

Consolidated Financial Statements

Cable Onda, S. A. and Subsidiaries

*As of and for the years ended December 31, 2021 and 2020
with Report of the Independent Auditors*

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

Cable Onda, S.A. and Subsidiaries
Annual Consolidated Financial Statements

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Independent Auditor's Report

To the Board of Directors and Shareholders
Cable Onda, S. A. and Subsidiaries

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, 2021 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, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *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.

Impairment assessments – Goodwill

As of December 31, 2021, goodwill represents 32% of total assets and arose from multiple acquisitions made by the Group. As described in Note 4 to the consolidated financial statements, the recoverable amount of goodwill is estimated by calculating value-in-use of the cash generating units (CGUs) 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 CGUs, 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 consolidated 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 CGUs 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%.
- Analyzed the level of performance against 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 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.

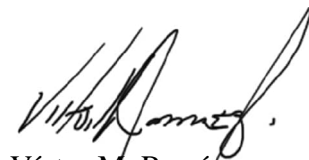
Other legal and statutory requirements

In compliance with Law 280 of December 30, 2021, which regulates the authorized public accountant profession in the Republic of Panama, we state the following:

- That the direction and supervision, as well as the execution of the audit of the activities that the Company maintains in Panama, have been physically performed in Panamanian territory.
- The work team which participated in the audit that this document refers to is comprised by Víctor M. Ramírez, partner, Nubia Cedeño, senior manager and Angela Hidalgo, manager.

The partner in charge of the audit resulting in this independent auditor's report is Víctor M. Ramírez.


Panama, Republic of Panama
April 28, 2022


Víctor M. Ramírez
C.P.A. No.0349-2004

Cable Onda, S.A. and Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2021 and 2020

(Figures stated in B/. Balboas)

<i>Notes</i>	2021	2020
Assets		
Currents Assets		
5	B/. 102,185,279	B/. 84,847,382
6, 20	80,285,735	83,070,226
7	58,773,565	8,370,244
	3,774,009	2,930,918
8	26,888,655	24,446,353
20	14,159,929	7,496,849
21	-	2,911,538
	<u>286,067,172</u>	<u>214,073,510</u>
Non-current assets		
	1,992,208	630,477
	5,530,438	5,604,535
9	179,030,584	166,886,745
10	472,268,560	472,268,560
11	121,060,805	102,543,335
12	413,112,941	431,866,424
	<u>1,192,995,536</u>	<u>1,179,800,076</u>
TOTAL ASSETS	<u>B/. 1,479,062,708</u>	<u>B/. 1,393,873,586</u>

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

Annual Consolidated Financial Statements

<i>Notes</i>	2021	2020
LIABILITIES AND STOCKHOLDERS' EQUITY		
Currents liabilities		
31, 20	B/. 85,684,491	B/. 96,843,201
14	19,031,868	15,811,708
15	14,169,592	9,846,977
16	5,357,143	-
	4,069,400	4,172,840
17	14,293,284	13,520,489
18	86,569,614	47,476,561
21	10,245,273	1,923,423
	<u>239,420,665</u>	<u>189,595,199</u>
Non-current liabilities		
14	109,478,758	91,162,544
16	254,642,857	185,000,000
19	586,293,874	684,247,414
17	15,502,678	20,895,762
21	37,462,043	40,614,370
	19,674,930	13,987,983
	<u>1,023,055,140</u>	<u>1,035,908,073</u>
	<u>1,262,475,805</u>	<u>1,225,503,272</u>
Stockholders' equity		
Issued capital 243,356 common shares with no par value, issued and outstanding	57,648,922	57,648,922
Additional paid-in-capital	2,518,315	1,835,860
Supplemental tax	(3,705,453)	(1,946,463)
Retained earnings	160,586,522	111,157,885
	<u>217,048,306</u>	<u>168,696,204</u>
Non-controlling interest	(461,403)	(325,890)
Total stockholders' equity	<u>216,586,903</u>	<u>168,370,314</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>B/. 1,479,062,708</u>	<u>B/. 1,393,873,586</u>

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

Cable Onda, S.A. and Subsidiaries
Consolidated Statements of Income
For the years ended December 31, 2021 and 2020

(Figures stated in B/. balboas)

<i>Notes</i>	2021	2020
Revenue		
20 TV subscriptions	B/. 124,638,235	B/. 129,757,092
20 Data transmission, internet and data center	204,017,285	182,001,275
Fixed line services	34,093,835	37,880,487
Mobile services	241,005,737	208,474,665
Sales of mobile equipment	24,841,863	18,497,145
Projects and solutions	1,208,524	4,875,789
22 Other services and revenue	<u>4,881,814</u>	<u>6,425,786</u>
	<u>634,687,293</u>	<u>587,912,239</u>
Costs and expenses		
20, 23 Programming and operating costs	148,552,220	136,021,134
24 Depreciation and amortization	153,622,836	178,973,814
25 Personnel expenses	74,944,892	69,753,139
26 General, sales and administrative expenses	<u>134,609,995</u>	<u>124,088,381</u>
	<u>511,729,943</u>	<u>508,836,468</u>
Operating income	122,957,350	79,075,771
Financial interest, net	<u>47,924,773</u>	<u>51,355,324</u>
Income before income tax	75,032,577	27,720,447
21 Income tax	<u>(25,689,008)</u>	<u>(13,318,455)</u>
Net Income	<u>B/. 49,343,569</u>	<u>B/. 14,401,992</u>
Attributable to:		
Equity holders of the parent	B/. 49,479,059	B/. 14,481,054
Non-controlling interest	<u>(135,490)</u>	<u>(79,062)</u>
Net Income	<u>B/. 49,343,569</u>	<u>B/. 14,401,992</u>

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, 2021 and 2020

(Figures stated in B/. balboas)

	<i>Attributable to the Controlling Interest</i>					<i>Non-controlling interest</i>	<i>Total stockholders' equity</i>
	<i>Issued Capital</i>	<i>Additional paid-in-capital</i>	<i>Supplemental tax</i>	<i>Retained earnings</i>	<i>Total</i>		
January 1, 2020	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
Share-based compensation	-	682,455	-	-	682,455	-	682,455
Supplemental tax	-	-	(1,758,990)	(50,422)	(1,809,412)	(23)	(1,809,435)
Net Income	-	-	-	49,479,059	49,479,059	(135,490)	49,343,569
December 31, 2021	B/. 57,648,922	B/. 2,518,315	B/. (3,705,453)	B/. 160,586,522	B/. 217,048,306	B/. (461,403)	B/. 216,586,903

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, 2021 and 2020

(Figures stated in B/. balboas)

