

**ENA SUR, S. A., ENA SUR TRUST,  
ENA ESTE, S. A. AND ENA ESTE TRUST**  
(Wholly owned subsidiaries of Empresa  
Nacional de Autopista, S. A.)

**Condensed Combined Interim  
Financial Statements**

June 30, 2020

(With the Review Report of Independent Auditors)

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# **ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST**

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

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## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholder and Board of Directors of  
Empresa Nacional de Autopista, S. A.

### *Introduction*

We have reviewed the accompanying condensed combined interim statement of financial position of ENA Sur, S. A, ENA Sur Trust, ENA Este, S. A. and ENA Este Trust as at June 30, 2020, the condensed combined interim statements of profit or loss, changes in net parent investment and cash flows for the six-months period then ended, and notes to the condensed combined interim financial information ("the condensed combined interim financial information"). Management is responsible for the preparation and presentation of this condensed combined interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed combined interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Emphasis of Matter*

We draw attention to Note 1 and Note 2 (a) to the condensed combined interim financial information, which describes their basis of preparation, including the approach to and the purpose for preparing them. The condensed combined interim financial information was prepared to combine the toll highway maintenance, administration and operation activities managed by the Group under common control. Our opinion is not modified in respect of this matter.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed combined interim financial information as at June 30, 2020 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Panama, Republic of Panama  
October 30, 2020

**ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A., AND ENA ESTE TRUST**

(A wholly-owned subsidiaries of Empresa Nacional de Autopista, S. A.)

**Condensed combined interim statement of financial position**

June 30, 2020

(In Balboas)

	<u>Notes</u>	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
<b>Non-current assets</b>			
Intangible asset from concession	6	242,049,133	244,519,527
Rights receivable from Panamanian Government		1,841,622	1,841,622
Trust funds for specific use	7	23,153,386	23,221,063
Investment properties		440,076	440,076
Account receivable - related party	17	1,574,249	1,574,249
Other assets		598,157	678,311
Total non-current assets		<u>269,656,623</u>	<u>272,274,848</u>
<b>Current assets</b>			
Other assets		1,124,949	1,309,672
Trade accounts receivable and other	8	1,804,908	2,134,009
Account receivable - related party	17	234,909	684,180
Trust funds for specific use	7	46,293,372	54,143,677
Cash and bank deposits	9	14,730,535	14,063,020
Restricted cash	9	1,787,317	1,787,317
Total current assets		<u>65,975,990</u>	<u>74,121,875</u>
<b>Total assets</b>		<u><u>335,632,613</u></u>	<u><u>346,396,723</u></u>
<b>Net parent investment and liabilities</b>			
<b>Net parent investment</b>		<u>(7,892,302)</u>	<u>(8,937,180)</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bonds payable	10	281,343,298	288,386,847
Outstanding indemnities payable	11	14,658,533	14,722,288
Total non-current liabilities		<u>296,001,831</u>	<u>303,109,135</u>
<b>Current liabilities</b>			
Bonds payable	10	35,642,301	41,882,063
Loan payable	12	1,700,000	0
Accrued interest and taxes		1,878,913	1,192,460
Customer deposits and advances from clients		2,065,177	3,463,270
Trade accounts payable		2,518,846	2,748,699
Account payable - related party	17	3,717,847	2,938,276
Total current liabilities		<u>47,523,084</u>	<u>52,224,768</u>
Total liabilities		<u>343,524,915</u>	<u>355,333,903</u>
<b>Total net parent investment and liabilities</b>		<u><u>335,632,613</u></u>	<u><u>346,396,723</u></u>

*The accompanying notes are an integral part of these condensed combined interim financial statements.*

**ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A., AND ENA ESTE TRUST**

(A wholly-owned subsidiaries of Empresa Nacional de Autopista, S. A.)

**Condensed combined interim financial statement of profit or loss**

For the six months ended June 30, 2020

(In Balboas)

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	<u>Notes</u>	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
Toll revenue	19	22,724,765	44,595,245
Other income	19	1,686,540	766,170
Ancillary service income	19	454,845	844,789
Interest income	19	641,031	300,062
Amortization of intangible asset from concession	6	(2,470,394)	(3,485,642)
Operating and maintenance costs	13	(7,850,341)	(10,064,508)
Legal, professional and management fees		(1,040,493)	(2,364,881)
Commissions and bank expenses		(197,398)	(425,041)
Other expenses	14	(367,953)	(486,880)
Impairment loss on trade receivables	8	(1,572,436)	0
Interest expense		<u>(9,863,745)</u>	<u>(10,996,424)</u>
Profit before income tax		2,144,421	18,682,890
Income tax	15	<u>(1,099,543)</u>	<u>(2,602,137)</u>
Net profit		<u><u>1,044,878</u></u>	<u><u>16,080,753</u></u>

*The accompanying notes are an integral part of these condensed combined interim financial statements.*

**ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A., AND ENA ESTE TRUST**

(A wholly-owned subsidiaries of Empresa Nacional de Autopista, S. A.)

