |

The average number of full-time-equivalent employees for the year ended March 31, 2020, 14,399 (2019: 14,497).

**20. Income tax expense**

a. Tax expense for the year comprises the following:

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| Current tax expense | | |
| Current year charge | 40,831 | 36,660 |
| Other (alternative minimum taxes) | 2,208 | 53 |
| | 43,039 | 36,713 |
| Deferred tax expense | | |
| Effect of tax losses and other | ( 5,368) | ( 3,868) |
| | 37,671 | 32,845 |

b. Reconciliation of tax expense:

| | 2020 | 2019 |
|---|---|---|
| Profit before income tax | 80,006 | 106,015 |
| Computed "expected" tax expense at subsidiaries' tax rates | 26,513 | 31,038 |
| Tax effect of differences between profit for financial statements and tax reporting purposes on: | | |
| Non-deductible expenses | 4,530 | 2,544 |
| Non-taxable income | ( 1,034) | ( 39) |
| Tax losses | ( 113) | 63 |
| Other | 7,775 | ( 761) |
| | 37,671 | 32,845 |

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.

## 21. 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 directors. Principal transactions with related parties are as follows:

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Expenses for operating leases | 8,669 | 7,567 |
| Charges for administrative services | 6,088 | 3,216 |
| Charges for informatic services | 4,347 | 3,134 |
| Expenses for logistics services | 2,900 | 2,660 |
| Income from services provided | 1,512 | 1,905 |
| Interest income on loan granted to related company | 340 | 264 |
| Purchases of merchandise | 306 | 389 |
| Sales of merchandise | 268 | 67 |
| Expenses for financial interest | 34 | - |
| Purchase of fixed assets | 7 | 43 |
| Expenses for advertising related materials | - | 484 |

The Group has recognized the following amounts of compensation for key management personnel:

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Salaries and short-term benefits | 10,210 | 9,856 |
| Statutory contributions | 188 | 186 |
| Other | 1,028 | 945 |
| | 11,426 | 10,987 |

## 22. 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 (2019: $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:

| Name of subsidiaries | Guaranty up to<br>$'000 |
|---|---|
| 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:

| Name of subsidiaries | Guaranty up to $'000 |
|---|---|
| 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. Unicomer Latin America Corp and certain subsidiaries have a revolving line of credit of up to $30,000,000 which is guaranteed by Group subsidiaries as detailed below.

| Name of subsidiaries | Guaranty up to $'000 |
|---|---|
| Unicomer de Guatemala, S.A. and Unicoservi, S.A. | 12,000 |
| Unicomer de Honduras, S.A. de C.V. | 9,000 |
| Unicomer de Nicaragua, S.A. and Unicoservi, S.A | 6,000 |
| Unión Comercial de El Salvador, S.A. de C.V. and Unicoservi, S.A. de C.V | 2,500 |
| Unicomer de Costa Rica S.A. | 500 |

As of March 31, 2020, the amount drawn down against this line of credit was $7,989,909 (2019: $1,666,667).

d. During the years ended March 31, 2020 and 2019, the Company renewed two unsecured standby letters of credit for a total of $15,780,000 through an international bank to secure term bonds issued by Unicomer (Guyana) Inc.

e. During the years ended March 31, 2020 and 2019, the Company renewed a one-year unsecured standby letters 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.

f. During the years ended March 31, 2020 and 2019, the Company renewed a one-year unsecured standby letters of credit for a total of $6,700,000 through an international bank to secure a term loan granted to Unicomer Republica Dominican a S.A. by a local bank.

## 23. Financial instruments

A. 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:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentration of credit risk attaching to accounts receivable, as the Group has a large and diverse customer base, with no significant balances arising from any single economic or business sector, or any single entity or group of entities. The Group has policies in place to ensure that sales are made to customers with an appropriate credit rating. Accounts receivable are shown net of allowances for impairment, which reflects the Group's estimate of expected losses on collection of receivables.