<i>Notes</i>	2021	2020
Cash flows from operating activities		
Income before income tax	B/. 75,032,577	B/. 27,720,447
Adjustments to reconcile income before tax to net cash flows:		
12 Depreciation and amortization of fixed assets	105,087,198	121,132,832
11 Amortization of right-of-use assets	21,797,355	20,656,742
9 Amortization of intangible assets	26,738,283	37,184,240
(Reversal of) provision for seniority premium	(152,589)	569,573
6 Allowance of doubtful accounts	6,651,267	9,694,735
Amortization of deferred financing cost	2,659,899	1,542,948
Financial interest, net	47,924,773	51,355,324
Share-based compensation	682,455	1,089,860
Cash flows before changes in working capital	286,421,218	270,946,701
Accounts receivables - client	(3,866,776)	(20,071,489)
Other accounts receivables	(50,403,321)	4,160,602
Contract assets	(843,091)	(1,068,878)
Inventory	(2,442,302)	1,818,570
Prepaid expenses	(6,663,080)	(1,898,944)
Guarantee deposits and other assets	74,097	(4,948,853)
Accounts payable	(13,530,095)	28,719,846
Employee benefits	4,322,615	(2,080,952)
Accrued expenses and other liabilities	11,465,016	(571,137)
Customer deposits	(103,440)	(141,111)
Deferred income	(4,620,289)	503,478
Other long term liabilities	5,686,947	1,998,514
	225,497,499	277,366,347
Income tax paid	(17,658,392)	(26,217,206)
Interest paid for bonds and loans	(20,296,736)	(38,012,425)
Interest paid for leases	(5,841,971)	(5,250,122)
Seniority premium paid	(1,672,050)	(1,577,850)
Net cash flows from operating activities	180,028,350	206,308,744
Continued...	B/. 180,028,350	B/. 206,308,744

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, 2021 and 2020

(Figures stated in B/. balboas)

<i>Notes</i>	2020	2019
	<u>B/. 180,028,350</u>	<u>B/. 206,308,744</u>
<i>Notes</i>		
	Continued...	
	<u>B/. 462,908</u>	B/. 2,412,059
	(38,882,122)	(9,974,970)
12	<u>(86,333,715)</u>	<u>(110,163,980)</u>
	Net cash flows used in	
	investing activities	
	<u>(124,752,929)</u>	<u>(117,726,891)</u>
	Cash flows from financing activities	
	100,000,000	85,000,000
	(125,000,000)	(135,000,000)
	(613,439)	(311,077)
	(10,565,095)	(12,784,458)
	<u>(1,758,990)</u>	<u>(1,332,236)</u>
	Net cash flows used in	
	financing activities	
	<u>(37,937,524)</u>	<u>(64,427,771)</u>
	17,337,897	24,154,082
	<u>84,847,382</u>	<u>60,693,300</u>
	Cash at end of the year	
	<u>B/. 102,185,279</u>	<u>B/. 84,847,382</u>

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

Cable Onda, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Figures stated in B/. balboas)

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.

The Group 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 December 31, 2021, Cable Onda, S.A. had received the following operating licenses from ASEP:

<i>Service No.</i>	<i>Date of the Resolution</i>	<i>Description of the Service</i>	<i>Term (years)</i>	<i>Maturity date</i>
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

Cable Onda, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Figures stated in B/. balboas)

1. Corporate Information (continued)

<i>Service No.</i>	<i>Date of the Resolution</i>	<i>Description of the Service</i>	<i>Term (years)</i>	<i>Maturity date</i>
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)

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, 2021 were authorized for issuance by Management on April 27, 2022.

Cable Onda, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Figures stated in B/. balboas)

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, 2021, 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, 2021 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 consolidated financial statements of the subsidiaries were prepared for the same date of the financial statements of Group. 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 consolidated 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.

Cable Onda, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Figures stated in B/. balboas)

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.

Cable Onda, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Figures stated in B/. balboas)

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.

Cable Onda, S.A. and Subsidiaries
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(Figures stated in B/. balboas)

4. Summary of Accounting Policies (continued)

Financial instruments

A financial instrument is any contract that gives rise to the recognition of a financial asset in one entity and a financial liability or an equity instrument in another entity.

The valuation of the Group's financial instruments is determined through fair value or amortized cost, as defined below:

Fair value - The fair value of a financial instrument that is traded in an organized financial market is determined by reference to quoted prices in that financial market for negotiations carried out at the date of the statement of financial position. For those financial instruments for which there is no active financial market, the fair value is determined using valuation techniques. Such techniques include recent market transactions between knowledgeable and interested parties acting on an arm's length basis; references to the fair value of another substantially similar financial instrument; and discounted cash flows or other valuation models.

All assets and liabilities measured at fair value or for which the Group makes fair value disclosures are classified within one of the following fair value hierarchies. Said classification is based on the lowest level of information used to determine such value and that is significant for the determination of fair value as a whole. The fair value hierarchy is made up of the following three levels:

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

Level 2: Valuation techniques in which the lowest level of information used to measure fair value is directly or indirectly observable.

Level 3: Valuation techniques in which the lowest level of information used to measure fair value is not observable.

The nature of the fair value estimates is subjective and involves uncertain aspects and Management's judgment, therefore their amounts cannot be determined with absolute precision. Consequently, if there were changes in the assumptions on which the estimates are based, these could differ from the final results.

Amortized cost - Amortized cost is calculated using the effective interest rate method less any allowance for impairment. The calculation takes into account any premium or discount on the acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

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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.

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:

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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.

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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:

	<u>Estimated useful life</u>
Administrative concessions	20 years
Customer relationships	17 years
Software & licenses	
Rights of use of fiber optics	5 to 15 years
Projects in progress	3 years
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.

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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.

Right of use assets

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:

	<u>Estimated useful life</u>
Lands and buildings	1 - 30 years
Towers	1 - 35 years
Sites	1 - 15 years
Other equipment	1 - 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.

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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 CGU to which it was allocated. Identified impairment is recognized immediately in the consolidated statements of income and is not subsequently reversed. For the purpose of testing goodwill for impairment, the goodwill acquired in a business combination is distributed among each of the CGUs 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 CGUs.

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.

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4. Summary of Accounting Policies (continued)

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:

	<i>Estimated useful lives</i>
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 asset retirement obligations 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.

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.

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4. Summary of Accounting Policies (continued)

The Group uses a simplified method for calculation of 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.

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.

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4. Summary of Accounting Policies (continued)

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 is met.

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.

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4. Summary of Accounting Policies (continued)

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 benefit of the Company's service delivery as the Company carry out that service
- Through its service delivery, the Company creates or improves an asset that is under the control of the client during its creation; or
- With its service delivery, the entity creates an asset without alternative use and is also entitled to pay for the service delivery made to date at a price that reflects the cost-plus margin incurred.

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 revenue comes mainly from the providing 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.

The disclosures regarding contractual obligations and transaction price, as established in IFRS 15, is as follows:

Mobile services

Revenue from services is characterized by intangibility. It is recognized when performance obligations are met over time or in the period the transaction incurred, this is defined according to the nature of the revenue.

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4. Summary of Accounting Policies (continued)

Among the revenue 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.

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 services, 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 returns, refunds or other similar obligations, and 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). This revenue is 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, and 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 revenue 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.

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4. Summary of Accounting Policies (continued)

Income from Sale of Goods (Sales of Mobile equipment)

Corresponds to revenue 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 consolidated statements of income, net of discounts, returns and sales tax.

The income corresponds to the sale of mobile phones, which is recognized when the sale of this equipment is considered concluded, the majority of which are made to authorized distributors and normally coincide with the time of delivery of the products, and if it is not delivered, it is recorded in the liability as a contractual liability and upon activation and is recognized as revenue. 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.

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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 than one year the financing component is adjusted, if material.
- Disclosure in the Group Financial Statements of the transaction price allocated to unrealized performance obligations only for contracts that have an original expected term of more than one year (e.g. unrealized performance obligations for contracts that have an original term of one year or less are not disclosed).
- Application of the practical expedient not to disclose the price allocated to unrealized 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 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.