**Condensed combined interim financial statement of changes in net parent investment**

For the six months ended June 30, 2020 and 2019

(In Balboas)

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	<b><u>Net parent investment</u></b>
<b>Balance as at January 1, 2019</b>	(39,460,070)
Net profit - six months ended 2019	16,080,753
<b>Balance as at June 30, 2019</b>	<b><u>(23,379,317)</u></b>
<b>Balance as at January 1, 2020</b>	(8,937,180)
Net profit - six months ended 2020	1,044,878
<b>Balance as at June 30, 2020</b>	<b><u>(7,892,302)</u></b>

*The accompanying notes are an integral part of these condensed combined interim financial statements.*

**ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A., AND ENA ESTE TRUST**

(A wholly-owned subsidiaries of Empresa Nacional de Autopista, S.A.)

**Condensed combined interim statement of cash flows**

For the six months ended June 30, 2020

(In Balboas)

	<u>Notes</u>	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
<b>Cash flows from operating activities</b>			
Net profit		1,044,878	16,080,753
Adjustments for:			
Depreciation	14	28,653	41,972
Impairment loss on trade receivables	8	1,572,436	0
Amortization of intangible asset from concession	6	2,470,394	3,485,642
Income tax	15	1,099,543	2,602,137
Interest income		(641,031)	(300,062)
Interest expense		9,863,745	10,996,424
		<u>15,438,618</u>	<u>32,906,866</u>
Changes in:			
Other assets		240,109	1,346,172
Trade accounts receivable and other		(1,156,493)	(2,646,163)
Account receivable - related party		449,271	289,899
Customer deposits and advances from clients		(1,398,093)	(8,025)
Accrued interest and taxes		(648,858)	(1,351,955)
Account payable - related party		779,571	1,572,083
Outstanding indemnities payable		(63,755)	(36,421)
Trade accounts payable		(229,853)	(551,416)
<b>Cash generated from operating activities</b>		<u>13,410,517</u>	<u>31,521,040</u>
Interest paid		(9,319,750)	(10,303,118)
Interest received		554,189	226,877
Income tax paid		0	(1,598,907)
<b>Net cash from operating activities</b>		<u>4,644,956</u>	<u>19,845,892</u>
<b>Cash flows from investing activities</b>			
Trust funds from specific use		7,917,982	(187,377)
Restricted cash		0	(38,755)
Acquisition of the other assets		(3,885)	(900)
<b>Net cash provided (used in) by investment activities</b>		<u>7,914,097</u>	<u>(227,032)</u>
<b>Cash flows from financing activities</b>			
Proceeds from loan payable		1,700,000	0
Payment of bonds		(13,591,538)	(20,467,724)
<b>Net cash used in financing activities</b>		<u>(11,891,538)</u>	<u>(20,467,724)</u>
Net increase (decrease) in cash and cash equivalents		667,515	(848,864)
Cash and cash equivalents at the beginning of the period		14,063,020	12,941,193
<b>Cash and cash equivalents at the end of the period</b>	9	<u>14,730,535</u>	<u>12,092,329</u>

*The accompanying notes are an integral part of these condensed combined interim financial statements.*

# ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

## Note to the condensed combined interim financial statements

June 30, 2020

(In Balboas)

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### (1) Reporting entity

These condensed combined interim financial statements have been prepared with the objective of serving as a structure of new financing that Empresa Nacional de Autopista, S. A. plans to obtain through the creation of a new intermediate holding (New Co) that will be the owner of ENA Sur, S. A., ENA Sur Trust, ENA Este, S. A. and ENA Este Trust (hereinafter the "Group").

The ultimate controlling party of the Group is Empresa Nacional de Autopista, S. A., also the Group are entities under common control. Therefore, these financial statements have been prepared on a combined basis whereby the assets, liabilities and results of ENA Sur, S. A., ENA Sur Trust, ENA Este, S. A. and ENA Este Trust have been combined. The combined Entities used the same accounting policies for the preparation of these condensed combined interim financial statements.