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

*Cash and cash equivalents*

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

Impairment on cash and cash equivalents has been measured at 12- month expected loss basis and reflects the short maturities of the exposures. The company considered that cash and cash equivalents have low credit risk.

No impairment allowances is recognized under IFRS 9.

*Maximum exposure to credit risk*

The company's maximum exposure to credit risk at period end is represented by its respective carrying amount.

*Accounts receivable – customers*

The Group uses a credit risk model to measure ECLs of accounts receivable – customers. The credit risk model is based on its historical observed default rates over the expected life of the accounts receivable-customer balances and is adjusted for forward looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables. The Group measure credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD).

The following table provides information about the exposure to credit risk and ECLs for accounts receivable – customers as at March 31, 2020 and 2019.

| | March 31, 2020 | | | |
|---|---|---|---|---|
| Age buckets | 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% | 76,473 | ( 57,095) | Yes |
| | | 964,920 | (101,998) | |

| | March 31, 2019 | | | |
|---|---|---|---|---|
| Age buckets | Weighted average loss rate | Gross carrying amount $'000 | Impairment loss allowance $'000 | Credit impaired |
| Stage I | 2.38% | 792,234 | (18,828) | No |
| Stage II | 16.28% | 96,827 | (15,760) | No |
| Stage III | 80.27% | 73,560 | (59,048) | Yes |
| | | 962,621 | (93,636) | |

*Expected credit loss 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 use past due information to determine when a significant increase in credit risk has occurred.

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.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information.

*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.

(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 seeks 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 Group borrowing arrangements.

Liquidity risk - non- derivative financial liabilities

The following are the contractual maturities of non-derivative financial liabilities, including interest payments and excluding the impact of netting arrangements:

| | 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 | > 5 years $'000 |
| Payables | 242,064 | 242,064 | 242,064 | - | - | - | - |
| Due to related companies | 2,043 | 2,043 | 2,043 | - | - | - | - |
| Bonuses payable | 7,322 | 7,322 | 7,322 | - | - | - | - |
| Borrowings, including bank overdrafts | 779,059 | 1,083,416 | 113,515 | 109,873 | 130,548 | 596,456 | 133,023 |
| Lease liabilities | 211,819 | 271,684 | 32,706 | 29,951 | 50,050 | 93,205 | 65,772 |
| Total | 1,242,307 | 1,606,529 | 397,650 | 139,824 | 180,598 | 689,661 | 198,795 |

| | 2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Carrying amount $'000 | Contractual cash flows $'000 | 6 months or less $'000 | 6-12 months $'000 | 1-2 years $'000 | 2-5 years $'000 | > 5 years $'000 |
| Payables | 240,288 | 240,288 | 240,288 | - | - | - | - |
| Due to related companies | 1,811 | 1,811 | 1,811 | - | - | - | - |
| Bonuses payable | 7,496 | 7,496 | 3,795 | - | 3,701 | - | - |
| Borrowings, including bank overdrafts | 730,738 | 955,683 | 82,004 | 91,563 | 116,193 | 182,269 | 483,654 |
| Total | 980,333 | 1,205,278 | 327,898 | 91,563 | 119,894 | 182,269 | 483,654 |

# Grupo Unicomer Corp. and subsidiaries

## Notes to the consolidated financial statements
## For the year ended March 31, 2020
*(expressed in U.S. dollars - Note 2.2)*

(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.