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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.

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 consolidated statements 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 sheets. 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.

Reclassifications

Some amounts in the consolidated financial statements as of December 31, 2020 were reclassified for purposes of comparison with the figures as of December 31, 2021. These reclassifications do not have material effects on the financial position or results of operations of the Group.

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4. Summary of Accounting Policies (continued)

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, 2021 are consistent with those that were used for the preparation of its consolidated financial statements as of December 31, 2020

In the 2021 period, the Group applied for the first-time certain interpretations and amendments to standards that became effective as of January 1, 2021 in accordance with the provisions of the (“IASB”). The application of these interpretations and amendments had no significant impact on the Group’s consolidated financial statements.

The standards or interpretations and modifications described above are only those that, according to Management’s criteria, may have a material effect on the Group’s financial disclosures, position or performance when applied at a future date. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

5. Cash

The following detail represents the Group’s cash held in financial institutions:

	<u>As of December 31,</u>	
	2021	2020
Cash	B/. 85,004	B/. 114,214
Banco General	32,003,973	19,262,699
Citibank	31,965,474	32,830,604
JP Morgan	28,782,933	22,731,113
Bac Panamá	4,724,704	1,717,785
St Georges Bank	1,136,803	892,698
Banco Panamá	1,015,620	1,112,335
Banistmo	951,063	959,820
Banco Nacional de Panamá	676,592	793,179
Caja de Ahorros	272,429	948,695
Global Bank	245,859	688,016
Banesco	232,971	233,830
The Bank of Nova Scotia	91,854	2,562,394
	<u>B/. 102,185,279</u>	<u>B/. 84,847,382</u>

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6. Accounts receivable - client, net

As of December 31, 2021, and 2020, accounts receivable is broken down as follows:

	<u>As of December 31,</u>	
	2021	2020
Cable, telephone and other services	B/. 88,246,729	B/. 92,355,466
Operators	<u>580,386</u>	<u>690,832</u>
	88,827,115	93,046,298
Less: allowance for doubtful accounts	<u>(8,541,380)</u>	<u>(9,976,072)</u>
	<u>B/. 80,285,735</u>	<u>B/. 83,070,226</u>

Analysis of the aging of gross accounts receivable as of December 31, 2021 and 2020:

	<i>Current</i>	<i>30 to 60 days</i>	<i>61 to 90 days</i>	<i>91 to 120 days</i>	<i>Over 121 days</i>	<i>Total</i>
2021	<u>B/. 39,313,418</u>	<u>B/. 12,776,434</u>	<u>B/. 5,333,271</u>	<u>B/. 3,398,607</u>	<u>B/. 28,005,385</u>	<u>B/. 88,827,115</u>
2020	<u>B/. 18,610,019</u>	<u>B/. 15,935,373</u>	<u>B/. 6,503,657</u>	<u>B/. 4,059,185</u>	<u>B/. 47,938,064</u>	<u>B/. 93,046,298</u>

	<u>As of December 31,</u>	
	2021	2020
<i>Movements of allowance for doubtful accounts</i>		
Balance at beginning of year	B/. 9,976,072	B/. 5,304,605
Plus: allowance for the year	6,651,267	9,694,735
Less: charge to allowance	<u>(8,085,959)</u>	<u>(5,023,268)</u>
Balance at end of year	<u>B/. 8,541,380</u>	<u>B/. 9,976,072</u>

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.

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7. Other accounts receivable

As of December 31, 2021, and 2020, the accounts receivable compose as follows:

	<u>As of December 31,</u>	
	2021	2020
Related parties and Intercompanies	B/. 52,399,485	B/. 121,851
Contractors	103,333	232,800
Collectors	2,477,484	2,071,194
Projects	1,661,845	-
Grants from Panama	649,452	649,452
Other accounts receivable	1,481,966	5,294,947
	<u>B/. 58,773,565</u>	<u>B/. 8,370,244</u>

On May 5, 2021, the Group signed a cash fund management agreement with the parent company (Millicom International Cellular, S.A.), which is used to manage funds and its working capital that as of December 31, 2021 the balance of said fund amounts to B/.52,206,463. This balance will be payable on demand according to clause 7.3 of the head office agreement. The corresponding interests are agreed between the parties through a base interest rate plus a differential. The differential is determined with reference to an economic analysis, subject to change, and at the moment it is fixed at 0.67% considering a handling fee.

8. Inventory

As of December 31, 2021, and 2020, the breakdown of inventory is as follows:

	<u>As of December 31,</u>	
	2021	2020
Materials and equipment	B/. 25,940,057	B/. 22,850,433
Inventory in transit	1,034,747	1,715,054
Inventory obsolescence	(86,149)	(119,134)
	<u>B/. 26,888,655</u>	<u>B/. 24,446,353</u>

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9. Intangible assets, Net

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

	2021										
	Administrative Concession	Customer relationships	Software & licenses	Brands	Right of use of fiber optics	Projects in process	Others	December 2021	December 2020		
At January 1, 2021, net of accumulated amortization	B/. 88,075,398	B/. 42,738,000	B/. 12,137,729	B/. -	B/. 7,712,008	B/. 15,514,183	B/. 709,427	B/. 166,886,745	B/. 194,096,015		
Additions	-	-	21,032,104	-	4,015,875	21,293,764	-	46,341,743	7,749,668		
Disposal, net	-	-	(1,683,373)	-	(2,353,882)	(7,747,345)	(28,687)	(11,813,287)	-		
Transfer	-	-	-	-	-	-	4,353,666	4,353,666	2,225,302		
Amortization	(5,823,434)	(9,285,552)	(8,214,769)	-	(1,433,587)	(1,960,151)	(20,790)	(26,738,283)	(37,184,240)		
At December 31, 2021, net of accumulated amortization	B/. 82,251,964	B/. 33,452,448	B/. 23,271,691	B/. -	B/. 7,940,414	B/. 27,100,451	B/. 5,013,616	B/. 179,030,584	B/. 166,886,745		
At January 1, 2021											
At Cost	B/. 216,528,907	B/. 55,120,000	B/. 82,965,306	B/. 33,086,303	B/. 18,433,899	B/. 15,514,183	B/. 4,560,716	B/. 426,209,314	B/. 465,397,460		
accumulated amortization	(128,453,509)	(12,382,000)	(70,827,577)	(33,086,303)	(10,721,891)	-	(3,851,289)	(259,322,569)	(271,301,445)		
Net Balance	B/. 88,075,398	B/. 42,738,000	B/. 12,137,729	B/. -	B/. 7,712,008	B/. 15,514,183	B/. 709,427	B/. 166,886,745	B/. 194,096,015		
At December 31, 2021											
at Cost	B/. 216,528,907	B/. 55,120,000	B/. 102,314,037	B/. 33,086,303	B/. 20,095,892	B/. 29,060,602	B/. 8,885,695	B/. 465,091,436	B/. 475,372,430		
accumulated amortization	(134,276,943)	(21,667,552)	(79,042,346)	(33,086,303)	(12,155,478)	(1,960,151)	(3,872,079)	(286,060,852)	(308,485,685)		
Net Balance	B/. 82,251,964	B/. 33,452,448	B/. 23,271,691	B/. -	B/. 7,940,414	B/. 27,100,451	B/. 5,013,616	B/. 179,030,584	B/. 166,886,745		

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9. 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.