The entities of the Group do not have employees, so its management is carried out mainly by Empresa Nacional de Autopista, S. A., which provides services and administrative proceedings under the contract signed between the parties (note 17).

The condensed combined financial statements have been derived from the aggregation of the assets and liabilities of ENA Sur, S. A., ENA Sur Trust, ENA Este, S. A. and ENA Este Trust. All intra-group balances, revenues, expenses and unrealized gains and losses arising from transactions between ENA Sur, S. A., ENA Sur Trust, ENA Este, S. A. and ENA Este Trust belonging to the combined Entities were eliminated when preparing the combined financial statements. As at June 30, 2020, the combined entities do not represent a group for consolidated financial statement reporting purposes in accordance with IFRS 10 Consolidated Financial Statements.

The condensed combined interim financial statements of financial position include assets previously reported as part of the consolidated financial statements of Empresa Nacional de Autopista, S. A. and Subsidiaries, which have been determined in the following manner:

- Trade accounts receivable and other: unless balances could be specifically assigned to either ENA Este, S. A. or ENA Sur, S. A., these were allocated based on the relative percentage of toll revenues of consolidated financial statements of Empresa Nacional de Autopista, S. A. and Subsidiaries as at 30 June 30, 2020 which approximates allocation on an item-by-item basis.

The condensed combined interim financial statements of the Group include the following entities:

#### **ENA Sur, S. A. (formerly ICA Panamá, S. A.)**

Empresa Nacional de Autopista (ENA) and ICATECH Corporation entered into a Share Purchase Agreement on August 1, 2011, whereby ENA acquired all the shares of ICA Panama, S. A. The acquisition took place on August 12, 2011, the date in which ENA took over the operations of ICA Panama, S. A. (now, ENA Sur, S. A.). Through Public Deed No. 6815 dated August 12, 2011, the company changed its name from ICA Panamá, S. A. to ENA Sur, S. A.



## **ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST**

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### **Note to the condensed combined interim financial statements**

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ENA Sur, S. A. (Subsidiary of ENA and concessionaire of Corredor Sur) is a company incorporated by Public Deed No. 1496 dated March 16, 1995, duly registered on mercantile page No. 299957 of the Public Registry of Panama on March 23, 1995. Its main source of revenue in the Republic of Panama is the maintenance, administration and operation of the “Corredor Sur” toll highway, which extends for a distance of 19.76 kilometers heading southwest to northeast along the coast, a route connecting the western sector of the city, starting in Paitilla, with the east sector, in Tocumen.

The operations of the concession of ENA Sur, S. A., are regulated by the Ministry of Public Works (“MOP”), under Administrative Concession Contract No.70-96 dated August 6, 1996 (the “Concession Contract”) and its addenda executed between the State of the Republic of Panama (the “State”) and ICA Panamá, S. A. for the study, design, construction, maintenance, administration and operation of Corredor Sur (the “Concession Sur”). The provisions concerning the handling, administration and toll tariffs applicable to the Concession Sur are set forth in said Concession Contract. The Concession Sur was granted under Law 5 of April 15, 1988 (“Law 5”) of the Republic of Panama and its regulations, which authorizes the collection of tolls. Through Cabinet Resolution 31 of May 22, 2018, and through the Addendum to Contract 6, signed on September 3, 2018, it is agreed to modify the fifteenth clause, referring to the expiration, leaving the contract to remain in effect until after 49 years from the date of authorization of operation and putting into service to the public any of its sections or until the concessionaire has obtained the total recoverable amount of the investment, whichever occurs first.

The operation and minor maintenance of the Corredor Sur under the executed contract with ENA Sur, S. A., is performed by Maxipista de Panamá, S. A. (the “Operator”), a corporation established under the laws of the Republic of Panama.

#### **Fideicomiso ENA Sur (“ENA Sur Trust”)**

The ENA Sur Trust was established through the signing of an Irrevocable Trust Agreement, or “Trust Agreement” (the “Contract”), dated August 12, 2011, signed between Banco Citibank (Panamá), S. A. that through Public Deed No. 4,094, of February 1, 2016, changed its corporate name to Scotiabank (Panamá), S. A. as a Trustee (“Trustee”); The Bank of New York Mellon, as Trustee of the Issuance Agreement (“Indenture Trustee”) and Primary Beneficiary (on behalf of the bondholders of the ENA Sur Trust bonds); and ENA Sur, S. A. (formerly ICA Panamá, S. A.), as Settlor and Secondary Beneficiary (“Settlor”), and Empresa Nacional de Autopista, S. A. (ENA), as Settlor and Secondary Beneficiary (“Settlor”) and Administrator (“Servicer”).