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

   As of March 31, 2020 and 2019, 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 | |
|---|---|---|---|---|
| | 2020<br>$'000 | 2019<br>$'000 | 2020<br>$'000 | 2019<br>$'000 |
| Cash and short-term bank deposits | 8,385 | 4,205 | 11,517 | 5,840 |
| Due from related companies | 786 | 387 | 9,362 | 17,973 |
| Leasing deposits | 763 | 733 | 68 | - |
| Other receivable | 1,084 | 161 | 1,796 | - |
| Loans payable | (23,139) | (25,845) | (28,537) | (39,230) |
| Accounts payable | (10,985) | (10,890) | ( 5,552) | ( 1,584) |
| Due to related companies | (41,863) | (26,934) | (46,129) | (53,927) |
| Gross exposure | (64,969) | (58,183) | (57,475) | (70,928) |

The detail per country is as follows:

**2020**

| | Unicomer Latin America Group | | | | | | Unicomer Caribbean Group | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GT | HN | NI | DO | CR | PY | BB | BZ | OECS | GY | JM | TT | AFL/ANG |
| | $'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 | 8,918 | 2,282 | 272 |
| Due from related companies | 594 | 49 | 70 | 67 | - | 6 | 818 | 31 | 1,460 | 690 | 2,091 | 4,256 | 16 |
| Leasing deposits | - | - | - | - | 760 | 3 | - | - | - | - | - | - | 68 |
| Loans payable | - | - | (23,139) | 1,052 | - | - | ( 1,933) | - | (13,519) | - | - | - | (13,085) |
| Other receivable | - | | - | | 25 | 7 | - | - | - | - | 7 | - | 1,789 |
| Accounts payable | ( 1,289) | (1,034) | ( 553) | ( 46) | ( 7,807) | ( 256) | - | - | ( 409) | - | (2,482) | ( 728) | ( 1,933) |
| Due to 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) |
| Gross exposure | (14,689) | (6,440) | (24,946) | ( 868) | (17,910) | ( 116) | (13,473) | (3,078) | (16,360) | (2,804) | 4,438 | 3,994 | (30,192) |

**2019**

| | Unicomer Latin America Group | | | | | | Unicomer Caribbean Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GT | HN | NI | DO | CR | PY | BB | BZ | OECS | GY | JM | TT | AW | CW |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Cash and short-term bank deposits | 18 | - | 434 | 323 | 202 | 3,228 | - | - | - | 1,084 | 4,258 | 200 | - | 298 |
| Due from related companies | 49 | 33 | 44 | 19 | 208 | 34 | 488 | 28 | 994 | 216 | 5,497 | 9,993 | - | 757 |
| Leasing deposits | - | - | - | - | 733 | - | - | - | - | - | - | - | - | - |
| Other receivable | - | - | - | 57 | 104 | - | - | - | - | - | - | - | - | - |
| Loans payable | - | - | (19,955) | (3,290) | - | (2,600) | ( 1,933) | - | (14,107) | - | - | - | - | (23,190) |
| Accounts payable | ( 839) | (1,315) | ( 752) | ( 73) | ( 7,349) | ( 562) | - | - | ( 210) | - | ( 556) | ( 40) | ( 477) | ( 301) |
| Due to related companies | (6,082) | (4,289) | ( 2,026) | (1,610) | (11,631) | (1,296) | ( 8,997) | ( 2,830) | (12,584) | (3,431) | ( 696) | (5,654) | (10,856) | ( 8,879) |
| Gross exposure | (6,854) | (5,571) | (22,255) | (4,574) | (17,733) | (1,196) | (10,442) | ( 2,802) | (25,907) | (2,131) | 8,503 | 4,499 | (11,333) | (31,315) |

b. Financial assets and liabilities denominated in subsidiaries functional currencies:

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:

**2020**

| | Unicomer Latin America Group | | | | | | Unicomer Caribbean Group | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GT | HN | NI | DO | CR | PY | BB | BZ | OECS | GY | JM | TT | AFL/ANG |
| | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 |
| Receivables | 565,817 | 1,187,129 | 656,346 | 54,280 | 104,104,606 | 11,813,589 | 60,184 | 33,240 | 179,335 | 11,836,576 | 15,156,943 | 72,428 | 36,947 |
| Cash & cash equivalents | 35,816 | 279,210 | 50,646 | - | 9,928,481 | - | 2,152 | 714 | 15,933 | 726,470 | 1,200,245 | 82,471 | 1,583 |
| Borrowings | (491,209) | ( 805,646) | - | - | ( 66,441,025) | - | - | - | 944 | - | - | - | 169 |
| Leasing deposits | - | - | - | - | 110,548 | 211,693 | - | - | - | - | - | - | - |
| Loans payable | - | - | - | (274,891) | - | (92,100,000) | (10,451) | ( 4,563) | ( 33,596) | ( 4,806,206) | ( 7,880,893) | (272,309) | ( 2,587) |
| Other receivables | - | - | - | 431,032 | - | 63,799,835 | - | - | - | - | - | - | - |
| Accounts payable | (100,616) | (414,908) | ( 85,752) | (126,434) | ( 23,273,335) | ( 5,883,958) | ( 5,535) | ( 153) | ( 9,954) | ( 482,648) | ( 1,526,322) | ( 6,059) | ( 1,980) |
| Local currency | 9,808 | 245,785 | 621,240 | 83,987 | 24,429,275 | (22,158,841) | 46,350 | 29,238 | 152,662 | 7,274,192 | 6,949,973 | (123,469) | 34,132 |
| USD equivalent | 1,266 | 9,859 | 18,224 | 1,561 | 41,591 | ( 3,386) | 23,175 | 14,619 | 56,541 | 35,080 | 51,642 | ( 18,373) | 19,068 |

**2019**

| | Unicomer Latin America Group | | | | | | Unicomer Caribbean Group | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GT | HN | NI | DO | CR | PY | BB | BZ | OECS | GY | JM | TT | AFL/ANG |
| | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 | ’000 |
| Receivables | 517,656 | 44,279 | 798,851 | 7,899 | 103,584,475 | 103,377,196 | 58,163 | 31,192 | 106,778 | 7,645,404 | 9,357,654 | 671,496 | 21,923 |
| Cash & short-term bank deposits | 17,083 | 37,365 | 41,116 | 866 | 1,861,571 | 566,004 | 4,793 | 1,007 | 6,164 | 226,104 | 786,147 | 60,050 | 581 |
| Leasing deposits | - | - | - | - | 112,146 | 305,734 | - | - | 163 | - | - | - | - |
| Loans | (408,578) | ( 22,887) | - | ( 6,082) | ( 69,599,587) | ( 55,000,000) | (15,652) | ( 1,796) | ( 26,731) | ( 4,946,299) | ( 7,869,469) | (304,181) | - |
| Payables | ( 51,885) | ( 5,034) | ( 60,387) | ( 2,491) | ( 19,176,584) | ( 14,188,099) | ( 1,858) | ( 186) | ( 26,905) | ( 1,173,880) | ( 1,345,897) | ( 84,773) | ( 1,281) |
| Local currency | 74,276 | 53,723 | 779,580 | 192 | 16,782,021 | 35,060,835 | 45,446 | 30,217 | 59,469 | 1,751,329 | 928,435 | 342,592 | 21,223 |
| USD equivalent | 9,671 | 2,184 | 23,826 | 4 | 27,860 | 5,668 | 22,723 | 15,033 | 22,026 | 8,396 | 7,424 | 50,604 | 11,856 |

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 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GT | HN | NI | DO | CR | PY | BB | BZ | OECS | GY | JM | TT | AFL/ ANG |
| At March 31, 2020 | 7.75 | 24.93 | 34.09 | 53.81 | 587.37 | 6,544.50 | 2.00 | 2.00 | 2.70 | 207.36 | 134.58 | 6.72 | 1.79 |
| At March 31, 2019 | 7.68 | 24.60 | 32.72 | 50.64 | 602.36 | 6,185.82 | 2.00 | 2.01 | 2.70 | 208.59 | 125.06 | 6.77 | 1.79 |

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, 2020 and 2019 is not significant to the profit reported for the Group.

