Consolidated Financial Statements

Cable Onda, S. A. and Subsidiaries

For the year ended December 31, 2020
with Report of the Independent Auditors

This document is a free translation into English of the original Spanish version.

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Independent Auditor's Report

To the Board of Directors and Shareholders
Cable Onda, S. A. and Subsidiaries
Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Cable Onda, S. A. and subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2020 and the consolidated statement of income, consolidated statement of changes in stockholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent from the Company in conformity with the Professional Code of Ethics for Authorized Public Accountants in Panama (Decree 26 of May 17, 1984) and the Code of Ethics of Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), and have complied with all other ethics responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Business Combination – Purchase Price Allocation

As described in Note 5 of the consolidated financial statements, the Group acquired control over, and therefore consolidated Grupo de Comunicaciones Digitales, S. A. (“Telefonica Panama”) for net consideration of USD594 million as of August 29, 2019. This transaction was accounted for as a business combination. Management has determined the final purchase price accounting for Grupo de Comunicaciones Digitales, S. A. as of December 31, 2020.

We considered the audit of the accounting for this business combinations to be a key audit matter as this is a significant transaction that involved complex client judgment regarding the determination of the fair value of the acquired identifiable assets. The fair value was determined by management using estimated cash flows method, that is sensitive to significant assumptions, such as the discount rate applied to the projected cash flows, growth rate, operating margin, capital expenditures and working capital requirements, which in turn are affected by expectations about future market or economic conditions, particularly those in the emerging markets of Latin America.

Our audit procedures included, among others, inspecting the purchase agreements and evaluating the terms and conditions and management’s accounting for such terms and conditions in its purchase price allocation. We involved our valuation specialists to assist with our audit procedures to test the estimated cash flows and management’s valuation methodologies and assumptions discussed above which were used to determine the fair value of the acquired identifiable assets and assumed liabilities. In addition, our valuation specialists assisted us in assessing whether the underlying assumptions used by management were consistent with publicly available information and external market data. We also assessed the completeness and accuracy of the underlying data through our inspection of and comparison to historical information. We evaluated the adequacy of the related disclosures.

Impairtment assesstments – Goodwill

As of December 31, 2020, represents 34% of total assets and arose from separate acquisitions made by the Group. As described in Note 4 to the consolidated financial statements, the recoverable amount of goodwill is estimated by calculating the value in use of the cash generating units to which the goodwill is allocated based on the strategic business plans approved by Management. The inputs to the impairment test model which have the most significant impact on the CGU, include: revenue growth, the trend in profit margins, long-term capital expenditure requirements, the discount rate and the rate of growth in perpetuity.

We considered the impairment test of goodwill to be a key audit matter because the assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain, and because of the materiality of the balances to the financial statements as a whole.

We have performed, with the assistance of our valuation specialist, the following audit procedures, among others:

- Understood the control environment, over the process for determining the recoverable amounts of the cash-generating units and goodwill impairment test.
- Assessed the consistency of the data used in the value-in-use calculations against the strategic business plans approved by the Management, as well as assessing the discount rate used, which was 7.5%.
- Analyzed the level of performance regards the business plan approved in the previous year.
- Assessed the key assumptions used to determine the recoverable amounts, to which end we compared key assumptions against market information
- Assessed the sensitivity analysis performed by the Management.
- Evaluated the adequacy of the related disclosures.

Responsibilities of management and those charged with governance for the consolidated financial statements

With respect to these consolidated financial statements, management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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 Company's financial reporting process.

Auditor's 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 auditor's 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.

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 auditor's 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 auditor's 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.

We are required to communicate with Group's Management 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 required to provide Group's Management with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 Group's Management, 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 auditor's 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.

The partner in charge of the audit, who prepared this independent auditors' report, is Víctor M. Ramírez.

Ernst & Young

April 28, 2021
Panama, Republic of Panama

Cable Onda, S.A. and Subsidiaries
Consolidated Statements of Financial Position as of December 31, 2020 and 2019
(Figures stated in B/. Balboas)

Notes			**2020**		2019 Restated
	Assets				
	Currents Assets				
6	Cash	**B/.**	**84,847,382**	B/.	60,693,300
7, 21	Accounts receivable - client, net		**83,070,226**		72,693,472
8	Other accounts receivable		**8,370,244**		12,530,846
	Contract assets		**2,930,918**		1,862,040
9	Inventory		**24,446,353**		26,264,923
	Prepaid expenses		**7,496,849**		5,597,905
	Prepaid taxes		**2,911,538**		1,031,380
			214,073,510		180,673,866
	Non-current assets				
	Severance fund, net		**630,477**		2,034,259
	Guarantee deposits and other assets		**5,604,535**		655,682
10	Intangible assets, net		**166,886,745**		194,096,015
11	Goodwill		**472,268,560**		472,268,560
12	Right of use assets, net		**102,543,335**		115,171,472
13	Property, furniture, equipment and leasehold improvements, net		**431,866,424**		442,835,276
			1,179,800,076		1,227,061,264
	TOTAL ASSETS	**B/.**	**1,393,873,586**	B/.	1,407,735,130

Restated for the finalization of the purchase accounting for Grupo de Comunicaciones Digitales, S. A. (formerly Telefónica Moviles Panamá, S.A.) acquisition (see note 5)

Notes			2020		2019 Restated
	LIABILITIES AND STOCKHOLDERS' EQUITY				
	Currents liabilities				
14, 21	Accounts payable	**B/.**	**96,843,201**	B/.	74,850,804
15	Lease liabilities		**15,811,708**		19,128,403
16	Employee benefits		**9,846,977**		11,927,929
	Customer deposits		**4,172,840**		4,313,951
18	Deferred income		**13,520,489**		13,062,214
19	Accrued expenses and other liabilities		**47,476,561**		34,704,799
22	Income tax payable		**1,923,423**		-
			189,595,199		157,988,100
	Non-current liabilities				
15	Lease liabilities		**91,162,544**		99,029,375
17	Long term debt		**185,000,000**		150,000,000
20	Other long terms liabilities, net		**684,247,414**		768,015,543
18	Deferred income		**20,895,762**		20,850,559
22	Deferred income tax		**40,614,370**		45,790,507
	Obligations for retirement of assets and other liabilities		**13,987,983**		11,989,469
			1,035,908,073		1,095,675,453
			1,225,503,272		1,253,663,553
	Stockholders' equity				
	Issued capital 243,356 common shares with no par value, issued and outstading		**57,648,922**		57,648,922
	Additional paid in capital		**1,835,860**		746,000
	Supplemental tax		**(1,946,463)**		(614,227)
	Retained earnings		**111,157,885**		96,537,316
			168,696,204		154,318,011
	Non-controlling interest		**(325,890)**		(246,434)
	Total stockholders' equity		**168,370,314**		154,071,577
	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**B/.**	**1,393,873,586**	B/.	1,407,735,130

Restated for the finalization of the purchase accounting for Grupo de Comunicaciones Digitales, S. A. (formerly Telefónica Moviles Panamá, S.A.) acquisition (see note 5)

Cable Onda, S.A. and Subsidiaries
Consolidated Statements of Income
For the years ended December 31, 2020 and 2019
(Figures stated in B/. balboas)

Notes		**2020**	2019
	Revenue		
	TV subscriptions	**B/. 129,757,092**	B/. 149,570,047
	Data transmission, internet and data center	**182,001,275**	181,266,346
	Fixed line services	**37,880,487**	44,570,197
	Mobile services	**208,474,665**	68,023,460
	Sales of mobile equipment	**18,497,145**	6,952,606
	Projects and solutions	**4,875,789**	12,320,283
23	Other services and revenue	**6,425,786**	9,388,382
		587,912,239	472,091,321
	Costs and expenses		
24	Programming and operating costs	**136,021,134**	103,416,323
25	Depreciation and amortization	**178,973,814**	118,930,668
26	Personnel expenses	**69,753,139**	63,039,707
27	General, sales and administrative expenses	**124,088,381**	81,113,933
		508,836,468	366,500,631
	Operating income	**79,075,771**	105,590,690
	Financial expenses, net	**51,355,324**	29,312,487
	Income before tax	**27,720,447**	76,278,203
22	Income tax	**(13,318,455)**	(20,793,154)
	Net Income	**B/. 14,401,992**	B/. 55,485,049
	Attributable to:		
	Equity holders of the parent	**B/. 14,481,054**	B/. 55,479,847
	Non-controlling interest	**(79,062)**	5,202
	Net Income	**B/. 14,401,992**	B/. 55,485,049

The accompanying notes are an integral part of the consolidated financial statements.

Cable Onda, S.A. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
For the year ended December 31, 2020 and 2019
(Figures stated in B/. balboas)

	Attributable to the Controlling Interest						
	Issued Capital	*Additional paid in capital*	*Supplemental tax*	*Retained earnings*	*Total*	*Non-controlling interest*	*Total stockholders' equity*
January 1, 2019	B/. 57,648,922	B/. -	B/. (577,952)	B/. 41,027,269	B/. 98,098,239	B/. (267,238)	B/. 97,831,001
Share-based compensation	-	746,000	-	-	746,000	-	746,000
Acquisition of subsidiaries	-	-	-	(6,075)	(6,075)	15,602	9,527
Supplemental tax	-	-	(36,275)	36,275	-	-	-
Net Income	-	-	-	55,479,847	55,479,847	5,202	55,485,049
December 31, 2019	B/. 57,648,922	B/. 746,000	B/. (614,227)	B/. 96,537,316	B/. 154,318,011	B/. (246,434)	B/. 154,071,577
Share-based compensation	**-**	**1,089,860**	**-**	**-**	**1,089,860**	**-**	**1,089,860**
Supplemental tax	**-**	**-**	**(1,332,236)**	**139,515**	**(1,192,721)**	**(394)**	**(1,193,115)**
Net Income	**-**	**-**	**-**	**14,481,054**	**14,481,054**	**(79,062)**	**14,401,992**
December 31, 2020	**B/. 57,648,922**	**B/. 1,835,860**	**B/. (1,946,463)**	**B/. 111,157,885**	**B/. 168,696,204**	**B/. (325,890)**	**B/. 168,370,314**

The accompanying notes are an integral part of the consolidated financial statements.

Cable Onda, S.A. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(Figures stated in B/. balboas)

Notes			2020		2019 Restated
	Cash flows from operating activities				
	Income before income tax	**B/.**	**27,720,447**	B/.	76,278,203
	Adjustments to reconcile income before tax to net cash flows:				
13	Depreciation and amortization of fixed assets		**121,132,832**		92,706,697
12	Depreciation on right of use assets		**20,656,742**		11,076,005
10	Amortization of intangible assets		**37,184,240**		15,147,966
13	Net impairment loss and disposal of fixed assets		**-**		6,249,762
	Provision for seniority premium		**569,573**		272,170
7	Allowance of doubtful accounts		**9,694,735**		4,170,654
	Amortization of deferred financing cost		**1,542,948**		283,019
	Interest		**51,355,324**		29,312,487
	Share-based compensation		**1,089,860**		746,000
	Cash flows before changes in working capital		**270,946,701**		236,242,963
	Accounts receivables - client		**(20,071,489)**		(24,036,049)
	Other accounts receivables		**4,160,602**		7,487,237
	Contract assets		**(1,068,878)**		(596,130)
	Inventory		**1,818,570**		5,845,105
	Prepaid expenses		**(1,898,944)**		(1,349,805)
	Guarantee deposits and other assets		**(4,948,853)**		3,687,970
	Accounts payable		**28,719,846**		(17,249,383)
	Employee benefits		**(2,080,952)**		(3,285,072)
	Accrued expenses and other liabilities		**(571,137)**		1,038,564
	Customer deposits		**(141,111)**		(2,765,535)
	Deferred income		**503,478**		3,796,164
	Other long term liabilities		**1,998,514**		1,377,676
			277,366,347		210,193,705
	Income tax paid		**(26,217,206)**		(17,442,227)
	Interest paid for bonds and loans		**(38,012,425)**		(21,013,367)
	Interest paid for leases		**(5,250,122)**		(4,377,644)
	Seniority premium paid		**(1,577,850)**		(1,054,659)
	Net cash flow from operating activities		**206,308,744**		166,305,808
	Continued…	**B/.**	**206,308,744**	B/.	166,305,808

The accompanying notes are an integral part of the consolidated financial statements.

Notes		2020	2019
	Continued…	**B/. 206,308,744**	B/. 166,305,808
	Cash flows from investing activities		
	Contributions to severance fund, net	**B/. 2,412,059**	B/. (2,031,250)
	Acquisition of intangibles assets, net	**(9,974,970)**	(14,864,790)
	Company merger, net of cash acquired	**-**	(510,743)
	Consideration paid in acquisition of subsidiary net of cash acquired	**-**	(579,190,030)
13	Acquisition of tangible assets	**(110,163,980)**	(89,114,600)
	Net cash flows used in investing activities	**(117,726,891)**	(685,711,413)
	Cash flows from financing activities		
	Issuance of new bonds and loans	**85,000,000**	1,252,586,517
	Repayment of bonds and loans	**(135,000,000)**	(653,853,034)
	Payment financing cost	**(311,077)**	(16,522,152)
	Payment of lease liabilities	**(12,784,458)**	(8,598,092)
	Supplemental tax paid	**(1,332,236)**	-
	Net cash flows (used in) from by financing activities	**(64,427,771)**	573,613,239
	Net increase in cash	**24,154,082**	54,207,634
	Cash at begin of the period	**60,693,300**	6,485,666
	Cash at end of period	**B/. 84,847,382**	B/. 60,693,300

The accompanying notes are an integral part of the consolidated financial statements.

1. Corporate information

Cable Onda, S.A. ("Cable Onda" or the "Group") was incorporated under the laws of the Republic of Panama, beginning operations in April 1991. The Group's main offices are located at Boulevard Costa del Este, Edificio Mapfre, 4th floor.

Cable Onda, S.A. and Subsidiaries is primarily engaged in providing cable television services, mobile telecommunication services, high-tech telecommunication services that include the transmission, storage and hosting of data, information backup and retrieval, internet access, application and e-commerce services, cable modem and basic residential and corporate telephone service with both national and international long distance service. These services are under the supervision of the National Public Services Authorities of the Republic of Panama (ASEP).