The fundamental purpose of the ENA Sur Trust - which was created as the core element of a framework of collaterals and guarantees backing the issuance of notes by which the acquisition of ICA Panamá, S. A. was financed by ENA - is to manage, directly or indirectly, the rights and assets of the trust for the benefit of the Primary and Secondary Beneficiaries in accordance with the terms of the Contract.

The fees charged by ENA Sur, S. A. as operator and concessionaire related to the operation and maintenance of Corredor Sur, are paid with funds in the trust accounts managed by Scotiabank (Panamá), S. A. and The Bank of New York Mellon.

## **ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST**

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### **Note to the condensed combined interim financial statements**

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#### **ENA Este, S. A.**

ENA Este, S. A. is a corporation incorporated by Public Deed No. 24686 of October 30, 2012, duly registered on mercantile page No. 785725 of the Public Registry of Panama on November 6, 2012. It began operations in January 2013. Its main business activity in the Republic of Panama is the construction and operation of Phase IIB of Corredor Norte, of 10.2 km long, the Golf– Tocumen Segment, the road section between Las Lajas and the 24 de Diciembre. The concession of the above-mentioned Phase IIB of the Corredor Norte El Golf – Tocumen segment is awarded to ENA Este, S. A. by Addendum No. 9 of February 15, 2013 and the las lajas tranche – 24 de Diciembre by Addendum No. 10 of August 23, 2014 to Administrative Concession Contract No. 98 of December 29, 1994 (in conjunction, “Corredor Este”).

The operations of the concession of ENA Este, S. A. are regulated by the Ministry of Public Works (MOP) under Administrative Concession No. 98 of December 29, 1994 (the “Concession Agreement”) and its addenda, an agreement between the Government of the Republic of Panama (the Government) and PYCSA Panamá, S. A., for the study, design, construction, maintenance, management and operation of Corredor Norte (the “Concession Norte”). The provisions concerning the management of the operations and tariff rates are contained in said Concession Agreement. The Concession Norte was granted under Law No. 5 of April 15, 1988 of the Republic of Panama and its regulations, which authorizes the toll collection by means of a 30-year concession period since February 15, 2013.

#### **Fideicomiso ENA Este (“ENA Este Trust”)**

ENA Este Trust was established by an Irrevocable Trust Agreement (the “Agreement”) dated March 20, 2014, signed between ENA Este, S. A., as Settlor; Empresa Nacional de Autopista, S. A. (ENA) as Settlor and Administrator; Banistmo, S. A. as Trustee of ENA Este Trust; Registered Holders of the ENA Este Trust Bonds (represented by Prival Bank S. A., Paying Agent of the bonds) as Primary Beneficiaries; and the Settlor as Secondary Beneficiaries.

The fundamental purpose of the ENA Este Trust - which was constituted as an issuing trust, to manage and guarantee the issuance of ENA Este Trust bonds – is to manage, directly or indirectly, the rights and assets of the trust for the benefit of the Primary and Secondary Beneficiaries under the terms of the Contract.

The fees charged by ENA Este, S. A., as operator and concessionaire related to the operation and maintenance of Corredor Este, are paid with funds from the trust accounts managed by Banistmo, S. A.

### **(2) Basis of accounting**

#### **(a) *Statement of compliance***

These condensed combined interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group’s last annual financial statements as at and for the year ended 31 December 2019 (‘last annual financial statements’). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

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These condensed combined interim financial statements were authorized for issue by Empresa Nacional de Autopista, S. A. 's board of directors on October 30, 2020.

(b) *Basis of preparation*

The condensed combined interim financial statements have been prepared under the historical cost basis.

(c) *Functional and presentation currency*

These condensed combined interim financial statements are presented in Balboas, which is the Group's functional currency. The Republic of Panama does not issue paper currency of its own and instead the dollar (US\$) of the United States of America is used as legal tender currency.