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9. 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.

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10. Goodwill

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

At December 31, the goodwill is detail as follow:

	<u>As December 31,</u>	
	2021	2020
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
	<u>B/. 472,268,560</u>	<u>B/. 472,268,560</u>

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.

For the years ended December 31, 2021 and 2020, Management concluded that no impairment should be recorded in the Group consolidated financial statements.

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11. Right of use assets, net

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

	Lands and Buildings		Towers		Sites		Other Equipment		December 2021	December 2020		
Cost												
At January 1, 2021	B/.	46,971,609	B/.	75,688,238	B/.	5,689,952	B/.	6,444,319	B/.	134,794,118	B/.	127,837,164
New agreement		19,677,147		24,400,610		814,669		66,408		44,958,834		8,252,694
Contracts expired		(1,885,096)		-		-		(4,771,244)		(6,656,340)		(1,670,055)
Adjustments and reclassifications		(398,698)		(3,380,063)		(207,772)		-		(3,986,533)		374,315
At December 31, 2021	B/.	64,364,962	B/.	96,708,785	B/.	6,296,849	B/.	1,739,483	B/.	169,110,079	B/.	134,794,118
Accumulated depreciation												
At January 1, 2021	B/.	(20,558,969)	B/.	(9,601,851)	B/.	(1,608,444)	B/.	(481,519)	B/.	(32,250,783)	B/.	(12,665,692)
Adjustments and reclassifications		2,220,269		3,534,277		210,004		34,314		5,998,864		1,071,651
Depreciation of assets for right of use		(6,101,823)		(12,895,243)		(2,641,289)		(159,000)		(21,797,355)		(20,656,742)
At December 31, 2021	B/.	(24,440,523)	B/.	(18,962,817)	B/.	(4,039,729)	B/.	(606,205)	B/.	(48,049,274)	B/.	(32,250,783)
Net balance	B/.	39,924,439	B/.	77,745,968	B/.	2,257,120	B/.	1,133,278	B/.	121,060,805	B/.	102,543,335

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12. Property, furniture, equipment, and leasehold improvements, net

December 31, 2021

	<i>Land</i>	<i>Buildings</i>	<i>Furniture and fixtures</i>	<i>Computer equipment</i>	<i>Technical equipment</i>	<i>Transportation equipment</i>	<i>Construction in progress</i>	<i>Leasehold improvements</i>	<i>Total</i>
At January 1, 2021, 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
Capitalized additions	-	5,127,611	607,155	2,080,216	74,457,604	2,009	9,705,851	270,571	92,251,017
Disposal, net	-	(10,119)	(55,945)	(5,699)	(1,477,276)	(14,597)	-	-	(1,563,636)
Transfers	-	-	-	-	-	-	(4,353,666)	-	(4,353,666)
Adjustments and reclassifications	(377)	(3,054,826)	(2,305,425)	(11,348,369)	29,313,625	(2,139,214)	-	(10,465,414)	-
Depreciation and amortization	-	(4,766,278)	(1,617,645)	(1,625,739)	(92,879,804)	(474,188)	-	(3,723,544)	(105,087,198)
At December 31, 2021, net of accumulated depreciation and amortization	<u>B/. 12,013,218</u>	<u>B/. 23,989,709</u>	<u>B/. 3,408,367</u>	<u>B/. 3,078,576</u>	<u>B/. 302,771,982</u>	<u>B/. 14,062</u>	<u>B/. 59,706,720</u>	<u>B/. 8,130,307</u>	<u>B/. 413,112,941</u>
At January 1, 2021									
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	<u>B/. 12,013,595</u>	<u>B/. 26,693,321</u>	<u>B/. 6,780,227</u>	<u>B/.13,978,167</u>	<u>B/. 293,357,833</u>	<u>B/. 2,640,052</u>	<u>B/. 54,354,535</u>	<u>B/.22,048,694</u>	<u>B/. 431,866,424</u>
At December 31, 2021									
At cost	B/. 12,013,218	B/. 40,040,944	B/. 13,004,140	B/.35,350,521	B/. 1,044,245,491	B/. 13,393,283	B/. 59,706,720	B/.35,160,622	B/. 1,252,914,939
Accumulated depreciation and amortization	-	(16,051,235)	(9,595,773)	(32,271,945)	(741,473,509)	(13,379,221)	-	(27,030,315)	(839,801,998)
Net value	<u>B/. 12,013,218</u>	<u>B/. 23,989,709</u>	<u>B/. 3,408,367</u>	<u>B/. 3,078,576</u>	<u>B/. 302,771,982</u>	<u>B/. 14,062</u>	<u>B/. 59,706,720</u>	<u>B/. 8,130,307</u>	<u>B/. 413,112,941</u>

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

December 31, 2020

	<i>Land</i>	<i>Buildings</i>	<i>Furniture and fixtures</i>	<i>Computer equipment</i>	<i>Technical equipment</i>	<i>Transportation equipment</i>	<i>Construction in progress</i>	<i>Leasehold improvement</i>	<i>Total</i>
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	<u>B/. 12,013,595</u>	<u>B/. 26,693,321</u>	<u>B/. 6,780,227</u>	<u>B/. 13,978,167</u>	<u>B/. 293,357,833</u>	<u>B/. 2,640,052</u>	<u>B/. 54,354,535</u>	<u>B/. 22,048,694</u>	<u>B/. 431,866,424</u>
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	<u>B/. 12,013,595</u>	<u>B/. 31,419,003</u>	<u>B/. 7,259,618</u>	<u>B/. 6,329,272</u>	<u>B/. 339,827,109</u>	<u>B/. 2,693,002</u>	<u>B/. 21,000,475</u>	<u>B/. 22,293,202</u>	<u>B/. 442,835,276</u>
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	<u>B/. 12,013,595</u>	<u>B/. 26,693,321</u>	<u>B/. 6,780,227</u>	<u>B/. 13,978,167</u>	<u>B/. 293,357,833</u>	<u>B/. 2,640,052</u>	<u>B/. 54,354,535</u>	<u>B/. 22,048,694</u>	<u>B/. 431,866,424</u>

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13. Accounts payable

At December 31, 2021, the accounts payable balance is B/.85,684,491 (2020 - B/.96,843,201). 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 payable in the functional currency of the consolidated financial statements.

14. Lease liabilities

The movements of lease liabilities during 2021 is detailed as follow:

	<u>As December 31,</u>	
	2021	2020
Balance at beginning of year	B/. 106,974,252	B/. 118,157,778
New contracts	41,027,967	3,957,519
Canceled contracts	(8,926,498)	(2,356,587)
Payments	(10,565,095)	(12,784,458)
Balance at end of year	<u>B/. 128,510,626</u>	<u>B/. 106,974,252</u>

Interest expense on lease liabilities of B/.5,841,971(2020 – B/.5,250,122), is included in the financial expense, net item in the consolidated statement of income.