At the date of these consolidated financial statements, Cable Onda, S.A. had received the following operating licenses from ASEP:

Service No.	*Date of the Resolution*	*Description of the Service*	*Term (years)*	*Maturity date*
101	CT-1345 of September 17, 2002	Landline telephone service	20 years	September 17, 2022
102	CT-1346 of September 17, 2002	National long distance	20 years	September 17, 2022
103	CT-1347 of September 17, 2002	International long distance	20 years	September 17, 2022
200	Renewed by Resolution AN12633 Telco of August 21, 2018	Data transportation	20 years	August 21, 2038
211	Renewed by Resolution AN12598 Telco of August 6, 2018	Internet for public use	20 years	June 8, 2038
223	AN No. 5936 Telco of February 6, 2013	Call center	20 years	June 2, 2033
300	Renewed by Resolution AN No. 12597 Telco of August 6, 2018, amended by Resolution AN No. 12608 Telco of August 9,2018	Interactive television (without the radio electric spectrum)	20 years	June 8, 2038
400	AN No. 1055 Telco of August 8, 2007	Added value services for telecommunications	20 years	August 8, 2027
500	Renewed by Resolution AN No. 12779 Telco of October 4, 2018	Re-sale of telecommunications services	20 years	April 10, 2038

1. Corporate Information (continued)

Service No.	*Date of the Resolution*	*Description of the Service*	*Term (years)*	*Maturity date*
804	JD – 2270 of August 7, 2000 recognized in the concession right	Paid Type A Television (through electric radio frequencies)	25 years as from enactment of Law 24 of June 30,	June 30, 2024
903	JD – 2547 of December 18, 2000	Type B radio paid	25 years	December 18, 2025
904	JD – 2317 of August 22, 2000 recognized in the concession right	Type B paid television	25 years as from enactment of Law 24 of June 30, 1999	June 30, 2024
200	Renewed by Resolution of 2018	Data transportation	20 years	August 1, 2038
211	CT-1565 of February 20, 2004	Internet for public use	20 years	February 19, 2024

Resolution AN N° 535-Telco of January 8, 2007 (the Resolution) modifies the classification of the telecommunications services established in Resolution N° JD-025 of December 12, 1996. This Resolution establishes that the concession for services 105, 203, 204, 206, 207, 208, 209 and 220 change Service N° 200 Telecommunications Transportation Service as from publication thereof and requires that ASEP respect the concessions granted for the provision of these telecommunications services that are in effect. This fact is the legal basis for the Group (as defined below) to act as licensee of Service N° 200.

On August 29, 2019, Cable Onda S.A. completed the acquisition of Grupo de Comunicaciones Digitales, S.A. (formerly Telefónica Móviles de Panamá, S.A) (see note 5).

On July 28, 2020, by means of an Act of the Board of Directors, the Group name of the entity Telefónica Móviles de Panamá, S.A was changed to Grupo de Comunicaciones Digitales, S.A.

The consolidated financial statements of the Group for the year ended December 31, 2020 were authorized for issuance by Management on April 28, 2021.

2. Compliance Statement

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3. Basis for Preparation of the Consolidated Financial Statements

3.1 Basis of valuation and presentation currency

The consolidated financial statements of the Group, as of December 31, 2020, have been prepared on a historical cost basis, except for those cases in which reference is made in the accounting policies mentioned in Note 4.

The consolidated financial statements are expressed in balboas (B/.), unit monetary of the Republic of Panama, which is at par with the US dollar. The Republic of Panama does not issue its own paper currency and, instead, the US dollar is used as the functional and legal currency.

3.2 Basis of consolidation

The consolidated financial statements as of December 31, 2020 include the assets, liabilities, profit and loss accounts of Cable Onda, S.A. and its subsidiaries, Grupo de Telecomunicaciones Digitales, S.A and Fronteras Security, Inc. The financial statements of the subsidiaries were prepared for the same date of the financial statements of Cable Onda, S. A. using consistent accounting policies.

All balances, transactions, revenues, costs and expenses, and gains or losses resulting from transactions between Group companies, have been eliminated in the consolidation process. The financial statements of the subsidiaries are included in consolidation from the date of acquisition, the date on which the Group obtained control, and the Group will continue including said statements up to the date on which control ceases.

3.3 Judgements, estimations, and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires that management make judgments, estimations and assumptions that affect the amounts reported for revenues, expenses, assets, liabilities, and the disclosures of contingent liabilities at the date of the consolidated financial statements.

Due to the uncertainty implicit in these estimations and assumptions, significant adjustments could arise that could affect the amounts recorded or disclosed of future assets and liabilities.

3. Basis for Preparation of the Consolidated Financial Statements (continued)

The main assumptions related to future events and other sources of estimations prone to changes at the date of the consolidated financial statements and that due to their nature, have a high risk of giving rise to relatively significant adjustments to the asset and liability figures in the consolidated financial statements for the following year, are as follows:

Impairment of Goodwill

To determine whether goodwill is impaired, its value in use must be estimated. This estimation requires that Management estimates future cash flows which the cash-generating unit is expected to generate and that the proper discount rate for calculation of the present value be determined.

Income tax

The determination of income tax requires, largely, the use of estimations and assumptions, particularly deferred income tax. A deferred income tax asset is recognized only if there is a likelihood of generating tax profits in the future, against which temporary differences can be deducted. Significant management judgments are required to determine the deferred income tax amount that can be recognized.

Allowance for doubtful accounts

The Group considers that the allowance for doubtful accounts is sufficient to cover possible impairment at the date of the consolidated financial statements. This assessment requires that the Group make significant estimations based on expected credit losses on the customer portfolio.

Decommissioning liability

The Group recognizes a provision for decommissioning obligations related to leasing contracts for buildings and towers. To determine the fair value of the provision, assumptions and estimates are made in relation to the discount rates, the expected cost to dismantle and remove the adjustments or improvements to the sites and the expected date on which such costs will be incurred. Changes in estimated future costs or in the discount rate applied are added to or subtracted from the cost of the asset.

4. Summary of Accounting Policies

Current and non-current classification

In its statements of financial position, the Group presents its assets and liabilities as current and non-current.

An asset is classified as current when the Group expects the asset to be realized or intends to sell it or use it in its normal cycle of operations; maintain the assets for trade; expects it to be realized within the twelve months following the period reported on; and the asset is cash or cash equivalent unless it is restricted and cannot be exchanged or used to cancel a liability for a minimum period of twelve months after the close of the period reported on.

The Group classifies the rest of its assets as non-current.

A liability is classified as current when the Group expects to settle the liability in the normal course of operations; maintains the liability for trading purposes; the liability must be settled within the twelve months following the close of the period reported on; or when the Group has no unconditional right to defer cancellation of the liability during, at least, the twelve months following the close of the period reported on.

The Group classifies the remaining of its liabilities as non-current.

Deferred tax assets and liabilities are classified by the Group as non-current assets and liabilities, in all cases.

Financial assets

Recognition and initial measurement of financial assets

The approach used by the Group in classifying and measuring its financial assets reflects the business model in which the financial assets are managed and the characteristics of the contractual cash flows of the financial asset.

The Group initially recognizes all its financial assets at fair value, plus costs directly attributable to the transaction, except as concerns financial assets measured at fair value with changes in income, in which said costs are not considered. Purchases or sales of financial assets are recognized by the Group on the dates on which each transaction is conducted, which is the contracting date, the date on which the Group commits to purchase or sell a financial asset.

The Group initially classifies its financial assets considering the method in which they will be measured, at the amortized cost with changes in profit and loss.

4. Summary of Accounting Policies (continued)

Financial assets at amortized cost
Financial assets are measured at their amortized cost when they meet the following conditions: (a) the financial asset is held within a business model the purpose of which is to obtain contractual cash flows; and (b) the contractual terms of the financial asset establish specific dates for cash flows arising solely from payments on principal and interest on the current balance.

Subsequent measurement of financial assets
Subsequent measurement of financial assets depends on their classification as described below:

Financial assets at amortized cost
After initial recognition, these financial assets are measured at their amortized cost using the effective interest rate method, less an estimation for credit losses. Gains or losses are applied to income when financial assets are disposed of or impaired, as well as through the amortization process. The Group's financial assets amortized at cost include accounts receivable; account payable, balance and transactions related parties and other account receivable current and non-current.

Financial liabilities

Recognition and initial measurement of financial liabilities
Financial liabilities are classified as financial liabilities at fair value with changes in income, accounts payable, other long-term liabilities, and long-term debt. The Group determines the classification of its financial liabilities at the date of their initial recognition.

The Group initially recognizes all financial liabilities at fair value at the date of acceptance or contracting of the liability, and costs directly attributable to the transaction in the case of notes payable.

The Group's financial liabilities include commercial accounts payable and other accounts payable, other long-term liabilities and long-term debt.

Subsequent measurement of financial liabilities
Subsequent measurement of financial liabilities depends on their classification as described below:

4. Summary of Accounting Policies (continued)

Financial liabilities at amortized cost

After initial recognition, interest-bearing financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when liabilities are derecognized, as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any transaction costs that are an integral part of the effective interest rate method. The effective interest rate amortization is including as finance costs in the statement of profit or loss.

Cash

Cash is represented by cash in banks and cash on hand and current deposits. These financial assets are valued at fair value with changes in income at the date of the consolidated financial position, without deducting the transaction costs incurred in the sale and disposal thereof. At the respective dates of the consolidated financial statements, there are no restrictions of use of balances in cash.

Accounts receivable

Accounts receivable are non-derivative financial assets with fixed or determined payments, which are not quoted in an active market and are initially recognized at the amount of the respective notes or invoices, less an estimation of impairment. Gains or losses are applied to income when an account receivable is disposed of or impaired.

Recovery of these financial assets is analyzed periodically and an allowance for impairment is recorded for accounts receivable considered as uncollectible, with a charge to income for the period. Accounts determined to be uncollectible are deducted from the allowance for impairment.

Inventory

Inventory is mainly comprised of materials and equipment, which are valued at the lower of cost and the net realizable value. The cost of inventory is determined by the average cost method. Net realizable value is the sales price in the normal course of operations, less the estimated costs required to make the sale. Merchandise in transit is recorded at the specific invoice cost.

Impairment losses, if any, are recognized immediately in the consolidated statements of income.

Intangible assets

Intangible assets acquired are initially recorded at cost. The cost of intangible assets acquired in a business combination is recorded at fair value at the acquisition date. After initial recognition, intangible assets are accounted for at cost less accumulated amortization and the accumulated amount of impairment losses.

4. Summary of Accounting Policies (continued)

The Group recognizes intangible assets generated internally as expenses in the year in which they occur, except development costs that are capitalized.

The useful lives of intangible assets are defined as finite or indefinite. Intangible assets with finite useful lives are amortized under the straight-line method over the estimated useful lives of the assets, which are reviewed by the Group annually. The amortization expenses of intangible assets are recognized in the results of the year in which they are incurred

A detail of the estimated useful lives for finite-life intangible assets is presented below:

	Estimated useful life
Administrative concessions	20 years
Customer relationship	17 years
Brands	3 years
Rights of use of fiber optics	5 to 15 years
Development in finished projects	3 years
Computer applications and others	3 to 5 years

Changes in the expected useful life or in the pattern of consumption of expected future benefits of the asset are recognized, changing the period or amortization method, as applicable, and treated as a change in the accounting estimate.

Intangible assets with indefinite useful life are not amortized, and on an annual basis, the Group conducts an evaluation to identify decreases in fair value or when events or circumstances indicate that the values recorded might not be recoverable. Should said indication exist and the book value exceeds the amount recoverable, the Group values the assets of the cash generating units at their recoverable amount.

Gains or losses arising upon disposal of an intangible asset are determined by the Group as the difference between the product of the sale or disposal and the net book value of the intangible asset and applied to income for the year in which the transaction occurred.

Leases

The Group assesses at the beginning of the contract whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for economic consideration.

4. Summary of Accounting Policies (continued)

Group as a lessee

The Group applies a single recognition and measurement approach to all leases, except short-term leases and leases of low-value assets. The Group recognizes the lease liabilities to make the lease payments and the right that represents the right to use the underlying assets.

Assets for right of use

The Group recognizes right-of-use assets on the lease commencement date (that is, the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for the amount of recognized lease liabilities, initial direct costs incurred and lease payments made to any new measurement of liabilities for lease. The cost of right-of-use assets before the inception date less the lease incentives received are depreciated on a straight-line basis over the shortest term of the lease and the estimated useful life of the assets, as follows:

	Estimated useful life
Lands and buildings	1 a 30 years
Towers	1 a 35 years
Sites	1 a 15 years
Other equipment	1 a 25 years

If ownership of the leased asset is transferred to the Group at the end of the lease term and the cost reflects a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Group recognizes the lease liabilities measured at the present value of the lease payments to be made during the lease term. Lease payments include fixed payments less any lease incentive receivable, variable lease payments less any lease incentive receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments may also include the exercise price of a purchase option reasonably safe to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects that the Group exercises the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

4. Summary of Accounting Policies (continued)

In calculating the present value of the lease payments, the Group uses its incremental borrowing rate on the lease commencement date because the interest rate implicit in the lease is not easily determinable. After the commencement date, the amount of the lease liabilities is increased to reflect the accrual of interest and is reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (for example, changes in future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the evaluation of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The low-value asset recognition exemption lease also applies to leases that are considered low-value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Goodwill

At the acquisition date, goodwill acquired through a business combination is initially measured at cost, representing the excess of the purchase price over the fair value of the assets acquired and liabilities assumed.

Goodwill is carried at cost, less any impairment loss, and is tested at least annually for impairment based on the cash flows of the cash-generating unit to which it was allocated. Identified impairment is recognized immediately in the consolidated statement of income and is not subsequently reversed. For the purpose of testing goodwill for impairment, the goodwill purchased in a business combination is distributed among each of the cash-generating units that the Group expects will benefit from the synergies of the business combination, from the date of acquisition, regardless of whether other assets and liabilities of the acquired entity are assigned to those cash-generating units.

Property, furniture, equipment and leasehold improvements

Property, furniture, equipment, and leasehold improvements are recorded at their acquisition cost, less depreciation and accumulated amortization and accrued impairment losses, if any. Disbursements for repairs and maintenance that fail to meet the conditions for recognition thereof as an asset and depreciation are recognized as expenses in the year in which they occur.

The net values of property, furniture, equipment, and leasehold improvements are tested for impairment when the events or changes in circumstances indicate that the recorded value may not be recoverable.