**(3) Use of judgements and estimates**

In preparing these condensed combined interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(i) *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties at June 30, 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 6 – Amortization estimation of the intangible asset by concession

The intangible asset from concession is amortized using the units-in-use method based on an estimate of vehicular traffic during the term of the concession. Management reviews the estimate of the expected vehicular traffic in the estimated life every three years and adjusts or calibrates if necessary. As of December 31, 2019, Management determined that vehicular traffic estimation should be revised and adjusted based on the perceived changes in vehicular traffic. The financial effect of this review is the increase in amortization expense in the current period and for the coming years.

(ii) *Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

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Significant valuation issues are reported to the board of directors of Empresa Nacional de Autopista, S. A.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### (4) Significant accounting policies

The accounting policies applied in these condensed combined interim financial statements are the same as those applied in the Group's 'last annual financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow:

a. Basis of combination	10
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i. Revenue from ordinary activities from contracts with customers	17
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#### (a) Basis of combination

The condensed combined interim financial statements have been prepared under the historical cost basis and include financial data and operations of ENA Sur, S. A., ENA Sur Trust, ENA Este, S. A. and ENA Este Trust.

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

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The balances and transactions between the Group's companies, and any unrealized income and expenses arising from group intercompany transactions, are eliminated during the preparation of the condensed combined interim financial statements.

(b) Financial instruments

(i) *Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the Instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Classification and subsequent measurement*

*Financial assets*

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income — debt investment; fair value through other comprehensive income — equity investment; or fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

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- All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may Irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(iii) *Classification and subsequent measurement*

*Financial assets – Business model assessment*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
- Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.
- Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.
- *Financial assets — Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

## **ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST**

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### **Note to the condensed combined interim financial statements**

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In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

#### *Financial assets - Subsequent measurement and gains and losses*

Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. However, for derivatives designated as hedging instruments.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Equity investments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

#### *Financial liabilities — Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

#### *Derecognition*

##### *Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.



## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

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The Group enters into transactions whereby it transfers assets recognized in its condensed combined interim statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

#### *Financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### *(iv) Offsetting*

Financial assets and financial liabilities are offset, and the net amount presented in the condensed combined interim statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### *(c) Intangible asset from concession*

The Group recognizes service concession agreements in accordance with the requirements of IFRIC Interpretation 12 Service Concession Agreements.

This interpretation is applicable for concessions in which:

- The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them and at what price; and
- The grantor controls through ownership, right of use or otherwise, any significant residual interest in the infrastructure at the end of the term of the agreement.

The Group does not recognize such infrastructure as property, plant and equipment. Instead, it recognizes the consideration received on contracts, which meet the above conditions at fair value, as an intangible asset to the extent that the Group receives a right to charge service users, provided these rights are conditioned on the extent of use of the service, or as a financial asset, to the extent that an unconditional contractual right to receive cash or another financial asset, either directly from the transferor or from a third party, exists. In cases where the Group is paid for the construction services partly with a financial asset and partly with an intangible asset, each component of the consideration is accounted for separately.

The intangible asset by concession is amortized using the units-in-use method based on an estimate of vehicle traffic over the term of the concession.

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

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#### ***Change in the cost per capacity applicable as of January 1, 2019***

For the Corredor Sur case, a total of 61,634,238 real traffic was recorded in 2019, versus traffic estimates for the same year of 70,790,856, according to the TTMA traffic study. Based on this decrease in traffic, Management decided to increase the cost per capacity for the Corredor Sur to B/.0.036 as of January 1, 2019, versus a previous cost of B/.0.03.

The Corredor Este recorded a total of 9,414,149 real traffic in 2019, versus traffic estimates for the same year of 10,136,050, according to the TTMA traffic study. Based on this decrease in traffic, Management decided to increase the cost per capacity for the Corredor Este to B/.0.35, as of January 1, 2019 versus an earlier cost of B/.0.29.

The amortization method has not changed since its inception. The revision of the estimate of the expected vehicular traffic in the estimated life is reviewed in periods of 3 years and adjusted or calibrated if necessary. For this new change, traffic projections made by the consultant Territorio Transporte Medio Ambiente "TTMA" have been used.

The change in cost per capacity produced the following changes in cost per vehicle capacity per corridor, which are applied prospectively:

<b>Corredor</b>	<b>Cost per traffic applicable as of January 1<sup>st</sup>, 2019</b>
Corredor Sur	B/.0.036
Corredor Este	B/.0.350

The financial assets of service concession agreements are recognized in the condensed combined interim statement of financial position as operating financial assets and are subsequently measured at amortized cost, using the effective interest rate. The impairment assessment of these financial assets is carried out in accordance with the impairment policy for financial assets.