Detail of the maturity related to the lease liabilities:

	<u>As December 31,</u>	
	2021	2020
Less than a year	B/. 19,031,868	B/. 15,811,708
One to two years	17,039,157	8,058,453
Two to three years	15,748,705	22,448,517
Three to four years	14,650,555	13,659,271
Four to five years	11,585,029	12,115,869
Mor than five years	50,455,312	34,880,434
	<u>B/. 128,510,626</u>	<u>B/. 106,974,252</u>
Current lease liabilities	B/. 19,031,868	B/. 15,811,708
Non-current lease liabilities	<u>109,478,758</u>	<u>91,162,544</u>
	<u>B/. 128,510,626</u>	<u>B/. 106,974,252</u>

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15. Employee benefits payable

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

	<u>As of December 31,</u>	
	2021	2020
Employee benefits	B/. 3,283,127	B/. 2,637,850
Labor reserves	<u>10,886,465</u>	<u>7,209,127</u>
Balance at the end of the year	<u><u>B/. 14,169,592</u></u>	<u><u>B/. 9,846,977</u></u>

16. Notes payable

The Group maintains lines of credit approved for working capital for B/.99,346,250 as of December 31, 2021 (2020 - B/.130,600,000) and accrue annual interest between 3.98% - 4.45%, as of December 31, 2021 (2020 - 3.00% and 5.54%).

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

			<u>As of December 31,</u>	
	<u>Interest rate</u>	<u>Expiration</u>	2021	2020
Scotiabank	2.96%-4.38%	2022 - 2025	B/. 260,000,000	B/. 160,000,000
Banco Nacional	4%-4.45%		-	<u>25,000,000</u>
			<u><u>B/. 260,000,000</u></u>	<u><u>B/. 185,000,000</u></u>

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

	<u>As of December 31,</u>	
	2021	2020
Beginning balance	B/. 185,000,000	B/. 150,000,000
Long term loans contracted in the year	100,000,000	85,000,000
Payment made in the year	<u>(25,000,000)</u>	<u>(50,000,000)</u>
Ending balance	<u><u>B/. 260,000,000</u></u>	<u><u>B/. 185,000,000</u></u>

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16. Notes payable (continued)

A summary of the maturities of long-term loans payable is presented below:

2022	B/. 5,357,143
2023	21,428,572
2024	48,214,285
2025	110,000,000
2026	75,000,000
	<u>260,000,000</u>

17. Deferred income

As of December 31, 2021, and 2020, deferred income is broken down as follows:

	<u>As of December 31,</u>	
	2021	2020
Current portion		
Early cash collections from monthly payments (a)	<u>B/. 14,293,284</u>	<u>B/. 13,520,489</u>
Non-Current portion		
Adaption projects (b)	B/. 13,192,197	B/. 11,825,442
Deferred income from installation services	2,310,481	2,768,988
Deferred income (c)	<u>-</u>	<u>6,301,332</u>
	<u>B/. 15,502,678</u>	<u>B/. 20,895,762</u>

- 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.

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18. Accrued expenses and other liabilities

As of December 31, 2021, and 2020, accrued expenses and other liabilities are broken down as follows:

	<u>As of December 31,</u>	
	2021	2020
Operating costs	B/. 30,077,349	B/. 17,297,630
Capitalizable costs	15,789,666	-
General, sales and administrative expenses	6,092,468	6,106,963
Financial expenses	15,201,436	14,901,569
Programmers costs	18,313,231	9,170,399
Non-Income Taxes	1,095,464	-
	<u>B/. 86,569,614</u>	<u>B/. 47,476,561</u>

19. Other long-term liabilities

Bond issuance 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 may 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.

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19. Other long-term liabilities (continued)

- 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.

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.

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

During the period 2021, an early redemption of the total balance for B/.100,000,000 of the Bonds issued was made; in accordance with what is indicated in Section IIIA.10 of the Informative Prospectus of Corporate Bonds for the amount of B/.185,000,000, which did not generate any payment of additional charges or interest.

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.

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19. Other long-term liabilities (continued)

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.

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 consolidated 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. (formerly 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.* The Group shall not, nor permit any of its restricted subsidiaries, to pay dividends or make other distributions with respect to the Group’s share capital or pay any debt or other obligation owed to the Group or any other restricted subsidiary.
- c) *Limitation of Liens Protecting Group Debt or Debt of any Restricted Subsidiary.* The Group shall not incur or suffer, nor shall it permit any of its restricted subsidiaries to incur or suffer any lien (except as permitted) on or with respect to any property or assets owned by, or later acquired to secure, any indebtedness. of the Group or of any restricted subsidiary, unless the Bonds are equitable and guaranteed on a pro rata basis by said lien, it being established that, if the debt guaranteed by said lien is subordinated or is inferior in the right of payment to the bonds, the lien that guarantees said debt will be subordinated or inferior in priority to the lien that guarantees the bonds.

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19. Other long-term liabilities (continued)

- d) *Limitation of Guarantees of the Group's Subordinated Debt.* The Group may not allow any of its restricted subsidiaries, directly or indirectly, to assume, guarantee or become responsible with respect to the debt of the Group that is expressly, by its terms, subordinated or is of a lower category in terms of its right to payment. to any other debt of the Group.
- e) *Limitation on Dispositions of Assets.* The Group may not, and will not permit any of its restricted subsidiaries, to make any disposal of assets in one or more related transactions unless it receives consideration for such disposal at least equal to fair market value as determined by the Board of Directors. Unless the disposition is a permitted asset exchange, at least 75% of the consideration for such disposition consists of: cash, assumption of the debt of the Group or any restricted subsidiary that relates to such assets and in each case is released from all liabilities on the debt assumed.
- 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:

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19. 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 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.

Cable Onda, S.A. and Subsidiaries
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19. Other long-term liabilities (continued)

The details of other long term liabilities as follow:

	<u>As of December 31,</u>	
	2021	2020
Bonds – Series A – Interest rate 5.75%	B/. -	B/. 100,000,000
Financial costs	-	(1,389,677)
Bonds – Senior Notes – Interest rate 4.50%	600,000,000	600,000,000
Financial costs	(13,706,126)	(14,362,909)
	<u>B/. 586,293,874</u>	<u>B/. 684,247,414</u>

20. Balances and transactions with related parties

	<u>As of December 31,</u>	
	2021	2020
Consolidated Statements of Financial Position		
<i>Assets</i>		
<i>Receivable accounts</i>		
Corporación Medcom Panamá, S.A.	<u>B/. -</u>	<u>B/. 152,498</u>
<i>Other accounts receivables</i>		
<i>Related Parties</i>		
Corporación Medcom Panamá, S.A.	B/. 51,159	B/. -
Televisora Nacional, S.A.	276,323	110,820
Others	3,516	45,497
	<u>B/. 330,998</u>	<u>B/. 156,317</u>
<i>Intercompanies</i>		
Millicom International Cellular	B/. 53,479,179	B/. 198,593
Telefonica Celular de Nicaragua, S. A.	1,148,384	550,043
Millicom LIH, S.A.	615,018	-
Others	378,101	279,019
	<u>55,620,682</u>	<u>1,027,655</u>
	<u>B/. 55,951,680</u>	<u>B/. 1,336,470</u>
<i>Prepaid expenses</i>		
<i>Related Parties</i>		
Corporación Medcom Panamá, S.A.	B/. 1,046,809	B/. 1,046,809
Televisora Nacional, S.A.	1,046,809	1,046,809
	<u>B/. 2,093,618</u>	<u>B/. 2,093,618</u>