Depreciation and amortization are calculated by the straight-line method based on the estimated useful lives of the assets. The estimated useful life and depreciation methods are reviewed annually by Management and are adjusted when relevant, at the end of each financial year.

Here is a breakdown of estimated useful lives:

	Estimated useful lives
Buildings	30 years
Furniture and fixtures	3 to 7 years
Computer equipment	3 to 5 years
Technical equipment	3 to 15 years
Transportation equipment	3 years
Leasehold improvements	3 to 20 years

The estimated costs of the Group's obligation related to dismantling and future withdrawal of non-financial leased assets installed at business premises and towers are capitalized at the respective assets and amortized in the term of said leases. The amount of the amortization of these estimated costs is applied to income for the year. The amount of the respective provision is decreased as future cash disbursements are made.

Property, furniture, equipment, and leasehold improvements are disposed of when sold or when no future economic benefit is expected from use thereof. Gains or losses arising from disposal of an asset, calculated as the difference between the net book value and the product of the sale, is applied to income for the year in which the transaction takes place.

4. Summary of Accounting Policies (continued)

Acquisition cost of loans and issuance of bonds

Charges paid for contracting loans and issuance of bonds are deferred and amortized based on the term of the debt.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses on financial assets recognized at amortized cost with changes in income and measures the correction of value arising from expected credit losses over the lifetime of the asset, if the credit risk of the financial instrument has significantly increased as from initial recognition thereof.

In this regard, if at the date of the consolidated statement of financial position, the credit risk of the financial instrument has not increased significantly as from initial recognition thereof, the Group measures the correction in value arising from losses for this financial instrument at an amount equal to the expected credit losses over the next 12 months.

The Group uses a simplified method for calculation of loan losses expected on contractual assets and accounts receivable. Therefore, the Group does not follow up on the changes in credit risk, but rather, recognizes an adjustment based on experience with expected credit losses at the date of each presentation of consolidated financial statements. The Group has established a matrix of estimations based on historical experience with credit losses, adjusted on the basis of specific prospective factors for debtors and the economic environment.

The Group considers that a financial asset is in arrears when the contractual payments are 90 days past due. However, in some cases, the Group can also consider that a financial asset is past due when the internal or external information shows that the Group is unlikely to receive the outstanding contractual amounts in their entirety. A financial asset is canceled when there is no fair expectation of recovering the contractual cash flows.

Impairment of non-financial assets

The Group conducts a review of the book values of its non-financial assets at the end of each year, for the purpose of identifying decreases in value when events or circumstances indicate that the values recorded might not be recoverable. In the event of such an indication and if the book value exceeds the recoverable amount, the Group conducts a valuation of the assets or the cash generating units at their recoverable amount, determined as the greater of its fair value, less the cost of sales, and its value in use. The adjustments generated in connection with this item are applied to income for the year in which they are determined.

4. Summary of Accounting Policies (continued)

The Group evaluates, at each year-end, whether there are signs of impairment in the value previously recognized for a non-financial asset other than goodwill, and whether it has decreased or no longer exists. In the event of such an indication, the Group re-estimates the recovery value of the asset, and if applicable, reverses the loss, increasing the asset up to its recovery value, which will not exceed the net book value of the asset before recognition of the original impairment loss, recognizing the credit to income for the period.

Provisions

A provision is recognized when the Group has a present obligation, whether legal or implicit, as a result of a past event, and is likely to dispose of resources to settle that obligation and a reliable estimation of the amount of that obligation can be conducted.

The amount of the provisions recorded is evaluated periodically and the adjustments required are applied to income for the year.

When the Group expects part of all of the provision to be reimbursed by a third party, the reimbursement is recognized as a separate asset, but only when the reimbursement is certain. Expenses related to the provisions are presented in the consolidated statements of income, net of reimbursements receivable.

Employee benefits

Employee retirement benefits are provided through a defined contribution plan via the social security fund, which assumes the liability corresponding to retirement benefits. Contributions are made according to the parameters established in said institution’s Organic Law. The Group assumes no liability beyond the payment determined by law.

Share-based compensation

The expense of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The expense is recognized in employee benefits expense, together with a corresponding increase in equity, over the period in which the service.

4. Summary of Accounting Policies (continued)

Disposal of financial assets and liabilities

Financial assets

Financial assets are derecognized by the Group when the contractual rights over the cash flows provided by the financial asset expire; or when the financial asset is transferred along with the risks and benefits inherent thereto, and the contractual right to receive the cash flows provided by the financial asset have been ceded; or when having retained the contractual rights to receive said cash flows, the Group assumes the contractual obligation to pay them to one or more recipients.

Financial liabilities

Financial liabilities are derecognized by the Group when the obligation has been paid or canceled or the term for payment thereof has expired. When a financial liability is replaced by another financial liability, the Group cancels the original and recognizes a new financial liability. Differences arising from replacing financial liabilities are applied to income for the year in which they occur.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control over the goods or services has been transferred to the customer for an amount that reflects the consideration to which the entity expects to be entitled in exchange for said goods or services.

The entity recognizes income over time in a way that best reflects the transfer of control of the goods and services to the customer, provided that the following conditions are met:

- The customer receives and consumes the benefits of the entity’s provision as the entity carries out such provision;
- Through its provision, the entity creates or improves an asset that is under the control of the client during its creation; or
- With its provision, the entity creates an asset without alternative use and is also entitled to pay for the provision made to date at a price that reflects the cost-plus margin incurred.

4. Summary of Accounting Policies (continued)

Contractual Obligations

The Group identified that the compliance obligations in the contract correspond to a series of different goods and services that are substantially the same and that have the same pattern of transfer to the client. The Group's income comes mainly from the provision of the following telecommunications services: traffic, interconnection, roaming, added value, sale of terminals and accessories. Products and services can be sold separately or together in commercial packages.

Transaction price

The Group fulfills its compliance obligations under the contractual conditions established with its clients based on the provision of the promised services and through the transfer of ownership of the agreed goods and equipment that are within the scope of IFRS 15.

The terms of payment demanded from clients, together with the Group's future obligations to clients, such as guarantees and returns, are those established in the contracts between both parties.

The guarantees, reimbursement and return policies of the Group are those defined based on the legal requirements established in Panama.

Below is shown for each of the types of income, the disclosures regarding contractual obligations and transaction price, established in IFRS 15

Revenue from services

Revenue from services is characterized by intangibility. If it acknowledges compliance obligations over time or in the period it incurred the challenge, this defines the agreement to the nature of the income.

Among the income from the provision of services are the following:

Traffic Income

Revenue is recognized when compliance obligations are met over time as the client receives the benefits as they are provided. Traffic revenue is included in the initial call set-up fee, plus per-call rates, depending on the time consumed by the user, the distance of the call and the type of service.

4. Summary of Accounting Policies (continued)

In the case of prepaid income is accrued as the prepaid card balance is consumed, the payment to distributors is made in cash and / or credit, the payment to direct consumers is made in cash. The amount corresponding to the traffic paid pending consumption generates a deferred income. The expiration of prepaid cards is directly recorded in results when the card expires, since from that moment the Group has no obligation to provide the service.

In the case of postpaid, the obligation to comply is to provide access to telecommunications services to customers during the period of time identified in the contract in exchange for a fee, regardless of the customer's use of said services. The invoices are collected according to their due date. There are no return, refund or other similar obligations, there are no guarantees or related obligations.

Interconnection Income

They are derived from all calls from other operators that end up in the Group's network (incoming interconnection). These services are recognized in the period in which the calls were made, based on the rates previously agreed with the other operators, which were defined as the transaction price. The invoices are collected according to their due date. There are no return, refund and other similar obligations, there are no guarantees or related obligations.

Roaming Income

They represent the airtime that customers are charged when they make or receive calls while visiting from a country other than the service area where they are active (Panama). Said services are recognized based on the rates established and agreed with related companies abroad, as well as with

other international operators, which were defined as the transaction price. The invoices are collected according to their due date. There are no return, refund and other similar obligations, there are no guarantees or related obligations.

Value Added Income and Others

They include in addition to other voice services, data services (such as written messages, two-way messages, backtones, among others) and are recognized as income as they are consumed. The invoices are collected according to their due date. There are no return, refund and other similar obligations, there are no guarantees or related obligations.

4. Summary of Accounting Policies (continued)

Income from Sale of Goods

Corresponds to income from the sale of goods, which is recognized when the sale is considered perfected, generally when the products are dispatched to customers.

Income from sales of goods is presented in the statement of income, net of discounts, returns and sales tax.

Cell Phone Sales

The income corresponds to the sale of mobile phones, which is recognized when the sale of this equipment is considered perfected, the majority of which are made to authorized distributors and normally coincide with the time of delivery of the products, as On the contrary, it is recorded in the liability as a contractual liability and upon activation is recognized as income. The charge to distributors is made in cash and / or credit, the charge to direct consumers is made in cash.

Discounts on the sale of cellular equipment to wholesale distributors, retailers, and commercial chains are recognized as a decrease in the sales value of telephone, cards, and prepaid recharges. The price is determined from the cost of the purchase plus a margin, which varies according to commercial offers. Warranties are covered by cell phone and accessory providers.

Accessories for sale

Income from the sale of accessories is recognized upon delivery of the product to the customer. Includes income from the sale of batteries, hands-free, covers, straps, and other items related to the sale of mobile terminals, also includes the sale of other electronic devices, such as MP3 players, or others.

Significant judgments

The determination of the standalone selling price for contracts that involve more than one performance obligation may require significant judgment, such as when the selling price of a good or service is not readily observable.

The Group determines the standalone selling price of each performance obligation in the contract in accordance to the prices that the Group would apply when selling the same services and/or telephone and equipment included in the obligation to a similar customer on a standalone basis. When standalone selling price of services and/or telephone and equipment are not directly observable, the Group maximizes the use of external input and uses the expected cost plus margin approach to estimate the standalone selling price Group.

4. Summary of Accounting Policies (continued)

The Group applies the following practical expedients foreseen in IFRS 15:

- No adjustment to the transaction price for the means of a financing component whenever the period between the transfer of a promised good or service to a customer and the associated payment is one year or less; when the period is more tan one year the financing component is adjusted, if material.

- Disclosure in the Group Financial Statements the transaction price allocated to unsatisfied performance obligations only for contracts that have an original expected duration of more than one year (e.g. unsatisfied performance obligations for contracts that have an original duration of one year or less are not disclosed).

- Application of the practical expedient not to disclose the price allocated to unsatisfied performance obligations, if the consideration from a customer corresponds to the value of the entity's performance obligation to the customer (i.e, if billing corresponds to accounting revenue).

- Application of the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that otherwise would have been recognized is one year or less.

Principal-Agent, some arrangements involve two or more unrelated parties that contribute to providing a specified good or service to a customer. In these instances, the Group determines whether it has promised to provide the specified good or service itself (as a principal) or to arrange for those specified goods or services to be provided by another party (as an agent). For example, performance obligations relating to services provided by third-party content providers (i.e., mobile Value Added Services or "VAS") or service providers (i.e., wholesale international traffic) where the Group neither controls a right to the provider's service nor controls the underlying service itself are presented net because the Group is acting as an agent. The Group generally acts as a principal for other types of services where the Group is the primary obligor of the arrangement. In cases the Group determines that it acts as a principal, revenue is recognized in the gross amount, whereas in cases the Group acts as an agent revenue is recognized in the net amount.

Revenue from installation services

Revenue from installation services is recognized over time, using a method that allows for establishing the level of completion of the service at the date of the consolidated statements of financial position, considering compliance with the performance obligation.

4. Summary of Accounting Policies (continued)

Currently payable income tax

The Group calculates income tax applying the adjustments of certain items subject or not to the tax, to pretax income, in accordance with the current tax regulations. Current tax, corresponding to the present and past periods, must be recorded as a liability when it has not yet been paid. If the amount paid corresponding to the present and preceding periods exceeds the amount payable for those periods, the excess is recorded as an asset.

The Group recognizes income tax associated with elements of other comprehensive income outside the consolidated statement of income and recognizes it in the consolidated statement of comprehensive income.

Deferred income tax

Deferred income tax is determined by the liability method for all existing temporary differences between the tax base of assets, liabilities and net equity and the respective book figures for financial purposes at the date of the consolidated statements of financial position. Deferred income tax is calculated considering the tax rate expected to be applied in the period in which the asset is expected to be realized or the liability paid. Deferred tax assets are recognized only when they are reasonably likely to be realized.

The Group recognizes income tax and deferred income tax in the statement of income.

Sales tax

The Group recognizes revenues net of sales tax and recognizes a liability in the consolidated statements of financial position for the related sales tax. Expenses and the acquisition of assets are recorded by the Group for the net of sales tax, if taxes are credited to the Group by the tax authorities, the amount is recognized as a receivable in the consolidated balance sheet. In those cases, in which the sales tax is not credited, the Group includes the tax as part of the expense or of the asset, as applicable.

Changes in accounting policy and regulations that have not yet entered force

A. Changes in accounting policies and disclosures

The accounting policies adopted by the Group for the preparation of its consolidated financial statements as of December 31, 2020 are consistent with those that were used for the preparation of its consolidated financial statements as of December 31, 2019

In the 2020 period, the Group applied for the first-time certain interpretations and amendments to standards that became effective as of January 1, 2020 in accordance with the provisions of the International Accounting Standards Board ("IASB" in English). The application of these interpretations and amendments had no significant impact on the Group's financial statements.

5. Business Combination Grupo Comunicaciones Digitales S.A. (formerly Telefónica Móviles de Panamá, S.A.)

On August 29, 2019, Cable Onda acquired 100% of the share capital of Grupo Comunicaciones Digitales S.A. (formerly Telefónica Móviles Panamá, S.A.) (44,687,308 shares) for a final cash consideration of $586.7 million from Telefónica Centroamérica Inversiones, S.L. ("Telefónica Centroamérica"), which was owned, directly and indirectly by Telefónica S.A. ("Telefónica Panamá Acquisition"). The consummation of the Telefónica Panamá acquisition was approved by the appropriate regulator "Autoridad de Protección al Consumidor y Defensa de la Competencia (ACODECO) on August 29, 2019.

For the purchase accounting, management determined the fair value of the identifiable assets and liabilities of Grupo de Comunicaciones Digitales, S.A. (formely Telefónica Móviles Panamá, S.A.) based on the transaction and relative fair values at the acquisition date. During the third quarter of 2020, the Group completed the policy alignment and evaluation in respect of the right-of-use assets and lease liabilities, the property plant and equipment, as well as their related effect on the final valuation of the other fixed assets. The related effects of these adjustments are shown in the table below.