In the Unicomer Caribbean Group, with the exception of the Jamaican dollar, all the currencies in the Group have been relatively stable against the U.S. dollar. A 6% (2019: 4%) weakening or a 2% (2019: 4%) 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 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.

| | 2020 Effect on profit $'000 | 2019 Effect on profit $'000 |
|---|---|---|
| JMD | | |
| 6% weakening (2019: 4%) | 266 | 340 |
| 2% strengthening (2019: 4%) | ( 89) | (340) |
| TTD | | |
| 5% weakening (2019: 5%) | (199) | (225) |

- *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 income and operating cash flows are influenced by changes in market rates. The Group has significant interest-bearing assets 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:

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| Fixed rate instruments: | | |
| Financial assets | 975,301 | 934,192 |
| Financial liabilities | (480,326) | (502,111) |
| | 494,975 | 432,081 |
| Variable rate instruments: | | |
| Financial assets | 12,830 | 4,717 |
| Financial liabilities | (298,731) | (120,130) |
| | (285,901) | (115,413) |

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 analysis for variable rate instruments assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2019.

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | 100bp increase $'000 | 100bp decrease $'000 | 100bp increase $'000 | 100bp decrease $'000 |
| Effect on profit for variable rate instruments | (1,575) | 1,480 | (2,887) | 2,919 |

- *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.

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | 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 | 55,067 | (12,716) | 42,351 | 57,238 | (14,209) | 43,029 |
| Financial liabilities: | | | | | | |
| Other accounts payable and accruals | 79,474 | (12,716) | 66,758 | 80,617 | (14,209) | 66,408 |

B. 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.

## 24. 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 and these are disclosed in note 18b. There were no changes in the Group's approach to capital management during the year.

## 25. Dividends

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| Dividends | 22,000 | 11,149 |

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.

At the General Meeting of the Shareholders held on July 16, 2018, a dividend of $11,149,198 was declared from the retained earnings of the years ended before March 31, 2010. During the year ended March 31, 2019 the Company authorized a distribution of share premium. (See note 18)

## 26. Contingent liabilities

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:

# Grupo Unicomer Corp. and subsidiaries

## Notes to the consolidated financial statements
## For the year ended March 31, 2020
*(expressed in U.S. dollars - Note 2.2)*

*Latin America Group*

a. In February 2018 the subsidiary in the Dominican Republic received a corporate tax assessment for a total amount of $10,217,000 inclusive of tax, penalties and interests for the fiscal year 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. Currently, the subsidiary will file a suit regarding such resolution on the Contentious Tributary Court. The estimated probability to win the case is 70%.

b. In February 2018 the subsidiary in the Dominican Republic, received VAT tax assessment for a total amount of $10,373,000 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 will file a suit regarding such resolution on the Contentious Tributary Court. The estimated probability of success is 80%.

   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.

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.

e. In November 2017 a subsidiary in Nicaragua received an assessment regarding the corporate tax of the fiscal period between April 2013 to March 2014 for an amount of $2,874,883. Several resources were interposed, but there was no favorable outcome. A lawsuit has been filed before the Administrative Chamber, and is currently awaiting its resolution. An 80% of probability of success is estimated.

f. In May 2018, a subsidiary in El Salvador. was sued by natural persons in a Common Declarative Process of Damages, for emerging damages, lost profits and moral damages, for alleged contractual breach of a Lease Agreement for a total amount $1,439,870. In November 2019, the court ruled in favor of the subsidiary, dismissing said lawsuit and the case is currently closed.

g. In July 2015, a subsidiary in Costa Rica was sued in an ordinary process, for contractual breach promoted by a natural person and was sentenced to pay approximately $900,000. The amount was delivered in deposit in court. The resolution was appealed, and the amount was reduced to $564,000. A cessation appeal has been filed, and the subsidiary is currently awaiting resolution. An 80% probability of success is estimated.