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(Figures stated in B/. balboas)

21. Balances and transactions with related parties (continued)

	<u>As of December 31,</u>	
	2021	2020
Consolidated Statements of Financial Position		
<i>Liabilities</i>		
<i>Accounts payables</i>		
<i>Related Parties</i>		
Costa del Este Infraestructure	B/. -	B/. 74,709
Corporación Medcom Panamá, S.A.	901,833	793,943
Others	<u>209,313</u>	<u>23,326</u>
	B/. 1,111,146	B/. 891,978
 <i>Intercompanies</i>		
Millicom International Cellular	B/. 2,744,344	B/. 4,688,971
Millicom Spain S. L.	1,593,855	4,487,554
Telefónica Celular de Nicaragua, S.A.	376,684	345,844
Others	<u>303,583</u>	<u>50,303</u>
	B/. 5,018,466	B/. 9,572,672
	B/. 6,129,612	B/. 10,464,650
	<u>Years ended</u>	
	<u>December 31,</u>	
	2021	2020
 <i>Consolidated Statements of Income</i>		
<i>Related Parties</i>		
<i>Revenue</i>		
Corporación Medcom, S.A.	B/. 381,020	B/. 409,879
Televisora Nacional, S.A.	208,570	-
Grupo ASSA	<u>388,480</u>	<u>-</u>
	B/. 978,070	B/. 409,879
 <i>Intercompany</i>		
Telefonica Celular de Nicaragua, S. A.	B/. 253,513	B/. 227,731
Millicom International Cellular	33,206	-
Millicom CAM SEM, S. A.	<u>-</u>	<u>108,319</u>
	B/. 286,719	B/. 336,050
	B/. 1,264,789	B/. 745,929

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(Figures stated in B/. balboas)

20. Balances and transactions with related parties (continued)

	Years ended December 31,	
	2021	2020
<i>Consolidated Statements of Income (continued)</i>		
<i>Costs and Expenses</i>		
<i>Related Parties</i>		
Corporación Medcom, S.A.	B/. 6,396,287	B/. 9,402,941
Televisora Nacional, S.A.	786,100	1,365,077
Costa del Este Infraestructure, Inc	558,480	835,024
Cable Capitol, Inc.	830,920	1,095,281
Assa Compañía De Seguros, S. A	116,750	331,808
Alliance Transport Logistics	1,700	69,759
Motta Internacional, S.A.	-	15,000
Metrovisión Bienes Raices, S.A.	54,600	-
Others	14,000	106,587
	<u>B/. 8,758,837</u>	<u>B/. 13,221,477</u>
<i>Intercompany</i>		
Telefonica Celular de Nicaragua, S. A.	B/. 1,037,414	B/. 1,238,211
Millicom Spain S.L.	6,021,803	3,248,971
	<u>7,059,217</u>	<u>4,487,182</u>
	<u>B/. 15,818,054</u>	<u>B/. 17,708,659</u>

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, 2021 and 2020, 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.

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21. Income tax

Here is a summary of the income tax:

	Year ended December 31,	
	2021	2020
Current	B/. 28,841,335	B/. 18,126,930
Deferred tax	<u>(3,152,327)</u>	<u>(4,808,475)</u>
	<u>B/. 25,689,008</u>	<u>B/. 13,318,455</u>

As of December 31, 2021, the Group maintains an income tax payable for B/.10,245,273 (2020: B/.2,911,538 – income tax paid in advance (tax in favor) and B/.1,923,423 of income tax payable).

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:

- During 2021 and 2020 the income tax rate is 25%.
- 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

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21. 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:

	<u>As of December 31,</u>	
	2021	2020
Income before income tax	B/. 75,032,577	B/. 27,720,447
Calculation based on the expected tax rate of 25%	18,833,925	11,331,821
Calculation based on alternative CAIR method	35,603	39,314
Exempt and non-taxable income	(80,047)	703,114
Adjustment of income tax from previous periods	670,841	-
Non-deductible expenses	<u>6,228,686</u>	<u>1,244,206</u>
	<u>B/. 25,689,008</u>	<u>B/. 13,318,455</u>

The following are the temporary differences giving rise to the deferred income tax asset and liability as December 31, 2021 and 2020:

	<u>As of December 31,</u>	
	2021	2020
Non-current deferred income tax		
Deferred income tax, liability:		
Depreciation and amortization	B/. 31,773,623	B/. 27,914,818
Deferred income and expenses	352,817	308,381
Intangibles	12,566,138	16,186,144
Amortization of intangible assets	651,897	766,917
Amortization of goodwill	<u>29,688</u>	<u>2,338,188</u>
Deferred income tax liability	<u>45,374,163</u>	<u>47,514,448</u>
Deferred income tax, asset:		
Provision for expenses and income	<u>(7,912,120)</u>	<u>(6,900,078)</u>
Deferred income tax asset	<u>(7,912,120)</u>	<u>(6,900,078)</u>
Non-current deferred income tax liability net	<u>B/. 37,462,043</u>	<u>B/. 40,614,370</u>

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(Figures stated in B/. balboas)

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, 2021 and 2020, are as follows:

	2021			
	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/. 27,914,818	B/. -	B/. 3,858,805	B/. 31,773,623
Deferred income and expenses	308,381	-	44,436	352,817
Intangibles	16,186,144	-	(3,620,006)	12,566,138
Amortization of intangibles assets, net	766,917	-	(115,020)	651,897
Amortization of goodwill	2,338,188	-	(2,308,500)	29,688
Deferred income tax liability	<u>47,514,448</u>	<u>-</u>	<u>(2,140,285)</u>	<u>45,374,163</u>
Deferred income tax, asset:				
Provision for expenses and income	<u>(6,900,078)</u>	<u>-</u>	<u>(1,012,042)</u>	<u>(7,912,120)</u>
Deferred income tax asset	<u>(6,900,078)</u>	<u>-</u>	<u>(1,012,042)</u>	<u>(7,912,120)</u>
Non-current deferred income tax liability net	<u>B/. 40,614,370</u>	<u>B/.</u> -	<u>B/. (3,152,327)</u>	<u>B/. 37,462,043</u>

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22. Income tax (continued)

	2020			Net balance at the end of the year
	Net balance at the beginning of the year	Recognized in the statement of financial position	Recognized in the result 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	<u>54,793,814</u>	<u>-</u>	<u>(7,279,366)</u>	<u>47,514,448</u>
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	<u>(9,003,307)</u>	<u>(367,662)</u>	<u>2,470,891</u>	<u>(6,900,078)</u>
Non-current deferred income tax liability net	<u>B/. 45,790,507</u>	<u>B/. (367,662)</u>	<u>B/. (4,808,475)</u>	<u>B/. 40,614,370</u>

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

The Group estimates it will 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, 2021.

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, 2021.