	Note	Acquired Values Provisional 2019	Acquired Values Finals 2020	Differences
ASSETS				
Current Assets				
Cash		B/. 9,651,626	B/. 9,651,626	B/. -
Accounts receivable - customers, net		20,672,828	20,672,828	-
Other accounts receivable		15,772,283	15,772,283	-
Contract assets		1,265,910	1,265,910	-
Inventory		4,175,991	4,175,991	-
Prepaid expenses		1,308,142	1,308,142	-
		52,846,780	**52,846,780**	**-**
Non-Current Assets				
Severance fund		2,041,953	2,041,953	-
Other non-current assets		844,256	844,256	-
Intangible assets, net	a)	177,940,874	181,457,874	3,517,000
Right of uses, net	b)	46,638,060	81,060,060	34,422,000
Property, furniture, equipment and leasehold improvements, net	c)	110,475,749	127,239,749	16,764,000
		337,940,892	**392,643,892**	**54,703,000**
TOTAL ASSETS		**B/. 390,787,672**	**B/. 445,490,672**	**B/. 54,703,000**

5. Business Combination Grupo Comunicaciones Digitales (formerly Telefónica Móviles de Panamá, S.A.) (continued)

	Note	Acquired Values Provisional 2019	Acquired Values Final 2020	Differences
Come…		**B/. 390,787,672**	**B/. 445,490,672**	**B/. 54,703,000**
LIABILITIES				
Current Liabilities				
Accounts payable		B/. 57,124,452	B/. 57,124,452	B/. -
Short term lease liability	b)	19,265,502	28,874,000	9,608,498
Employee benefits payable		2,349,157	2,349,157	-
Short term loans payable		17,000,000	17,000,000	-
Deferred income		3,943,994	3,943,994	-
Accrued expenses and other accounts payable		10,026,086	10,026,086	-
Income tax payable		3,825,395	3,825,395	-
		113,534,586	**123,143,084**	**9,608,498**
Non-Current Liabilities				
Long terms loans payable		57,180,000	57,180,000	-
Long terms lease liability	b)	28,997,489	52,175,991	23,178,502
Other long term liabilities		10,695,176	10,695,176	-
Deferred income tax	d)	16,155,922	22,146,422	5,990,500
		113,028,587	**142,197,589**	**29,169,002**
TOTAL LIABILITIES		**B/. 226,563,173**	**B/. 265,340,673**	**B/. 38,777,500**
Value of net assets and liabilities acquired as of July 31, 2019		B/. 164,224,499	B/. 180,149,999	B/. 15,925,500
Result for the month of August, 2019		3,191,383	3,191,383	-
Value paid in excess of the cost of the assets acquired		426,217,157	410,291,657	(15,925,500)
Adjustment price adquisition	e)	-	(6,900,000)	(6,900,000)
Value paid in excess of the cost of the assets acquired after adjustment price adquisition		**426,217,157**	**403,391,657**	**(22,825,500)**
Payment value of the transaction		**B/. 593,633,039**	**B/. 586,733,039**	**B/. (6,900,000)**

5. Business Combination Grupo Comunicaciones Digitales S.A. (formerly Telefónica Móviles de Panamá, S.A.) (continued)

a) *An increase in the fair value of B/.3,517,000 has been recognized in intangible assets related to spectrum, software and customer relations.*
b) *The alignment of the accounting policy resulted in an increase in the right-of-use assets and lease liabilities of approximately B/.30,741,000. Subsequently, the right-of-use assets have been adjusted by B/.3,681,000 to be measured at the same amount as the lease liabilities.*
c) *An increase in the fair value of B/.16,764,000 has been recognized in property, plant and equipment, mainly in the core network (B/.11,406,000); Own land and buildings (B/.3,878,000) and other equipment (B/.1,480,000). The expected remaining useful lives were estimated at 3 to 8 years.*
d) *Deferred income tax of B/.5,990,500 resulting from the previous adjustments.*
e) *Adjustment of the acquisition price for B/.6,900,000 according to the clause of the transaction contract.*

Goodwill is calculated as the excess of the total purchase consideration over the fair value of the underlying net assets. The acquired goodwill is not expected to be deductible for tax purposes.

Restatement of prior year's comparatives

As following, present the figures restated of the final purchase accounting for this acquisition of Grupo de Comunicaciones Digitales, S.A. (formely Telefónica Móviles Panamá, S.A.) for balance at December 31, 2019.

	December 2019	December 2019 (restated)
Total Assets	B/. 1,401,744,630	B/. 1,407,735,130
Total Liabilities	B/. 1,247,673,053	B/. 1,253,663,553
Total Equity	B/. 154,071,577	B/. 154,071,577
Total Liabilities and Equity	B/. 1,401,744,630	B/. 1,407,735,130

The completion of the purchase price allocation did not result in any material impact on the statement of income for the year ended December 31, 2019, with respect to the values previously recognized in respect of the provisional purchase accounting.

6. Cash

	As of December 31, **2020**	As of December 31, 2019
Cash on hand	**B/. 114,214**	B/. 115,901
Banco General	**19,262,699**	21,205,752
Citibank	**32,830,604**	11,445,810
Banco Panamá	**1,112,335**	4,616,673
Banesco	**233,830**	123,789
Banistmo	**959,820**	800,321
Bac Panamá	**1,717,785**	1,768,732
Banco Nacional de Panamá	**793,179**	298,437
Global Bank	**688,016**	399,779
Caja de Ahorros	**948,695**	113,235
JP Morgan	**22,731,113**	175,903
The Bank of Nova Scotia	**2,562,394**	19,574,968
St Georges Bank	**892,698**	54,000
	B/. 84,847,382	B/. 60,693,300

7. Accounts receivable - client, net

As of December 31, 2020, and 2019, accounts receivable is broken down as follows:

	As of December 31, **2020**	As of December 31, 2019
Cable, telephone and other services	**B/. 92,355,466**	B/. 76,761,515
Operators	**690,832**	1,236,562
	93,046,298	77,998,077
Less: allowance for doubtful accounts	**(9,976,072)**	(5,304,605)
	B/. 83,070,226	B/. 72,693,472

As of December 31, 2020, there are unbilled accounts receivable for an amount of B/.20,674,848 to Caja de Seguro Social as a result of the services provided and contemplated in addendum No. 2 to contract No. 10071970-08-21.

Analysis of the age of the accounts receivable not impaired as of December 31, 2020 and 2019:

	Current	*30 to 60 days*	*61 to 90 days*	*91 to 120 days*	*Over 121 days*	*Total*
2020	**B/. 17,511,189**	**B/. 14,288,341**	**B/. 5,247,862**	**B/. 3,367,882**	**B/. 42,654,952**	**B/. 83,070,226**
2019	B/. 17,186,351	B/. 9,963,744	B/. 859,217	B/. 13,707,807	B/. 30,976,353	B/. 72,693,472

7. Accounts receivable - client, net

	As of December 31,			
		2020		2019
Movements of allowance for doubtful accounts				
Balance at beginning of year	**B/.**	**5,304,605**	B/.	3,224,495
Plus: allowance for the year		**9,694,735**		4,170,654
Less: charge to allowance		**(5,023,268)**		(2,090,544)
Balance at end of year	**B/.**	**9,976,072**	B/.	5,304,605

The terms for payment of accounts receivable are extended up to 30 days, as from the date of issuance of the respective bill, are not subject to discount for prompt payment, do not bear interest except for late-payment interest and are recoverable.

8. Other accounts receivable

As of December 31, 2020, and 2019, the other accounts receivable compose as follows:

	As of December 31,			
		2020		2019
Contractors	**B/.**	**232,800**	B/.	1,668,682
Related parties		**627,587**		1,025,030
Others		**7,509,857**		9,837,134
	B/.	**8,370,244**	B/.	12,530,846

9. Inventory

As of December 31, 2020, and 2019, the breakdown of inventory is as follows:

	As of December 31,			
		2020		2019
Materials and equipment	**B/.**	**22,850,433**	B/.	27,191,891
Inventory in transit		**1,715,054**		1,016,936
Provision for inventory obsolescence		**(119,134)**		(1,943,904)
	B/.	**24,446,353**	B/.	26,264,923

10. Intangible assets, Net

The movement of finite life intangible assets as of December 31 is as follows:

	2020								
	Administrative Concession	**Relationship with customers**	**Software & licenses**	**Brands**	**Optics fiber**	**Projects in process**	**Others**	**December 2020**	December 2019
At January 1, 2020, net of accumulated amortization	B/. 93,968,030	B/. 51,809,961	B/. 16,932,360	B/. 11,659,943	B/. 9,507,613	B/. 3,043,977	B/. 7,174,131	**B/. 194,096,015**	B/. 3,421,798
Additions	-	-	3,511,090	-	-	-	4,238,578	**7,749,668**	15,236,638
Intangible asset reclassification	-	-	-	-	-	-	-	-	16,699,519
Acquisition of subsidiriary, net	-	-	-	-	-	-	-	-	181,457,874
Disposal, net	-	-	-	-	-	-	-	-	(914,829)
Transfer	-	-	-	-	-	-	2,225,302	**2,225,302**	672,528
Adjustments and reclassifications	-	-	-	-	-	-	-	-	(7,329,547)
Amortization	(5,892,632)	(9,071,961)	(8,324,457)	(10,955,504)	(1,795,605)	(1,133,818)	(10,263)	**(37,184,240)**	(15,147,966)
At December 31, 2020, net of accumulated amortization	**B/. 88,075,398**	**B/. 42,738,000**	**B/. 12,118,993**	**B/. 704,439**	**B/. 7,712,008**	**B/. 1,910,159**	**B/. 13,627,748**	**B/. 166,886,745**	B/. 194,096,015
At January 1, 2020									
At Cost	B/. 216,528,907	B/. 55,120,000	B/. 127,107,301	B/. 33,790,742	B/. 18,433,899	B/. 3,401,454	B/. 11,015,157	B/. 465,397,460	B/. 38,666,922
accumulated amortization	(122,560,877)	(3,310,039)	(110,174,941)	(22,130,799)	(8,926,286)	(357,477)	(3,841,026)	(271,301,445)	(35,245,124)
Net Balance	**93,968,030**	**51,809,961**	**16,932,360**	**11,659,943**	**9,507,613**	**3,043,977**	**7,174,131**	**194,096,015**	3,421,798
At December 31, 2020									
at Cost	B/. 216,528,907	B/. 55,120,000	B/. 130,618,391	B/. 33,790,742	B/. 18,433,899	B/. 3,401,454	B/. 17,479,037	**B/. 475,372,430**	B/. 244,489,231
accumulated amortization	(128,453,509)	(12,382,000)	(118,499,398)	(33,086,303)	(10,721,891)	(1,491,295)	(3,851,289)	**(308,485,685)**	(50,393,216)
Net Balance	**B/. 88,075,398**	**B/. 42,738,000**	**B/. 12,118,993**	**B/. 704,439**	**B/. 7,712,008**	**B/. 1,910,159**	**B/. 13,627,748**	**B/. 166,886,745**	B/. 194,096,015

10. Intangible assets, Net (continued)

The following is a summary of the administrative concession contracts of the Group:

- On February 5, 1996, the Panamanian Government granted Grupo de Comunicaciones Digitales (formely Telefónica Móviles Panamá, S.A.) at a cost of B/. 72,610,000 and for a period of 20 years, Concession Contract No. 30 - A, through which the Group acquired the license to operate, install, maintain, manage and commercially exploit the 850 MHz Band "A" Cellular Mobile Telephone Service, as well as the necessary link frequencies for the provision of the Cellular Mobile Telephone Service. Said contract was renewed in 2016 with expiration date in 2036.

- On October 26, 2007, the National Authority of Public Services through Resolution No.AN No. 1234-Telco assigned Grupo de Comunicaciones Digitales (formely Telefónica Móviles Panamá, S.A.) at cost of B/. 28,666,693 an additional segment of radio spectrum frequencies, 10MHz wide of band, included in the frequency ranges from 1890 MHz to 1895 MHz (5MHz upstream) and 1970 MHz to 1975 MHz (5MHz downlink), for the provision of the Cellular Mobile Telephone Service Band "A".

- Resolution AN No. 7231-Telco of April 2, 2014, the National Authority of Public Services granted Grupo de Comunicaciones Digitales (formely Telefónica Móviles Panamá, S.A.) additional frequency segments to be used in the provision of the Cellular Mobile Telephone Service: one segment 10 MHz of the radio spectrum in the 1900 MHz Band, corresponding to Channel JJ ', comprising the frequency ranges from 1895 MHz to 1900 MHz (5 MHz rise) and in the frequency range from 1975 MHz to 1980 Mhz (5 MHz descent) and 20 MHz of the radio spectrum in the 700 MHz Band, corresponding to the DE and D'E 'Channels, included in the frequency ranges from 718 MHz to 728 MHz (10 MHz rise) and 773 at 883 MHz (10 MHz downlink).

- The Government granted Grupo de Comunicaciones Digitales (formely Telefónica Móviles Panamá, S.A.), through Concession Contract No. 01-OAL-2014 of March 27, 2014, a new concession for the provision of the Cellular Mobile Telephone Service, in order to install, maintain , manage, operate and commercially exploit, at your own risk and expense, in competition, the Cellular Mobile Telephone Service. The new contract is published in Official Gazette No.27587-A of July 28, 2014.

10. Intangible assets, Net (continued)

The most important clauses of this contract No.01-OAL-2014 of March 27, 2014 are:

1. The concession will be in force for a term of twenty (20) years, starting on February 5, 2016.

2. The Group will have the preferential option to request a new concession, for which it must present said request in writing before the three (3) years prior to the end of the concession period.

3. The right of the Concession is for the sum of US $ 108,146,566, a payment that includes the right to use the frequencies included in the 850 MHz (25 MHz), 1900 MHz (20 MHz) and 700 MHz (20 MHz), as well as the necessary link frequencies for the provision of the Cellular Mobile Telephone Service.