*Caribbean Group:*

a. On 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. The subsidiary is disputing these liabilities and estimates an 85% of probability of success.

b. On 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 85% of probability of success.

c. On 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. On 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 85%.

e. On February 2018, a subsidiary in Guyana received on assessment from the Guyana Revenue Authority related to withholding tax for imports from RWT 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%.

## 27. 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.

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:

# Grupo Unicomer Corp. and subsidiaries

## Notes to the consolidated financial statements
## For the year ended March 31, 2020
*(expressed in U.S. dollars - Note 2.2)*

*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 | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| *External revenues* | | | | | | | | |
| Sales | 362,061 | 379,493 | 786,227 | 806,962 | 30,884 | 29,899 | 1,179,172 | 1,216,354 |
| Premium income | - | - | - | - | 17,247 | 18,351 | 17,247 | 18,351 |
| Finance income from credit operations | 174,384 | 174,087 | 260,693 | 258,275 | 509 | ( 2,319) | 435,586 | 430,043 |
| Inter-segment revenues | - | - | - | - | 348,005 | 340,944 | 348,005 | 339,898 |
| Segment revenue | 536,445 | 553,580 | 1,046,920 | 1,065,237 | 396,645 | 386,875 | 1,980,010 | 2,004,646 |
| Depreciation/ amortization | ( 10,183) | ( 9,551) | ( 18,149) | ( 19,232) | ( 2,021) | ( 1,276) | ( 30,353) | ( 30,059) |
| Financial income – interest | 72 | 87 | 184 | 153 | 348 | 2,514 | 604 | 2,754 |
| Financial expense – interest | ( 12,798) | ( 13,197) | ( 21,881) | ( 22,920) | ( 28,630) | ( 30,836) | ( 63,309) | ( 66,953) |
| Segment profit before tax | 53,174 | 61,447 | 17,507 | 36,525 | 64,744 | 72,477 | 135,425 | 170,450 |
| Segment tax | ( 18,920) | ( 13,801) | ( 17,215) | ( 18,023) | ( 1,536) | ( 1,021) | ( 37,671) | ( 32,845) |
| Reportable segment assets | 806,764 | 714,301 | 1,086,894 | 956,748 | 106,980 | 83,636 | 2,000,638 | 1,154,685 |
| Reportable segment liabilities | 337,946 | 270,435 | 700,062 | 566,040 | 387,889 | 338,161 | 1,425,897 | 1,74,636 |
| Capital expenditure | 8,076 | 11,456 | 14,863 | 11,531 | 2,126 | 3,047 | 25,065 | 26,034 |

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| (i) Revenues | | |
| Total revenues for reportable segments | 1,583,367 | 1,618,817 |
| Revenues for other segments | 396,643 | 385,829 |
| Subtotal | 1,980,010 | 2,004,646 |
| Elimination of inter-segment revenue | ( 331,311) | ( 324,063) |
| 5% mark up intercompany profit for the year | ( 16,591) | ( 15,835) |
| Consolidated revenue | 1,632,108 | 1,664,748 |
| (ii) Profit or loss before tax | | |
| Total profit or loss for reportable segments | 70,805 | 97,973 |
| Profit or loss for other segments | 64,620 | 72,477 |
| Subtotal | 135,425 | 170,450 |
| 5% mark up intercompany profit for the year | ( 149) | ( 3,664) |
| 5% crawling peg exchange rate | ( 550) | 550 |
| Dividend income between segments | ( 56,300) | ( 105,392) |
| Other consolidation adjustments | 1,580 | 44,071 |
| Consolidated profits before income tax | 80,006 | 106,015 |