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22. Other services and revenue

Other services and revenue are detailed below:

	Years ended December 31,	
	2021	2020
Installations	B/. 269,675	B/. 376,746
IT solutions sales	1,809,208	1,926,049
Adaptions project	1,204,699	1,516,441
Other income	843,441	1,642,224
Advertising	306,750	409,879
Additional services	448,041	554,447
	<u>B/. 4,881,814</u>	<u>B/. 6,425,786</u>

23. Programming and operating costs

Programming and operating costs are detailed below:

	Years ended December 31,	
	2021	2020
Programming costs	B/. 53,409,665	B/. 51,946,158
Telephony costs	48,897,925	46,893,282
Projects costs	5,032,419	4,717,303
Selling costs of mobile equipment and accesories	29,933,143	21,672,801
Data transmission costs	3,487,246	7,433,798
Sundry costs	1,144,894	1,122,102
Internet costs	6,646,928	2,235,690
	<u>B/. 148,552,220</u>	<u>B/. 136,021,134</u>

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(Figures stated in B/. balboas)

24. Depreciation and amortization

Depreciation and amortization are detailed below:

	Years ended <u>December 31,</u>	
	2021	2020
Depreciation and amortization of property plant and equipment	B/. 105,087,198	B/. 121,132,832
Amortization for right of use assets	21,797,355	20,656,742
Amortization of intangibles assets	<u>26,738,283</u>	<u>37,184,240</u>
	<u>B/. 153,622,836</u>	<u>B/. 178,973,814</u>

25. Personnel expenses

Personnel expenses form part costs and expenses for the years, as shown in the following breakdown:

	Years ended <u>December 31,</u>	
	2021	2020
Salaries, commisssions and other	B/. 45,550,431	B/. 44,116,921
Social security expenses	9,084,046	8,761,003
Vacation	3,525,555	4,539,968
Bonuses	5,278,475	4,918,805
Net profit sharing	8,008,172	2,960,033
Travel and mobilization expenses	763,445	752,249
Employee benefits	1,991,359	1,216,806
Shared-based compensations	682,455	1,089,860
Seniority premium and indemnities	(152,589)	969,900
Other expenses	<u>213,543</u>	<u>427,594</u>
	<u>B/. 74,944,892</u>	<u>B/. 69,753,139</u>

Cable Onda, S.A. and Subsidiaries
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26. General sales and administrative expenses

General sales and administrative expenses are as follows:

	Years ended December 31,	
	2021	2020
Rent	B/. 4,891,084	B/. 5,006,078
Professional services fees	43,503,704	41,223,071
Services expenses	29,408,500	28,271,539
Marketing and advertising	11,927,715	10,956,220
Local and municipal taxes	10,412,743	9,032,292
Other expenses	8,457,637	3,106,968
Repairs, maintenance and other operating expenses	7,146,758	7,280,247
Bad debts	6,651,568	9,694,735
Electricity	6,459,050	6,048,611
Repairs and maintenance support	3,141,476	2,285,109
Office expenses	2,166,613	600,735
Insurance and bond	443,147	582,776
	<u>B/. 134,609,995</u>	<u>B/. 124,088,381</u>

27. 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.

Cable Onda, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Figures stated in B/. balboas)

27. Commitments and contingencies (continued)

Contingencies

As of December 31, 2021, the Group maintains legal proceedings against it for B/.12,529,004 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 could have a material adverse effect on the Group's financial situation or financial performance.

The following is a description of the most significant judicial processes:

- Ordinary civil proceeding brought by Teletarjetas, SA against Grupo de Comunicaciones Digitales (formerly Telefónica Móviles Panamá, S.A.) - Teletardamientos, SA filed an ordinary civil lawsuit against Grupo de Comunicaciones Digitales (formerly 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 B/. 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 (formerly 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.

28. 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.

Cable Onda, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
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(Figures stated in B/. balboas)

28. 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/.860 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, 2021, 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.

Cable Onda, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Figures stated in B/. balboas)

28. 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, 2021				
Accounts payable	B/. 83,970,801	B/. 1,713,690	B/. -	B/. 85,684,491
Lease liabilities	3,806,374	15,225,494	109,478,758	128,510,626
Long-terms loans	-	5,357,143	254,642,857	260,000,000
Other long terms liabilities	-	-	586,293,874	586,293,874
	<u>B/. 87,777,175</u>	<u>B/. 22,296,327</u>	<u>B/. 950,415,489</u>	<u>B/. 1,060,488,991</u>
	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
	<u>B/. 98,068,679</u>	<u>B/. 14,586,230</u>	<u>B/. 960,409,958</u>	<u>B/. 1,073,064,867</u>

29. 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.

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.

	<u>Book Value</u>		<u>Fair Value</u>	
	2021	2020	2021	2020
Notes and other long term liabilities	<u>B/. 846,293,874</u>	<u>B/. 869,247,414</u>	<u>B/. 840,233,874</u>	<u>B/. 864,437,414</u>

Cable Onda, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Figures stated in B/. balboas)

29. Fair value of financial instruments (continued)

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 2021 and 2020.

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, 2021, the financial ratio is 5.36 (2020 - 6.77).

30. 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

During the year 2021, the economic activity in Panama showed a considerable recovery due to the reduction in the number of COVID-19 cases, a vaccination rate above 50% and the relaxation of mobility restrictions during the year 2021 our flows revenues gradually improved as a result of higher sales of products and services, but even so, we maintain cost saving initiatives and investment prioritization with the aim of preserving our strong cash flow and liquidity generation in case the situation worsens. During the last quarter of 2021, peaks in the number of COVID-19 cases were experienced, but the National Government refrained from imposing strict restriction measures, opting to use voluntary quarantine programs that had an insignificant effect on commercial activity.

Accounting impact

Finally, as of the date of this report, management has not identified any significant effect or event that may cast significant doubt on the Group's ability to continue as a going concern.

Cable Onda, S.A. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021

(Figures stated in B/. balboas)

31. Subsequent events

In January 2022, a new lease agreement between SBA Communications Corporation (“SBA”) and Grupo de Digitales, S.A. entered into force. This new lease modified approximately 202 lease sites beginning in February 2022 - valid for 10 years. The effect of this new contract increased right-of-use assets and lease obligations by approximately B/.8,355,804.

Except for the above paragraph, the Group is not aware of relevant subsequent events that occurred between December 31m 2021 and the approval date of these consolidated financial statements that require disclosures or adjustments to the consolidated financial statements as of December 31, 2021.

Other Additional Information

Cable Onda, S.A. and Subsidiaries
Consolidating Balance Sheets
December 31, 2021

(Figures stated in B/. balboas)