4. On the total monthly gross income exclusively derived from the operation and provision of the Cellular Mobile Telephone Service, plus the income from the interconnection contracts, less the expenses caused by the interconnection contracts, the Group will be subject to the payment of the rate of control, surveillance and inspection to the Regulatory Authority, as follows:
   - From the first to the fifth year, it will pay an amount equal to zero point thirty-five percent (0.35%).
   - From the sixth to the tenth year, it will pay an amount equal to zero point fifty percent (0.50%).
   - From the eleventh to the fifteenth year, it will pay an amount equal to zero point seventy-five percent (0.75%).
   - From the sixteenth to the twentieth year, it will pay an amount equal to one percent (1%).
   - The Group may assign or transfer in any way, totally or partially the concession, its rights, or the exclusive and direct exploitation of the service, after five (5) years counted from the date of perfection of the Concession contract, upon request before the Regulatory Authority and authorization of the Cabinet Council.

11. Goodwill

As indicated in the accounting policies related to the impairment of assets and goodwill, the Group annually reviews the value paid in excess of the cost of assets to determine if there is impairment in its value.

	As December 31,	
	2020	2019
Telefónica Móviles Panamá	**B/. 401,345,657**	B/. 401,345,657
Telecarrier	**28,147,261**	28,147,261
T.P.P.	**21,778,217**	21,778,217
Mobilnet de Panamá, S.A.	**10,501,853**	10,501,853
Advanced Comm Network	**9,129,566**	9,129,566
Telesat	**567,165**	567,165
Visat	**488,451**	488,451
Multicable	**310,390**	310,390
	B/. 472,268,560	B/. 472,268,560

Impairment testing of goodwill

Impairment is determined by assessing the value-in-use and, if appropriate, the fair value less costs to sell of the CGU (or group of CGUs), to which goodwill relates.

Goodwill was tested for impairment by assessing the recoverable amount against the carrying amount of the CGU based on discounted cash flows. The recoverable amounts are based on value-in-use. The value-in-use is determined based on the method of discounted cash flows. The cash flow projections used (operating profit margins, income tax, working capital, capex and license renewal cost) are extracted from business plans approved by management and presented to the Board, covering a five-year planning horizon. The Group uses a five-year planning horizon to obtain a stable business outlook, in particular due to the long investment cycles in the industry and the long-term planned and expected investments in licenses and spectrum. Cash flows beyond this period are extrapolated using a perpetual growth rate. When value-in-use results are lower than the carrying values of the CGUs, management determines the recoverable amount by using the fair value less cost of disposal (FVLCD) of the CGUs. FVLCD is usually determined by using recent offers received from third parties (Level 1).

For the years ended December 31, 2020 and 2019, Management concluded that no impairment should be recorded in the Group consolidated financial statements.

12. Right of use assets, net

The movements of right of use assets is detail as follow:

	Lands and buildings	Towels	Sites	Others equipment	December 2020	December 2019
Cost						
At January 1, 2020	B/. 43,365,218	B/. 73,844,905	B/. 4,834,876	B/. 5,792,165	**B/. 127,837,164**	B/. 45,220,095
New agreement	3,986,667	4,259,839	6,188	-	**8,252,694**	2,799,210
Contracts expired	(436,123)	(1,233,932)	-	-	**(1,670,055)**	-
Adjustments and reclassifications	55,847	(1,182,574)	848,888	652,154	**374,315**	(1,242,201)
Acquisition of subsidiaries	-	-	-	-	**-**	81,060,060
At December 31, 2020	B/. 46,971,609	B/. 75,688,238	B/. 5,689,952	B/. 6,444,319	**B/. 134,794,118**	B/. 127,837,164
Accumulated depreciation						
At January 1, 2020	B/. (4,049,105)	B/. (7,035,059)	B/. (1,180,800)	B/. (400,728)	**B/. (12,665,692)**	B/. -
Adjustments and reclassifications	339,817	668,377	(26,855)	90,312	**1,071,651**	(1,589,687)
Depreciation of assets for right of use	**(16,849,681)**	**(3,235,169)**	**(400,789)**	**(171,103)**	**(20,656,742)**	**(11,076,005)**
At December 31, 2020	B/. (20,558,969)	B/. (9,601,851)	B/. (1,608,444)	B/. (481,519)	**B/. (32,250,783)**	B/. (12,665,692)
Net balance	**B/. 26,412,640**	**B/. 66,086,387**	**B/. 4,081,508**	**B/. 5,962,800**	**B/. 102,543,335**	B/. 115,171,472

13. Property, furniture, equipment, and leasehold improvements, Net

December 31, 2020

	Land	*Buildings*	*Furniture and fixtures*	*Computer equipment*	*Technical equipment*	*Transportation equipment*	*Construction in progress*	*Leasehold improvement*	*Total*
At January 1, 2020, net of									
Accumulated depreciation and amortization	**B/. 12,013,595**	**B/. 31,419,003**	**B/. 7,259,618**	**B/. 6,329,272**	**B/. 339,827,109**	**B/. 2,693,002**	**B/. 21,000,475**	**B/. 22,293,202**	**B/. 442,835,276**
Capitalized additions	**-**	**1,469,342**	**545,671**	**8,980,490**	**57,543,320**	**12,678**	**45,253,673**	**-**	**113,805,174**
Disposal, net	**-**	**-**	**(1,386,915)**	**-**	**(88,332)**	**-**	**65,381**	**(6,026)**	**(1,415,892)**
Transfers	**-**	**1,571,524**	**742,092**	**-**	**7,426,076**	**-**	**(11,964,994)**	**-**	**(2,225,302)**
Depreciation and amortization	**-**	**(7,766,548)**	**(380,239)**	**(1,331,595)**	**(111,350,340)**	**(65,628)**	**-**	**(238,482)**	**(121,132,832)**
At December 31, 2020, net of									
accumulated depreciation and amortization	**B/. 12,013,595**	**B/. 26,693,321**	**B/. 6,780,227**	**B/. 13,978,167**	**B/. 293,357,833**	**B/. 2,640,052**	**B/. 54,354,535**	**B/. 22,048,694**	**B/. 431,866,424**
At January 1, 2020									
At cost	**B/. 12,013,595**	**B/. 34,937,412**	**B/. 14,857,507**	**B/. 35,643,883**	**B/. 877,070,474**	**B/. 15,532,407**	**B/. 21,000,475**	**B/. 45,361,491**	**B/. 1,056,417,244**
Accumulated depreciation and amortization	**-**	**(3,518,409)**	**(7,597,889)**	**(29,314,611)**	**(537,243,365)**	**(12,839,405)**	**-**	**(23,068,289)**	**(613,581,968)**
Net value	**B/. 12,013,595**	**B/. 31,419,003**	**B/. 7,259,618**	**B/. 6,329,272**	**B/. 339,827,109**	**B/. 2,693,002**	**B/. 21,000,475**	**B/. 22,293,202**	**B/. 442,835,276**
At December 31, 2020									
At cost	**B/. 12,013,595**	**B/. 37,978,278**	**B/. 14,758,355**	**B/. 44,624,373**	**B/. 941,951,538**	**B/. 15,545,085**	**B/. 54,354,535**	**B/. 45,355,465**	**B/. 1,166,581,224**
Accumulated depreciation and amortization	**-**	**(11,284,957)**	**(7,978,128)**	**(30,646,206)**	**(648,593,705)**	**(12,905,033)**	**-**	**(23,306,771)**	**(734,714,800)**
Net value	**B/. 12,013,595**	**B/. 26,693,321**	**B/. 6,780,227**	**B/. 13,978,167**	**B/. 293,357,833**	**B/. 2,640,052**	**B/. 54,354,535**	**B/. 22,048,694**	**B/. 431,866,424**

13. Property, furniture, equipment and leasehold improvements, Net (continued)

December 31, 2019

	Land	*Buildings*	*Furniture and fixtures*	*Computer equpment*	*Technical equipment*	*Transportation equipment*	*Construction in progress*	*Leasehold improvement*	*Total*
At January 1, 2019, net of accumulated depreciation and amortization	B/. 8,880,134	B/. 7,924,474	B/. 3,883,019	B/. 4,316,992	B/. 271,343,065	B/. 2,455,488	B/. -	B/. 19,407,349	B/. 318,210,521
Capitalized additions	280,000	1,674,818	850,207	2,307,457	70,734,621	243,319	-	2,930,021	79,020,443
Merger through absorption	-	-	-	-	26,865	-	-	-	26,865
Acquisition of subsidiaries	2,853,461	22,097,188	1,629,450	-	84,447,538	-	16,212,112	-	127,239,749
Constructions in progress	-	-		-		-	9,977,992	-	9,977,992
Impairment	-	-		-	(5,432,849)	-	-	-	(5,432,849)
Disposal, net	-	-	(124,294)	-	(692,619)	-	-	-	(816,913)
Tranfers	-	811,977	488,324	-	2,013,751	-	(3,986,580)	-	(672,528)
Adjustments and reclasifications	-	-	1,315,776	-	7,875,966	-	(1,203,049)	-	7,988,693
Depreciation and amortization	-	(1,089,454)	(782,864)	(295,177)	(90,489,229)	(5,805)	-	(44,168)	(92,706,697)
At December, 31, net of accumulated depreciation and amortization	B/. 12,013,595	B/. 31,419,003	B/. 7,259,618	B/. 6,329,272	B/. 339,827,109	B/. 2,693,002	B/. 21,000,475	B/. 22,293,202	B/. 442,835,276
At January 1, 2019									
At cost	B/. 8,880,134	B/. 10,353,429	B/. 10,573,750	B/. 33,336,426	B/. 711,971,733	B/. 15,289,088	B/. -	B/. 42,431,470	B/. 832,836,030
Accumulated depreciation and amortization	-	(2,428,955)	(6,690,731)	(29,019,434)	(440,628,668)	(12,833,600)	-	(23,024,121)	(514,625,509)
Net value	B/. 8,880,134	B/. 7,924,474	B/. 3,883,019	B/. 4,316,992	B/. 271,343,065	B/. 2,455,488	B/. -	B/. 19,407,349	B/. 318,210,521
At December 31, 2019									
At cost	B/. 12,013,595	B/. 34,937,412	B/. 14,733,213	B/. 35,643,883	B/. 870,945,006	B/. 15,532,407	B/. 21,000,475	B/. 45,361,491	B/. 1,050,167,482
Accumulated depreciation and amortization	-	(3,518,409)	(7,473,595)	(29,314,611)	(531,117,897)	(12,839,405)	-	(23,068,289)	(607,332,206)
Net Value	B/. 12,013,595	B/. 31,419,003	B/. 7,259,618	B/. 6,329,272	B/. 339,827,109	B/. 2,693,002	B/. 21,000,475	B/. 22,293,202	B/. 442,835,276

14. Accounts payable

At December 31, 2020, the accounts payable balance is B/.96,843,201 (2019 - B/.74,850,804), the terms for payment of accounts payable to commercial suppliers are extended up to 120 days, as from the date of issuance of the respective notes or invoice, are not subject to discount for prompt payment and do not generate interest and are recoverable in the functional currency of the consolidated financial statements.

15. Lease liabilities

The movements of lease liabilities during year 2020 is detail as follow:

	As of December 31,			
		2020		2019
Balance at beginning of year	**B/.**	**118,157,778**	B/.	45,220,095
New contracts		**3,957,519**		31,772,784
Canceled contracts		**(2,356,587)**		-
Acquisitions of subsidiaries		**-**		49,762,991
Payments		**(12,784,458)**		(8,598,092)
Balance at end of year	**B/.**	**106,974,252**	B/.	118,157,778

Interest expense on lease liabilities of B/.5,250,122 (2019 – B/.4,377,644), is included in the interest item in the consolidated statement of income.

Detail of the maturity of the contractual non discount related to the lease liabilities:

	As of December 31,			
		2020		2019
Less than a year	**B/.**	**15,811,708**	B/.	19,128,403
One to two years		**8,058,453**		23,156,016
Two to three years		**22,448,517**		12,335,840
Three to four years		**13,659,271**		8,835,644
Four to five years		**12,115,869**		7,860,455
Mor than five years		**34,880,434**		46,841,420
	B/.	**106,974,252**	B/.	118,157,778
Current lease liabilities	**B/.**	**15,811,708**	B/.	19,128,403
Non-current lease liabilities		**91,162,544**		99,029,375
	B/.	**106,974,252**	B/.	118,157,778

16. Employee benefits payable

At December 31, the employee benefits payable is detail as follow:

	As of December 31, 2020	2019
Employee benefits	**B/. 2,637,850**	B/. 5,711,215
Labor reserves	**7,209,127**	6,216,714
Balance at the end of the year	**B/. 9,846,977**	B/. 11,927,929

17. Notes payable

The Group maintains lines of credit approved for working capital for B/.130,600,000 as of December 31, 2020 (2019 - B/.160,300,000), of which B/.6,700,000 as of December 31, 2020 (2019 - B/.77,086,517) and accrue annual interest between 3.98% - 4.45%, as of December 31, 2020 (2019 - 3.00% and 5.54%).

The term of the loans payable and lines of credit used is presented below:

	Interest rate	Expiration	As of December 31, 2020	2019
Scotiabank	2.96%-4.38%	2024 - 2025	**B/. 160,000,000**	B/. 75,000,000
Banco Nacional	4%-4.45%	2024	**25,000,000**	75,000,000
			B/. 185,000,000	B/. 150,000,000

The movement of notes and loans at the end of each period is presented below:

	As of December 31, 2020	2019
Beginning balance	**B/. 150,000,000**	B/. 77,086,817
Long term loans contracted in the year	**85,000,000**	150,000,000
Payment made in the year	**(50,000,000)**	(77,086,817)
Ending balance	**B/. 185,000,000**	B/. 150,000,000

18. Deferred income

As of December 31, 2020, and 2019, deferred income is broken down as follows:

	As of December 31,	
	2020	2019
Current portion		
Early cash collections from monthly payments (a)	**B/. 13,520,489**	B/. 13,062,214
Non-Current portion		
Adaption projects (b)	**B/. 11,825,442**	B/. 11,664,250
Deferred income from installation services	**2,768,988**	2,833,020
Deferred income (c)	**6,301,332**	6,353,289
	B/. 20,895,762	B/. 20,850,559

a. Revenue corresponding to the billing of monthly payments made to our customers of different cycles related to their billing date according to their business segment which are classified into: business, residential, and corporate

b. Adaptation and relocation of wiring and telephony, which includes changes, burying of cables in areas where network changes are made. Once concluded, works are amortized over 180 months.

c. These are obligations arising from large-scale contracts, which are executed in phases as per the terms and conditions of said contracts.