# Grupo Unicomer Corp. and subsidiaries

## Notes to the consolidated financial statements
## For the year ended March 31, 2020
*(expressed in U.S. dollars - Note 2.2)*

| | 2020<br>$'000 | 2019<br>$'000 |
|---|---|---|
| (iii) Assets | | |
| Total assets for reportable segments | 1,893,658 | 1,671,049 |
| Assets for other segments | 840,515 | 863,845 |
| Subtotal | 2,734,173 | 2,534,894 |
| Elimination of investment in subsidiaries | ( 502,262) | ( 71,601) |
| Elimination of goodwill in subsidiaries | ( 54,823) | ( 54,823) |
| Elimination of related party loans and receivables | ( 173,023) | ( 226,360) |
| Other consolidation adjustments | ( 3,427) | ( 27,425) |
| Consolidated total assets | 2,000,638 | 1,754,685 |
| (iv) Liabilities | | |
| Total liabilities for reportable segments | 1,038,007 | 836,476 |
| Liabilities of other segments | 558,420 | 573,287 |
| Subtotal | 1,596,427 | 1,409,763 |
| Elimination of related party loans and payables | ( 162,848) | ( 215,178) |
| Elimination of loan participations | ( 4,500) | ( 11,000) |
| Other consolidation adjustments | ( 3,182) | ( 8,949) |
| Consolidated total liabilities | 1,425,897 | 1,174,636 |

| | 2020 | | | | 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Caribbean and Latin America segment total<br>$'000 | All other segments total<br>$'000 | Adjustments<br>$'000 | Consolidated total<br>$'000 | Caribbean and Latin America segment total<br>$'000 | All other segments total<br>$'000 | Adjustments<br>$'000 | Consolidated total<br>$'000 |
| **Other material items** | | | | | | | | |
| Financial income – interest | 255 | 2,309 | (1,960) | 604 | 240 | 2,514 | (2,184) | 570 |
| Financial expense- interest | (34,679) | (30,590) | 1,960 | (63,309) | (36,117) | (30,836) | 2,184 | (64,769) |
| Depreciation and amortization | (28,332) | ( 2,021) | - | (30,353) | (28,782) | ( 1,277) | - | (30,059) |
| Capital expenditures | 22,939 | 2,126 | - | 25,065 | 22,988 | 3,046 | - | 26,034 |
| Average full-time employees (#) | 14,024 | 375 | - | 14,399 | 14,497 | - | - | 14,497 |

# Grupo Unicomer Corp. and subsidiaries

## Notes to the consolidated financial statements
## For the year ended March 31, 2020
*(expressed in U.S. dollars - Note 2.2)*

c. Geographic Information

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

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Revenues | Non-current Assets | Revenues | Non-current Assets |
| | $'000 | $'000 | $'000 | $'000 |
| Costa Rica | 344,300 | 214,964 | 332,341 | 168,470 |
| Ecuador | 189,204 | 64,591 | 221,157 | 50,733 |
| Guatemala | 153,213 | 40,059 | 145,861 | 26,768 |
| Jamaica | 149,288 | 72,519 | 148,676 | 102,788 |
| El Salvador | 147,029 | 50,489 | 140,610 | 40,867 |
| Trinidad & Tobago | 145,956 | 89,408 | 146,902 | 176,367 |
| Honduras | 112,760 | 44,493 | 113,171 | 30,086 |
| Guyana | 68,338 | 28,906 | 61,826 | 26,936 |
| Nicaragua | 62,933 | 25,285 | 75,177 | 16,614 |
| Barbados | 38,705 | 21,087 | 39,515 | 28,726 |
| Belize | 25,166 | 13,326 | 24,551 | 7,693 |
| Paraguay | 14,584 | 11,757 | 16,152 | 21,877 |
| Other countries | 180,529 | 244,490 | 198,809 | 28,298 |
| | 1,632,005 | 921,374 | 1,664,748 | 726,223 |

**28. 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 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.

## 29. Subsequent events

As at quarter ended June 30, 2020, the Company exceeded one of its financial covenants related to the Senior Unsecured Notes (note15c). 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 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.