	<i>Consolidated</i>	<i>Eliminations</i>	<i>Subtotal</i>	<i>Cable Onda, S.A.</i>	<i>Grupo de Comunicaciones Digitales, S. A.</i>	<i>Fronteras Security, Inc.</i>
ASSETS						
Current assets						
Cash	B/. 102,185,279	B/. -	B/. 102,185,279	B/. 37,357,256	B/. 64,797,854	B/. 30,169
Accounts receivable - client, net	80,285,735	(1,242,898)	81,528,633	57,807,074	23,635,250	86,309
Other accounts receivable	58,773,565	(20,449,357)	79,222,922	76,790,581	1,887,853	544,488
Contractual assets	3,774,009	-	3,774,009	-	3,774,009	-
Inventory	26,888,655	-	26,888,655	24,207,911	2,680,744	-
Prepaid expenses	14,159,929	-	14,159,929	13,297,849	602,038	260,042
	<u>286,067,172</u>	<u>(21,692,255)</u>	<u>307,759,427</u>	<u>209,460,671</u>	<u>97,377,748</u>	<u>921,008</u>
Non-current assets						
Severance fund, net	1,992,208	-	1,992,208	1,478,952	473,303	39,953
Investment in subsidiaries	-	(121,001,383)	121,001,383	121,001,383	-	-
Guarantee deposit and others assets	5,530,438	-	5,530,438	355,482	5,174,956	-
Intangible assets, net	179,030,584	-	179,030,584	45,401,443	133,619,671	9,470
Goodwill	472,268,560	-	472,268,560	472,268,560	-	-
Right of use asset	121,060,805	-	121,060,805	32,792,947	88,267,858	-
Property, furniture, equipment and leasehold improvements, net	413,112,941	-	413,112,941	313,847,004	99,265,882	55
	<u>1,192,995,536</u>	<u>(121,001,383)</u>	<u>1,313,996,919</u>	<u>987,145,771</u>	<u>326,801,670</u>	<u>49,478</u>
TOTAL ASSETS	<u>B/. 1,479,062,708</u>	<u>B/. (142,693,638)</u>	<u>B/. 1,621,756,346</u>	<u>B/. 1,196,606,442</u>	<u>B/. 424,179,418</u>	<u>B/. 970,486</u>

Cable Onda, S.A. and Subsidiaries
Consolidating Balance Sheets (continued)
December 31, 2021

(Figures stated in B/. balboas)

	<i>Consolidated</i>		<i>Eliminations</i>		<i>Subtotal</i>		<i>Cable Onda, S.A.</i>		<i>Grupo de Comunicaciones Digitales, S. A.</i>		<i>Fronteras Security, Inc.</i>	
LIABILITIES AND STOCKHOLDERS'												
Current liabilities												
Accounts payable	B/.	85,684,491	B/.	(2,049,505)	B/.	87,733,996	B/.	28,895,791	B/.	56,821,952	B/.	2,016,253
Lease liabilities		19,031,868		-		19,031,868		6,191,851		12,840,017		-
Employee benefits payable		14,169,592		-		14,169,592		10,764,579		3,302,004		103,009
Notes payables		5,357,143		-		5,357,143		5,357,143		-		-
Customer deposits		4,069,400		-		4,069,400		4,069,400		-		-
Deferred income		14,293,284		-		14,293,284		7,145,471		7,147,813		-
Accrued expenses and other accounts payable		86,569,614		(562,750)		87,132,364		79,549,301		7,582,563		500
Income tax payable		10,245,273		-		10,245,273		893,584		9,347,458		4,231
		<u>239,420,665</u>		<u>(2,612,255)</u>		<u>242,032,920</u>		<u>142,867,120</u>		<u>97,041,807</u>		<u>2,123,993</u>
Non-current liabilities												
Lease liabilities		109,478,758		-		109,478,758		26,824,426		82,654,332		-
Notes payables		254,642,857		(19,080,000)		273,722,857		254,642,857		19,080,000		-
Long term bonds payable		586,293,874		-		586,293,874		586,293,874		-		-
Deferred income		15,502,678		-		15,502,678		15,502,678		-		-
Deferred income tax		37,462,043		-		37,462,043		29,354,585		8,107,458		-
Other long term liabilities		19,674,930		-		19,674,930		2,711,727		16,963,203		-
		<u>1,023,055,140</u>		<u>(19,080,000)</u>		<u>1,042,135,140</u>		<u>915,330,147</u>		<u>126,804,993</u>		<u>-</u>
		<u>1,262,475,805</u>		<u>(21,692,255)</u>		<u>1,284,168,060</u>		<u>1,058,197,267</u>		<u>223,846,800</u>		<u>2,123,993</u>
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		2,518,315		-		2,518,315		2,518,315		-		-
Supplementary tax		(3,705,453)		-		(3,705,453)		(3,032,322)		(673,131)		-
Retained earnings		160,586,522		(75,502,642)		236,089,164		81,274,260		156,318,411		(1,503,507)
		<u>217,048,306</u>		<u>(120,539,980)</u>		<u>337,588,286</u>		<u>138,409,175</u>		<u>200,332,618</u>		<u>(1,153,507)</u>
Non-controlling interest		<u>(461,403)</u>		<u>(461,403)</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
Total Equity		<u>216,586,903</u>		<u>(121,001,383)</u>		<u>337,588,286</u>		<u>138,409,175</u>		<u>200,332,618</u>		<u>(1,153,507)</u>
TOTAL LIABILITIES AND EQUITY	B/.	<u>1,479,062,708</u>	B/.	<u>(142,693,638)</u>	B/.	<u>1,621,756,346</u>	B/.	<u>1,196,606,442</u>	B/.	<u>424,179,418</u>	B/.	<u>970,486</u>

Cable Onda, S.A. and Subsidiaries
Consolidating Income Statement
For the years ended December 31, 2021

(Figures stated in B/. balboas)

	<i>Consolidated</i>		<i>Eliminations</i>		<i>Subtotal</i>		<i>Cable Onda, S.A.</i>		<i>Grupo de Comunicaciones Digitales, S.A.</i>	<i>Fronteras Security, Inc.</i>
Revenue										
TV subscriptions	B/.	124,638,235	B/.	(185,041)	B/.	124,823,276	B/.	124,823,276	B/.	-
Data transmission, internet and data center		204,017,285		(486,214)		204,503,499		204,503,499		-
Fixed line services		34,093,835		(856,941)		34,950,776		34,950,776		-
Mobile services		241,005,737		(3,103,589)		244,109,326		-		244,109,326
Sales of mobile equipments		24,841,863		-		24,841,863		-		24,841,863
Project and solutions		1,208,524		-		1,208,524		1,208,524		-
Other services		4,881,814		(1,240,300)		6,122,114		2,229,165		840,417
		<u>634,687,293</u>		<u>(5,872,085)</u>		<u>640,559,378</u>		<u>367,715,240</u>		<u>269,791,606</u>
Costs and expenses										
Programming and operating costs		148,552,220		(3,383,364)		151,935,584		73,862,598		75,791,256
Depreciation and amortization		153,622,836		-		153,622,836		103,301,426		50,312,691
Personnel expenses		74,944,892		(2,202,992)		77,147,884		61,498,828		14,795,386
General, sales and administrative expenses		134,609,995		(285,729)		134,895,724		78,405,964		56,278,225
		<u>511,729,943</u>		<u>(5,872,085)</u>		<u>517,602,028</u>		<u>317,068,816</u>		<u>197,177,558</u>
Operating income		122,957,350		-		122,957,350		50,646,424		72,614,048
Financial expenses, net		47,924,773		-		47,924,773		41,841,210		6,083,563
Income before tax		75,032,577		-		75,032,577		8,805,214		66,530,485
Income tax		(25,689,008)		-		(25,689,008)		(8,184,984)		(17,468,421)
Net income	B/.	<u>49,343,569</u>	B/.	<u>-</u>	B/.	<u>49,343,569</u>	B/.	<u>620,230</u>	B/.	<u>49,062,064</u>
Attributable to:										
Equity holders of the parent		49,479,059		-		49,479,059		620,230		49,062,064
Non-controlling interest		(135,490)		-		(135,490)		-		-
Net income	B/.	<u>49,343,569</u>	B/.	<u>-</u>	B/.	<u>49,343,569</u>	B/.	<u>620,230</u>	B/.	<u>49,062,064</u>