19. Accrued expenses and other liabilities

As of December 31, 2020, and 2019, accumulated expenses and other accounts payable are broken down as follows:

	As of December 31,	
	2020	2019
Operating costs	**B/. 17,297,630**	B/. 8,859,798
General, sales and administrative expenses	**6,106,963**	8,305,994
Financial expenses	**14,901,569**	8,299,120
Programmers costs	**9,170,399**	7,192,071
Taxes	**-**	2,047,816
	B/. 47,476,561	B/. 34,704,799

20. Other long-term liabilities

Bond issuance clauses for B/. 185,000,000

On August 4, 2015, Cable Onda, S. A. (Issuer) issued corporate bonds, which replaced the private issue of corporate bonds for 2010. As a public placement, said bonds were authorized by the Superintendence of the Securities Market of the Republic of Panama (formerly the National Securities Commission) and are listed in the Panamanian Stock Exchange. The principal features of the issue are as follows:

1. The Issue consists of Series A bonds maturing 10 years after issuance, on August 4, 2025 and are due through a single payment at maturity.
2. The public issue was for a total B/.185,000,000 (limit up to B/.200,000,000).
3. The bonds bear quarterly interest from issuance to maturity on the bond's capital. Series A bonds bear interest at an annual fixed rate of 5.75%.

Some of the most important restrictions and financial conditions of the bonds are to:

a) Maintain the following financial ratio: Net financial debt to EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of no more than four (4.0) to one (1.0).

b) The issuer must pay dividends, or conduct a capital reduction, or other capital distributions, provided all the financial conditions are met. The twelve (12) months of operations immediately prior to the calculation date are taken as the basis for calculation of the financial conditions.

c) Ensure that all payment obligations related to the bonds and other warranty documents always maintain a status of no less than pari passu, with all other unsecured payment obligations, present and future, except for any obligations or borrowings privileged by law.

d) The issuer agrees not to act as guarantor of obligations to third parties, or to establish mortgages, pledges, antichresis, guarantee trusts or any other encumbrance on their assets and rights except for (i) encumbrances established under guarantee trust and those required by law.

e) Not sell, assign, exchange, donate, give in trust, transfer, or otherwise dispose of all or part of its assets except in the following cases:

    - If done so in the usual line of business, at market value; or
    - If authorized by the majority of registered holders.

20. Other long-term liabilities (continued)

f) Not make substantial changes to the line of business which it is engaged in on the date of the offer, not merge or combine, and not change its current shareholding composition to such an extent that would lead to a change of control of the Issuer, without authorization from the majority of registered holders;

g) Not enter into agreements, or conduct transactions with affiliated companies unless done so in fair terms;

h) The Issuer agrees to conduct no transactions involving the sale of fixed assets followed by the financial leasing of the same or similar fixed asset (sale and leaseback transactions) for amounts in excess of five percent (5%) of its total assets or grant loans, or pledge its assets (negative pledges), or allow withdrawals or advances or holding accounts receivable from stockholders, directors, affiliates, subsidiaries or related parties, except for those arising from the normal line of business.

On December 3, 2020, a partial early redemption for B/.85,000,000 of the Bonds issued was made; in accordance with the provisions of Section IIIA.10 of the Informative Prospectus of Corporate Bonds of B/.185,000,000.

Bond Issue Clauses for B/. 600,000,000

On November 1, 2019, Cable Onda, SA (Issuer) issued bonds authorized by the Superintendence of the Panama Stock Market (SMV) by Resolution No. 431-19 dated October 22, 2019, with the following characteristics:

1. The Group issued the Bonds for an aggregate principal amount of $600,000,000.
2. The Bonds mature on January 30, 2030 and are due through a single payment at maturity.
3. The Bonds accrue interest at 4,500% annually, payable semi-annually in payments due every January 30 and July 30, from January 30, 2020 to holders registered as of January 15 or July 15 immediately prior to the date of payment of interest. Interest will be computed based on a year of 360 days, twelve months of 30 days.
4. The Bonds were issued, pursuant to an issue contract between Cable Onda, SA, Citibank, NA, as Trustee, the bond registrar, transfer agent and main payment agent and Banque Internationale à Luxembourg SA, as the payment agent of Luxembourg.

21. Other long-term liabilities (continued)

Change of Control

Within 60 days from the occurrence of a Breach of Control Event, the Group will have to make an Offer to buy all the Outstanding Bonds at a purchase price equal to 101% of their principal amount plus the accrued interest and any additional amount in it on the purchase date (subject to the right of the holders registered on the corresponding Registration Date to receive interest that is due on the date of payment of the corresponding interest). An "Event of Default for Change of Control" will be considered to have occurred if there is a Change of Control and, likewise, a Decrease in the Risk Rating. Among the most important restrictions and financial conditions of the bonds are:

a) *Debt Limitation.* The Group may not allow any of its Restricted Subsidiaries to Incur any Debt, unless the Debt-Capital Ratio for the most recently completed fiscal quarter for which the financial statements are available is less than 4.00 to 1.00; provided that the Group does not allow Grupo de Comunicaciones Digitales, S.A.(formely Telefónica Panamá, S. A.) to incur debt under this paragraph unless Grupo de Comunicaciones Digitales, S.A. is a Guarantor Subsidiary
b) *Dividend Limitation and Other Payment Restrictions Affecting Subsidiaries.*
c) *Limitation of Liens Protecting Group Debt or Debt of any Restricted Subsidiary*
d) *Limitation of Guarantees of the Group's Subordinated Debt*
e) *Limitation on Dispositions of Assets.*
f) *Transactions with Affiliates.* The Group may not, and will not allow any of its Restricted Subsidiaries, to participate in any transaction involving an excess of B/.10.0 million with any of the Group's Affiliates (other than the Group or any of the Restricted Subsidiaries), as is directly or indirectly, unless said transaction is not less favorable to the Group or said Restricted Subsidiary than those that could be obtained in a transaction on equal terms with an entity that is not a Subsidiary of the Group or said Restricted Subsidiary. For any transaction that exceeds the amount of B/.20.0 million, the majority of the members of the Group's Board of Directors will determine that said transaction meets the aforementioned criteria and such determination must be verified by means of a Resolution of the Board of Directors presented to the Trust
g) *Tax payment.* The Group will pay or liquidate or direct the payment or liquidation, before a default occurs, (1) all taxes, valuations and government charges that are required or requested from the Group or any of its Restricted Subsidiaries, or in Regarding the income, earnings or property of the Group or any of its Restricted Subsidiaries, and (2) all the substantial claims of the goods, materials and supplies that, if not paid, could become liens on the Group assets, or the assets of Restricted Subsidiaries; being established, however, that the Group will not have to pay or settle or instruct that any tax, assessment, charge or claim be paid or settled, the amount, applicability or validity of which is disputed in good faith through appropriate procedures, except if, when not paid or liquidate said taxes, evaluations, government charges or claims, individually or jointly, a material adverse effect occurs.
h) *Delivery of Financial Information.* The Group will provide the Trustee and the Bondholders, in English, at no cost to each holder:

20. Other long-term liabilities (continued)

Within 120 days from the end of each fiscal year (such fiscal year ends December 31), the Group's audited consolidated financial statements for the past two years (including income statements, balance sheets, cash flow statements and statements of changes in shareholders' equity) and the Bonds related thereto, prepared in accordance with IFRS, which are applied consistently, together with a section on "Management Report and Analysis of the Financial Situation and the Results of the Operations "that have a content substantially similar to the corresponding section of this offering memorandum (after taking into account any changes to the Group's business and operations after the Issue Date), and with respect to financial information annually, a report from the Group's certified accountants together with a certificate from the Group's chief financial officer stating e that, to the knowledge of said executive after the appropriate investigation, the Group during said period has kept, complied with, made and carried out each of the agreements and conditions that are established in the Issuance Contract, and that said executive has not had any knowledge of Default or Event of Default or, to the extent applicable, describe any failure to maintain, observe, perform or comply with any agreement or condition and / or describe such Default or Event of Default and the corresponding response (s) of the Group;

Within 60 days after the end of each of the four fiscal quarters of each fiscal year, quarterly reports attaching the unaudited consolidated financial statements of the Group for the period ending and the comparable period of the previous year ((including income statements, balance sheets, cash flow statements and statements of changes in shareholders' equity) prepared in accordance with IFRS, together with the disclosure of footnotes and a summary of the section "Management Report and Analysis of the Financial Situation and Results of Operations " (after taking into account any changes in the business and operations of the Group after the Issue Date); and any other information, report or notification of relevant facts (notification of relevant fact) offered by the Group.

i) Payments to Regulatory Agencies, Stock Market and Compensation

Limitation of Business Areas. The Group, along with its Restricted Subsidiaries, will not primarily participate in any business other than a Related Business

As of December 31, 2020, the Group's Management is complying with the financial conditions established in the bond purchase-sale contract.

20. Other long-term liabilities (continued)

The details of other long term liabilities as follow:

	As of December 31,	
	2020	2019
Bonds – Serie A – Interest rate 5.75%	**B/. 100,000,000**	B/. 185,000,000
Financial costs	**(1,389,677)**	(1,238,459)
Bonds – Note Senior – Interest rate 4.50%	**600,000,000**	600,000,000
Financial costs	**(14,362,909)**	(15,745,998)
	B/. 684,247,414	B/. 768,015,543

21. Balances and transactions with related parties

	As of December 31,	
	2020	2019
Consolidates Statements of Financials Position		
Assets		
Receivable accounts		
Corporación Medcom Panamá, S.A.	**B/. 152,498**	B/. 121,783
Other accounts receivables		
Related Parties		
Corporación Medcom Panamá, S.A.	**B/. -**	B/. 74,907
Televisora Nacional, S.A.	**110,820**	239,490
Others	**45,497**	12,737
	B/. 156,317	B/. 327,134
Intercompanies		
Millicom International Cellular	**B/. 198,593**	B/. 697,897
Telefonica Celular de Nicaragua, S. A.	**550,043**	183,622
Others	**279,019**	-
	1,027,655	881,519
	B/. 1,336,470	B/. 1,330,436

21. Balances and transactions with related parties (continued)

		As of December 31, 2020		2019
Consolidates Statements of Financial Position				
Liabilities				
Accounts payables				
Related Parties				
Costa del Este Infraestructure	**B/.**	**74,709**	B/.	104,134
Green Real Estate and Investments, Corp		**-**		49,162
Corporación Medcom Panamá, S.A.		**793,943**		20,347
Others		**23,326**		19,808
	B/.	**891,978**	B/.	193,451
Intercompanies				
Millicom International Cellular	**B/.**	**4,688,971**	B/.	1,106,190
Millicom Spain S. L.		**4,487,554**		-
Telefónica de Nicaragua, S.A.		**345,844**		602,169
Others		**50,303**		95,286
		9,572,672		1,803,645
	B/.	**10,464,650**	B/.	1,997,096

		Years ended December 31, 2020		2019
Consolidated Statements of Income				
Related Parties				
Corporación Medcom, S.A.	**B/.**	**409,879**	B/.	500,000
Intercompany				
Telefonica Celular de Nicaragua, S. A.	**B/.**	**227,731**	B/.	-
Millicom CAM SEM, S. A.		**108,319**		-
		336,050		-
	B/.	**745,929**	B/.	500,000
Cost				
Intercompany				
Telefonica Celular de Nicaragua, S. A.	**B/.**	**1,238,211**	B/.	-

21. Balances and transactions with related parties (continued)

	Years ended December 31,			
		2020		2019
Consolidated Statements of Income (continued)				
Expenses				
Related Parties				
Corporación Medcom, S.A.	**B/.**	**9,402,941**	B/.	6,373,087
Televisora Nacional, S.A.		**1,365,077**		1,226,414
Costa del Este Infraestructure, Inc		**835,024**		710,933
Cable Capitol, Inc.		**1,095,281**		708,152
Assa Compañía De Seguros, S. A		**331,808**		697,662
Alliance Transport Logistics		**69,759**		102,129
Motta Internacional, S.A.		**15,000**		15,099
Others		**106,587**		-
	B/.	**13,221,477**	B/.	9,833,476
Intercompany				
Millicom Spain S.L.		**3,248,971**		-
	B/.	**16,470,448**	B/.	9,833,476

Cable Onda, S. A. signed an agreement with Corporación Medcom, S.A. for the rental of Advertising Space for B/.500,000 per year, for all the advertising space available on Cable Onda, S. A. channels.

No guarantees have been granted or received for accounts receivable from or payable to related parties. For the years ended December 31, 2019 and 2018, the Group has set up no allowance for doubtful accounts owed by related parties. This evaluation is conducted at the end of each financial year through testing of the related party’s financial position and of the market in which it operates.

Accounts receivable from and payable to related parties are shown in accounts receivables, net and accounts payable, respectively, as they are the product of the services provided or received by the Group.

22. Income tax

Here is a summary of the income tax expense:

	As of December			
		2020		2019
Current	**B/.**	**18,126,930**	B/.	21,764,209
Deferred tax		**(4,808,475)**		(971,055)
	B/.	**13,318,455**	B/.	20,793,154

As of December 31, 2020, the Group maintains an income tax paid in advance (tax in favor) net of income tax payable for B/. 2,911,538 (2019: B/. 1,031,380).

Official Gazette No. 26489-A, Law No. 8 of March 15, 2010, was published, reforming the tax regime in force in the Republic of Panama. Among the main changes are:

- The income tax rate was decreased as from the 2010 tax period, except for companies and their subsidiaries engaged in certain lines of business such as telecommunications, which will reduce the income tax rate to 25% from 2014 on.

- Modification of the application base for taxpayers to which the Alternative Calculation of Income Tax is applicable, is replaced with another form of presumed taxation for income tax purposes, forcing all legal entities that earn income in excess of one million five hundred thousand balboas (B/.1,500,000) to determine, as the tax base, whichever is the greater: (a) net taxable income calculated by the ordinary method set out in the tax code

22. Income tax (continued)

A reconciliation between the income tax rate and the effective rate according to the Group's consolidated financial statements is presented below:

	As of December 31,			
		2020		2019
Earning from operations before income tax	**B/.**	**27,720,447**	B/.	76,278,203
Caculation based on the expected tax rate of 25%		**11,331,821**		22,421,965
Calculation baesd on alternative CAIR method		**39,314**		32,554
Exempt and non-taxable income		**703,114**		4,101,348
Non-deductible expenses		**1,244,206**		(5,762,713)
	B/.	**13,318,455**	B/.	20,793,154

The following are the temporary differences giving rise to the deferred income tax asset and liability as December 31, 2020 and 2019:

	As of December 31,			
		2020		2019
Non-current deferred income tax				
Deferred income tax, liability:				
Depreciation and amortization	**B/.**	**27,914,818**	B/.	27,501,983
Deferred income and expenses		**308,381**		371,422
Intangibles		**16,186,144**		3,623,978
Acquisition of subsidiaries, net		**-**		22,146,422
Amortization of intangible assets		**766,917**		(1,201,786)
Amortization of goodwill		**2,338,188**		2,351,795
Deferred income tax, liability		**47,514,448**		54,793,814
Deferred income tax, asset:				
Provision for expenses and income		**(6,900,078)**		(8,160,594)
Allowance for doubtful accounts		**-**		(842,713)
Deferred income tax, asset		**(6,900,078)**		(9,003,307)
Non-current deferred income tax liability, net	**B/.**	**40,614,370**	B/.	45,790,507

22. Income tax (continued)

The temporary differences between the amounts in the consolidated financial statements and the tax bases of the assets and liabilities generated by deferred assets and liabilities as of December 31, 2020 and 2019, are as follows:

	2020			
	Net balance at the beginning of the year	Recognized in the statement of financial position	Recognized in the result of the year	**Net balance at the end of the year**
Non-current deferred income tax				
Deferred income tax, liability:				
Depreciation and amortization	**B/. 27,501,983**	**B/. -**	**B/. 412,835**	**B/. 27,914,818**
Deferred income and expenses	**371,422**	**-**	**(63,041)**	**308,381**
Intangibles	**3,623,978**	**22,146,422**	**(9,584,256)**	**16,186,144**
Acquisition of subsidiaries, net	**22,146,422**	**(22,146,422)**	**-**	**-**
Amortization of intangibles assets, net	**(1,201,786)**	**-**	**1,968,703**	**766,917**
Amortization of goodwill	**2,351,795**	**-**	**(13,607)**	**2,338,188**
Deferred income tax, liability	**54,793,814**	**-**	**(7,279,366)**	**47,514,448**
Deferred income tax, asset:				
Provision for expenses and income	**(8,160,594)**	**(367,662)**	**1,628,178**	**(6,900,078)**
Allowance for doubtful accounts	**(842,713)**	**-**	**842,713**	**-**
Deferred income tax, asset	**(9,003,307)**	**(367,662)**	**2,470,891**	**(6,900,078)**
Non-current deferred income tax liability, net	**B/. 45,790,507**	**B/. (367,662)**	**B/. (4,808,475)**	**B/. 40,614,370**

22. Income tax (continued)

	2019			
	Net balance at the beginning of the year	Recognized in the statement of financial position	Recognized in the result of the year	Net balance at the end of the year
Non-current deferred income tax				
Deferred income tax, liability:				
Depreciation and amortization	B/. 22,863,474	B/. -	B/. 4,638,509	B/. 27,501,983
Deferred income and expenses	307,983	-	63,439	371,422
Intangibles	5,372,508	-	(1,748,530)	3,623,978
Acquisition of subsidiaries, net	-	22,146,422	-	22,146,422
Amortization of intangibles assets	-	-	(1,201,786)	(1,201,786)
Amortization of goodwill	5,428,540	-	(3,076,745)	2,351,795
Deferred income tax, liability	33,972,505	22,146,422	(1,325,113)	54,793,814
Deferred income tax, asset				
Provision for expenses	(4,625,367)	-	(3,535,227)	(8,160,594)
Provision for income	(3,927,311)	-	3,927,311	-
Allowance for doubtful accounts	(804,687)	-	(38,026)	(842,713)
Deferred income tax, asset	(9,357,365)	-	354,058	(9,003,307)
Non-current deferred income tax liability, net	B/. 24,615,140	B/. 22,146,422	B/. (971,055)	B/. 45,790,507

Deferred income tax was calculated at the tax rates approved in the Republic of Panama.

The Group compensates its current income tax assets and liabilities and deferred income tax assets and liabilities when it legally assists the right to do so and the items involved derived from the income tax corresponding to the same tax authority.

The Group estimate to generate sufficient income tax payable in the future to apply or reverse the balance of the deferred income tax asset, shown as a deductible temporary difference in the consolidated statement of financial position at December 31, 2020.

According to the current tax regulations, the Group's income tax returns can be subject to review by the tax authorities for up to the last three years, including the current period as of December 31, 2020.

23. Other services

	Year ended December 31, 2020	Year ended December 31, 2019
Installations	**B/. 376,746**	B/. 462,825
IT solutions sales	**1,926,049**	1,759,565
Adaptions project	**1,516,441**	957,001
Other income	**1,642,224**	1,448,440
Advertising	**409,879**	500,000
Additional services	**554,447**	4,260,551
	B/. 6,425,786	B/. 9,388,382

24. Programming and operating costs

	Years ended December 31, 2020	Years ended December 31, 2019
Programming costs	**B/. 51,946,158**	B/. 52,382,196
Telephony costs	**46,893,282**	24,274,656
Projects costs	**4,717,303**	8,955,108
Selling costs of mobile equipment and accesories	**21,672,801**	7,086,135
Data transmission costs	**7,433,798**	6,257,768
Sundry costs	**1,122,102**	3,032,084
Internet costs	**2,235,690**	1,428,376
	B/. 136,021,134	B/. 103,416,323

25. Depreciation and amortization

	Years ended December 31, 2020	Years ended December 31, 2019
Depreciation and amortization Fixed asset	**B/. 121,132,832**	B/. 92,706,697
Depreciation for right of use	**20,656,742**	11,076,005
Amortization of intangibles assets	**37,184,240**	15,147,966
	B/. 178,973,814	B/. 118,930,668

26. Employee benefits

Employee benefits form part of general expenses, sales and administrative expenses for the period, as shown in the following breakdown:

	Years ended December 31, 2020	2019
Salaries, commisssions and other	**B/. 42,420,069**	B/. 34,902,231
Social security and employer education insurance	**7,860,986**	7,954,834
Vacation	**4,539,968**	5,068,706
Bonuses	**4,275,054**	4,516,791
Net profit sharing	**2,151,748**	4,303,816
Travel and representation expenses	**3,901,147**	3,231,513
Profesional risk	**900,017**	880,358
Shared-based compensations	**1,089,860**	746,000
Seniority premium and indemnities	**969,900**	272,170
Other expenses	**1,644,400**	1,163,288
	B/. 69,753,139	B/. 63,039,707

27. General sales and administrative expenses

General sales and administrative expenses are as follows:

	Years ended December 31, 2020	2019
Rent	**B/. 5,006,078**	B/. 3,923,396
Professional services fees	**57,002,210**	31,877,900
Services expenses	**12,492,400**	7,496,737
Repairs and maintenance support	**2,285,109**	7,231,910
Marketing and advertising	**10,956,220**	6,886,906
Electricity	**6,048,611**	6,673,882
Local and municipal taxes	**9,032,292**	6,522,598
Bad debts	**9,694,735**	4,170,654
Repairs, maintenance and other operating expenses	**7,280,247**	2,602,795
Office expenses	**600,735**	1,211,810
Insurance and bond	**1,457,686**	616,262
Other expenses	**2,232,058**	1,899,083
	B/. 124,088,381	B/. 81,113,933

28. Commitments and contingencies

Commitments

Cable Onda, S. A. signed an agreement for the assignment of marketing rights with Corporacion Medcom, S. A., whereby marketing rights are assigned to advertising space on the paid television channels transmitted by Cable Onda, S. A. The duration of the agreement is for 10 years and the corresponding amount is B/.598,000 the first year and B/.500,000 for subsequent years.

Cable Onda, S. A. and Corporación Medcom Panamá, S. A. agreed to sign a number of agreements for the purpose of providing data, internet, paid television, telephony, pre-subscription services, for national and/or international long-distance service pertaining to all the lines of its account to Cable Onda, S. A., contracts for transmission of the Cable Onda Sports and ECO TV television channels, contract for the sale of video content on demand and video on demand subscription.

Cable Onda, S. A. and Corporación Medcom Panamá, S. A. agreed to sign an agreement for leasing of space in a number of telecommunications towers located in different areas of the country.

Cable Onda, S. A. and Costa del Este Infrastructure, Inc. agreed to sign an agreement for the use of ducts in the Costa del Este area.

In consortium with other companies, Cable Onda, S. A. signed contract No. 10071970-08-21 with the Social Security Fund for a total B/.86,373,650 to conduct supply, installation, configuration and maintenance work for an integrated diagnostic imaging information system. In addition, a request was made for outfitting and licenses for all Social Security Fund execution units at the national level, aside from the supply, installation and putting into operation of radiological equipment and corrective and preventive maintenance of the imaging units. This contract took effect on January 21, 2014 for a 60-month term. On September 6, 2016, an addendum was signed, increasing the contract amount to B/. 107,868,803; however, the other terms and conditions remain unchanged. Through note DENSYPS-N-024-2019 dated January 17, 2019, signed by the Social Security Fund Director, negotiations were started with regard to the terms and conditions in addendum N°2 (Economic and time wise to contract N°. 10071970-08-21 of the Teleradiology Project. It consists of the extension of the maintenance period of the new and existing equipment contemplated in the original contract and the addendum. No.1

Cable Onda, S. A. guarantees compliance with the obligation contracted with the Social Security Fund through a compliance bond that represents 25% of the total amount of the contract, plus civil liability bonds for approximately B/.7 million.

Contingencies

As of December 31, 2019, the Group maintains legal proceedings against it for B/.10,268,526 and legal costs. The Group's management, in analysis together with its lawyers, does not estimate to incur significant losses on said judicial processes that have a material adverse effect on the Group's financial situation or financial performance.

28. Commitments and contingencies (continued)

- Cable Onda, S. A. is a party in a civil lawsuit filed against it along with a jointly liable third party for B/.2,000,000 (which means that it is only liable for B/.1,000,000). The ruling was handed down against the plaintiff; however, the sentence was appealed, and the process was turned over to the Superior Court, and is expected to be rejected, as the plaintiff failed to substantiate it. Moreover, an ordinary lawsuit was filed for the purpose of establishing jurisdictions and annulment of the agreement for the sale of portfolio by Astrovisión Cable TV to Cable Onda, S. A. The plaintiff and Astrovisión reached an extra judicial agreement and the parties abandoned the process. The parties are still awaiting the judge's acceptance the request to withdrawal the lawsuit and for the case to be closed at no risk to Cable Onda, S.A.

- Ordinary Civil Proceeding promoted by Teletarjetas, SA against Grupo de Comunicaciones Digitales (formely Telefónica Móviles Panamá, S.A.) - Teletardamientos, SA filed an ordinary civil lawsuit against Grupo de Comunicaciones Digitales (formely Telefónica Móviles Panamá, S.A.) for breach of contract and requests the court to order the payment of supposed damages caused, up to the concurrence of B/. 8,448,974 plus the costs, expenses and interests of the process, the reimbursement of the sum of US $ 300,000 was ordered, plus the interests in favor of the plaintiff that correspond to the execution of said compliance bond and declare the recklessness and bad faith of the defendant with the consequent application of costs.

- On March 20, 2012, Grupo de Comunicaciones Digitales (formely Telefónica Móviles Panamá, S.A.) presented the answer to the demand and a counterclaim against Teletarjetas, S.A. with an amount of US $ 819,552 in principal and interest calculated until February 29, 2012 and those that expire until the moment the payment of the claimed obligation is made, as well as the costs and expenses of the process. Currently the process is awaiting a second instance sentence. Administration and external legal advisors consider that it is unlikely that an adverse result will be obtained for the Group.

29. Objectives and policies on management of financial risks

The Group's activities are exposed to several financial risks and those activities include the analysis, evaluation, acceptance and management of a certain degree of risk or a combination of risks. Risk taking is basic in the business, and operational risks are an inevitable consequence of being in the business. The Group's goal, therefore, is to achieve a proper balance between the risk and the return and minimize potential adverse effects on the Group's financial realization.

The Group's risk management policies are designed to identify and analyze these risks, to establish proper limits and controls for the risk, and to monitor the risks and compliance with the updated limits. The Group regularly reviews its risk policies to ensure they reflect market changes and best practices.

29. Objectives and policies on management of financial risks (continued)

Financial risk management

The Group's main financial obligations are public issuance of corporate bonds for B/.785 million and credit facilities. The purpose of these financial obligations is to obtain the funds necessary for the Group to operate.

The main financial assets used by the Group are accounts receivable and cash.

These positions generate the following financial risks:

a) Interest rate risk

At December 31, 2020, 100% of the financing obtained by the Group was agreed at the fixed interest rate up to maturity of the respective loans.

b) Credit risk

The Group has formally established credit procedures requiring strict compliance. The credit policy and decisions on the approval of new loans are taken by the Senior Management Committee, which evaluates the risk pertaining to credit activities and approves the credit policies. The Collections Department follows up and monitors the decisions of the Senior Management Committee.

The incidence of doubtful accounts and of late payment on accounts receivable has historically maintained at acceptable levels.

c) Liquidity risk

The Group monitors the risk of running out of funds to face its obligations through preparation of projected future cash flows.

Projected cash flows are prepared weekly for the upcoming four weeks and monthly for the months remaining to the end each annual period. This allows for determining the Group's capability to face its commitments and its cash needs.

In said cash flows, both operating activities and investment activities are considered for the purpose of adequately covering needs with short or long-term funds according to the origin of the need.

29. Objectives and policies on management of financial risks (continued)

The following is a summary of the maturities of the Group's financial liabilities based on its payment commitments:

		Less than 3 moths		3 to 12 months		More than 1 year		Total
December 31, 2020								
Accounts payable	**B/.**	**94,906,337**	**B/.**	**1,936,864**	**B/.**	**-**	**B/.**	**96,843,201**
Lease liabilities		**3,162,342**		**12,649,366**		**91,162,544**		**106,974,252**
Long terms loans		-		-		**185,000,000**		**185,000,000**
Other long terms liabilities		-		-		**684,247,414**		**684,247,414**
	B/.	**98,068,679**	**B/.**	**14,586,230**	**B/.**	**960,409,958**	**B/.**	**1,073,064,867**

		Less than 3 moths		3 to 12 months		More than 1 year		Total
December 31, 2019								
Accounts payable	B/.	73,133,911	B/.	1,716,893	B/.	-	B/.	74,850,804
Lease liabilities		3,765,479		15,362,924		99,029,375		118,157,778
Long terms loans		-		-		150,000,000		150,000,000
Other long terms liabilities		-		-		768,015,543		768,015,543
	B/.	76,899,390	B/.	17,079,817	B/.	1,017,044,918	B/.	1,111,024,125

30. Fair value of financial instruments

Fair value estimations are conducted at the date of the consolidated financial statements, based on the relevant market and other information related to the financial instruments. Those estimations reflect no prize or discount that could result from holding the financial instruments as available for sale, due to the fact that none of them is held for that purpose.

The nature of these estimations is objective and involves uncertain aspects and management's judgment, as a result of which, the amounts thereof cannot be determined with absolute accuracy. Consequently, changes, if any, in the assumptions on which the estimations are based could differ from the final results.

Fair value hierarchy

The Group uses the following hierarchy to determine and disclose the fair value of its financial instruments according to the valuation technique:

Level 1: Quoted (or adjusted) prices in active markets for identical financial assets and liabilities.

30. Fair value of financial instruments (continued)

Level 2: Techniques that use inputs other than the quoted prices that are included in it, that are observable for the asset or liability, either directly or indirectly.

Level 3: Techniques that use inputs that have a significant effect on fair value that are not based on observable market data.

The following is a comparison between the book values and the fair values of the financial instruments shown in the Group's consolidated financial statements, according to their classification.

	Book Value		Fair Value	
	2020	2019	**2020**	2019
Notes and other long term liabilities	**B/. 869,247,414**	B/. 918,015,543	**B/. 864,437,414**	B/. 912,015,543

Capital management

The main purpose of capital management is to ensure that the Group maintains sound credit ratings and healthy financial capital ratios in support of its business and to maximize profits.

Cable Onda, S. A. manages its capital structure and on a timely basis, requests adjustments to said capital from its stockholders, considering the economic environment in which the Group operates. In order to maintain or adjust its capital structure, the Group can request changes to dividends from its stockholders, as well as capital refunds agreed and if necessary, increases in capital contributions. No significant changes were made to said policies during 2020 and 2019.

The Group monitors its capital using, as the prevailing financial ratio, the ratio arrived at by dividing total net liabilities (current liabilities plus non-current liabilities less cash) by total stockholders' equity. As of December 31, 2020, the financial ratio is 6.74 (2019 - 7.74).

31. Impacts of COVID-19 - Qualitative and Quantitative Assessment of Business Activities, Financial Condition and Economic Performance

In March 2020, the World Health Organization (OMS) raised the public health emergency situation caused by the coronavirus (COVID-19) outbreak to a pandemic and during 2020 to date, strong impacts have been generated on the world economy and in the health systems of the countries. Likewise, the Government of Panama has applied various additional health measures to reduce, mitigate and control the spread of the pandemic.

The Group is taking the appropriate steps to deal with the situation and minimize its impact:

Impact on our markets and businesses

As a telecommunication Group, our business is at the center of contingency planning for thousands of people and companies who trust us to connect them with their family and friends, business partners, and the world. As a result of our participation in the local market, we have seen an increase in traffic on our fixed networks since the beginning of the pandemic, while the impact on our mobile networks has been more modest. However, we have also seen the negative impact of the interruption of our sales and distribution channels caused by mandatory mobility restrictions and by the closure or reduction of the operational activities of some of our stores and points of sale. These disruptions affect our ability to sell products and services, including postpaid mobile and residential cable subscriptions and prepaid and top-up SIM cards. Additionally, our collection activities have been affected by these restrictions.

The government has ordered a Group like ours to avoid disconnecting customers for non-payment, to waive late fees, and / or to postpone late payments for an extended period, among other measures.

We are working closely with the government to ensure our full compliance with the measures and have gradually implemented "lifeline products" to support and retain clients who are temporarily unable to pay for our services, while providing an incentive. for other customers to continue. pay in full and on time.

Finally, our supply chain continues to function without any significant disruption, and we have taken steps to continue to ensure sufficient levels of inventory, supplies, and liquidity.

31. Impacts of COVID-19 - Qualitative and Quantitative Assessment of Business Activities, Financial Condition and Economic Performance (continued)

Management Action

It is difficult to predict whether the challenges we have faced since March 2020 will continue into 2021 and beyond; however, due to the reduction in the number of COVID-19 cases and the relaxation of mobility restrictions in the first months of 2021, our income flows are gradually improving as a result of higher sales of products and services, but still Thus, we maintain cost-saving initiatives and prioritization of investments in order to preserve our strong generation of cash flow and liquidity in the event that the situation could worsen.

Despite the difficulties caused by COVID-19, we continue to comply with the covenants required by our financial instruments.

Accounting impact

As a consequence of this crisis, the Group identified possible significant accounting implications in the following areas:

• *Impairment of accounts receivable / Revenue recognition*

Despite the reduction in economic activity due to the pandemic, our collection levels are returning to normal as of December 31, 2020. However, this area is closely monitored by management. As such, the IFRS 9 provision matrix and loan loss provisions are periodically updated to reflect the probability of collecting accounts receivable.

In addition, we continue to monitor and review revenue recognition in accordance with the requirements of IFRS 15, in particular with respect to the probability of collection, as the government has been requiring continuity of service.

Finally, as of the date of this report, we have determined that there are no material uncertainties that could cast significant doubts on the Group’s ability to continue as a going concern.

32. Subsequent events

In March 2021, the Group executed an early repayment B/.25 Million of the Bonds Series A, with which it completed the loan agreement signed in November 2020 with Bank of Nova Scotia for a total amount of B/.110 Million disbursed B/.85 Million in December 2020 and B/.25 Million in March 2021

Except for the above paragraph, the Group is not aware of relevant subsequent events that occurred during the year-end date and the approval of the consolidated financial statements that require disclosures or adjustments to the consolidated financial statements as of December 31, 2020.

Other Additional Information

	Consolidated	*Eliminations*	*Subtotal*	*Cable Onda, S.A.*	*Grupo de Comunicaciones Digitales, S. A.*	*Fronteras Security, Inc.*
ASSETS						
Current assets						
Cash	**B/. 84,847,382**	**B/. -**	**B/. 84,847,382**	**B/. 46,995,249**	**B/. 37,654,080**	**B/. 198,053**
Accounts receivable - client, net	**83,070,226**	**(1,184,287)**	**84,254,513**	**65,278,778**	**18,594,007**	**381,728**
Other accounts receivable	**8,370,244**	**(41,190,414)**	**49,560,658**	**45,534,581**	**3,795,239**	**230,838**
Contractual assets	**2,930,918**	**-**	**2,930,918**	**-**	**2,930,918**	**-**
Inventory	**24,446,353**	**-**	**24,446,353**	**20,956,915**	**3,489,438**	**-**
Prepaid expenses	**7,496,849**	**-**	**7,496,849**	**6,780,047**	**332,583**	**384,219**
Prepaid income tax	**2,911,538**	**-**	**2,911,538**	**-**	**2,911,538**	**-**
	214,073,510	**(42,374,701)**	**256,448,211**	**185,545,570**	**69,707,803**	**1,194,838**
Non-current assets						
Severance fund, net	**630,477**	**-**	**630,477**	**66,811**	**541,108**	**22,558**
Investment in subsidiaries	**-**	**(121,001,383)**	**121,001,383**	**121,001,383**	**-**	**-**
Guarrantee deposit and others assets	**5,604,535**	**-**	**5,604,535**	**436,579**	**5,167,956**	**-**
Intangible assets, net	**166,886,745**	**-**	**166,886,745**	**52,118,954**	**114,764,021**	**3,770**
Goodwill	**472,268,560**	**-**	**472,268,560**	**472,268,560**	**-**	**-**
Right of use asset	**102,543,335**	**-**	**102,543,335**	**35,870,632**	**66,672,703**	**-**
Property, furniture, equipment and	**-**	**-**	**-**	**-**	**-**	**-**
leasehold improvements, net	**431,866,424**	**-**	**431,866,424**	**326,747,466**	**105,117,483**	**1,475**
	1,179,800,076	**(121,001,383)**	**1,300,801,459**	**1,008,510,385**	**292,263,271**	**27,803**
TOTAL ASSETS	**B/. 1,393,873,586**	**B/. (163,376,084)**	**B/. 1,557,249,670**	**B/. 1,194,055,955**	**B/. 361,971,074**	**B/. 1,222,641**

Cable Onda, S.A. and Subsidiaries
Consolidation of Financial Statements (continued)
December 31, 2020
(Figures stated in B/. balboas)

	Consolidated	*Eliminations*	*Subtotal*	*Cable Onda, S.A.*	*Grupo de Comunicaciones Digitales, S. A.*	*Fronteras Security, Inc.*
LIABILITIES AND STOCKHOLDERS'						
Current liabilities						
Accounts payable	B/. 96,843,201	B/. (2,923,441)	B/. 99,766,642	B/. 29,392,286	B/. 68,457,591	B/. 1,916,765
Lease liabilities	15,811,708	-	15,811,708	6,069,793	9,741,915	-
Employee benefits payable	9,846,977	-	9,846,977	6,643,688	3,086,213	117,076
Customer deposits	4,172,840	-	4,172,840	4,172,840	-	-
Deferred income	13,520,489	-	13,520,489	6,827,427	6,693,062	-
Accrued expenses and other accounts payable	47,476,561	(371,260)	47,847,821	43,328,324	4,518,997	500
Income tax payable	1,923,423	-	1,923,423	1,920,399	-	3,024
	189,595,199	(3,294,701)	192,889,900	98,354,757	92,497,778	2,037,365
Non-current liabilities						
Lease liabilities	91,162,544	-	91,162,544	29,349,244	61,813,300	-
Notes payables	185,000,000	(39,080,000)	224,080,000	185,000,000	39,080,000	-
Long term bonds payable	684,247,414	-	684,247,414	684,247,414	-	-
Deferred income	20,895,762	-	20,895,762	20,895,762	-	-
Deferred income tax	40,614,370	-	40,614,370	36,806,594	3,807,776	-
Other long term liabilities	13,987,983	-	13,987,983	1,209,833	12,778,150	-
	1,225,503,272	(42,374,701)	1,267,877,973	1,055,863,604	209,977,004	2,037,365
Stockholders' equity						
Common shares	57,648,922	(45,037,338)	102,686,260	57,648,922	44,687,338	350,000
Additional paid in capital	1,835,860	-	1,835,860	1,835,860	-	-
Supplementary tax	(1,946,463)	-	(1,946,463)	(1,946,463)	-	-
Retained earnings	111,157,885	(75,638,155)	186,796,040	80,654,032	107,306,732	(1,164,724)
	168,696,204	(120,675,493)	289,371,697	138,192,351	151,994,070	(814,724)
Non-controlling interest	(325,890)	(325,890)	-	-	-	-
Total Equity	168,370,314	(121,001,383)	289,371,697	138,192,351	151,994,070	(814,724)
TOTAL LIABILITIES AND EQUITY	B/. 1,393,873,586	B/. (163,376,084)	B/. 1,557,249,670	B/. 1,194,055,955	B/. 361,971,074	B/. 1,222,641

Cable Onda, S.A. and Subsidiaries
Consolidated Statements of Income
For the years ended December 31, 2020
(Figures stated in B/. balboas)

	Consolidated	*Eliminations*	*Subtotal*	*Cable Onda, S.A.*	*Grupo de Comunicaciones Digitales, S.A.*	*Fronteras Security, Inc.*
Revenue						
TV subscriptions	**B/. 129,757,092**	**B/. (98,686)**	**B/. 129,855,778**	**B/. 129,855,778**	**B/. -**	**B/. -**
Data transmission, internet and data center	**182,001,275**	**(328,877)**	**182,330,152**	**182,330,152**	**-**	**-**
Fixed line services	**37,880,487**	**(766,828)**	**38,647,315**	**38,647,315**	**-**	**-**
Mobile services	**208,474,665**	**(2,330,527)**	**210,805,192**	**-**	**210,805,192**	**-**
Sales of mobile equipments	**18,497,145**	**-**	**18,497,145**	**-**	**18,497,145**	**-**
Project and solutions	**4,875,789**	**-**	**4,875,789**	**4,875,789**	**-**	**-**
Other services	**6,425,786**	**(761,029)**	**7,186,815**	**4,255,206**	**241,631**	**2,689,978**
	587,912,239	**(4,285,947)**	**592,198,186**	**359,964,240**	**229,543,968**	**2,689,978**
Costs and expenses						
Programming and operating costs	**136,021,134**	**(2,752,304)**	**138,773,438**	**72,819,974**	**64,178,416**	**1,775,048**
Depreciation and amortization	**178,973,814**	**-**	**178,973,814**	**115,521,157**	**63,438,279**	**14,378**
Personnel expenses	**69,753,139**	**(1,170,495)**	**70,923,634**	**58,819,513**	**11,253,248**	**850,873**
General, sales and administrative expenses	**124,088,381**	**(363,149)**	**124,451,530**	**70,439,031**	**53,804,478**	**208,021**
	508,836,468	**(4,285,948)**	**513,122,416**	**317,599,675**	**192,674,421**	**2,848,320**
Operating income	**79,075,771**	**-**	**79,075,771**	**42,364,565**	**36,869,548**	**(158,342)**
Financial expenses, net	**51,355,324**	**-**	**51,355,324**	**45,278,511**	**6,076,813**	**-**
Income before tax	**27,720,447**	**-**	**27,720,447**	**(2,913,946)**	**30,792,735**	**(158,342)**
Income tax	**(13,318,455)**	**-**	**(13,318,455)**	**(5,645,895)**	**(7,633,246)**	**(39,314)**
Net income	**B/. 14,401,992**	**B/. -**	**B/. 14,401,992**	**B/. (8,559,841)**	**B/. 23,159,489**	**B/. (197,656)**
Attributable to:						
Equity holders of the parent	**14,481,054**	**-**	**14,481,054**	**(8,559,841)**	**23,159,489**	**(118,594)**
Non-controlling interest	**(79,062)**	**-**	**(79,062)**	**-**	**-**	**(79,062)**
Net income	**B/. 14,401,992**	**B/. -**	**B/. 14,401,992**	**B/. (8,559,841)**	**B/. 23,159,489**	**B/. (197,656)**