Intangible assets of service concession agreements are recognized in the condensed combined interim statement of financial position as intangible assets called "intangible assets from service concession agreements" and amortized using the units-of-use method (based on an estimate of vehicular traffic) over the concession period.

Revenue from ordinary activities and costs related to operating services are recognized in accordance with the accounting policy for ordinary revenue. Contractual obligations assumed by the Group for the maintenance of the infrastructure during its operation, or for its return to the grantor at the end of the concession agreement under the conditions specified in the same, insofar as it does not involve an activity that generates revenue, is recognized following the accounting policy for provisions.

When an intangible asset is acquired in a business combination, its cost will be its fair value at the acquisition date. Fair value will reflect expectations about the likelihood that the future economic benefits inherent in the asset will flow to the entity.

When there are signs of impairment of assets in use, the Group assesses the impairment and an impairment loss is recorded when the carrying value is higher than the recoverable value. The recoverable value is the higher between the net sales price and the value-in-use, which is the present value of net future cash flows, using an appropriate discount rate.

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

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(d) *Rights receivable from the Panamanian Government*

All rights related to marine landfilled areas and land lots receivable from the Government were recorded at fair value with an offsetting amount recognized against the intangible asset from the concession and subsequently, recorded at cost.

(e) *Investment properties*

Investment properties consist of lands and are presented at cost.

(f) *Customer deposits and advances from clients*

Advances from clients correspond to prepayments given by customers for use of tolls. If advances received have not been used by clients after eight (8) years, are recognized by the Group as other income in the condensed combined interim financial statement of profit or loss.

Customer deposits correspond to guarantee deposits given by the clients and are returned to them once the service is cancelled.

(g) *Provision*

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(h) *Net parent investment*

Net parent investment represents the recorded net assets and the cumulative net investment by Empresa Nacional de Autopista, S. A. in the Group.

(i) *Revenue from ordinary activities from contracts with customers*

- *Toll revenue*

Toll revenue is recognized by the Group at the moment when the users of the Corredor Sur, or Corredor Este have completed their travel on the toll road. Ancillary service revenue is recognized when such services are rendered. The Concession Contracts cap the price that ENA Sur, S.A. and ENA Este, S.A. can charge for tolls to the final users.

- *Interest income*

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income associated with the transactions and income amounts from ordinary business activities can be measured reliably.

Interest income is recognized on an accrued basis, with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected useful life of the financial asset to that asset's net carrying amount on initial recognition.

(j) *Other income*

Other income from services are recognized in P&L on an accrual basis when the services are provided.

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

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(k) *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily require a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as they are ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the results in the period in which they are incurred.

(l) *Impairment*

(i) Non-derivative financial assets

*Financial instruments*

The Group recognizes loss allowances for expected credit losses on:

– Financial assets measured at amortized cost;

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured at 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial Instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

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The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

#### *Measurement of expected credit losses*

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Expected credit losses are discounted at the effective interest rate of the financial assets

#### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at fair value through other comprehensive income are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for expected credit losses in the condensed combined interim statement of financial position.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at fair value through other comprehensive income, the loss allowance is charged to profit or loss and is recognized in other comprehensive income.

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

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#### *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### (ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment properties) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating units.

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, no impairment loss had been recognized.

#### (m) *Income tax*

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates with items recognized directly in net parent investment or in other comprehensive income.

#### (i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income

## **ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST**

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### **Note to the condensed combined interim financial statements**

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or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if they relate to the same taxpayer and in the same jurisdiction.

(ii) **Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

**(5) Standards issued but not yet effective**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed combined interim financial statements.

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

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### Note to the condensed combined interim financial statements

The following amended standards and interpretations are not expected to have a significant impact on the Group's condensed combined interim financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

#### (6) Intangible asset from concession

An analysis of the intangible asset from the concessions is as follows:

At June 30, 2020 and December 31, 2019, the intangible asset from the concessions was as follows:

	2020		
	Corredor Sur	Corredor Este	Total
Cost			
Balance at December 31, 2019	240,408,375	185,174,805	425,583,180
	<u>240,408,375</u>	<u>185,174,805</u>	<u>425,583,180</u>
Accumulated amortization:			
At December 31, 2019	144,004,320	37,059,333	181,063,653
Amortization for the year	597,410	1,872,984	2,470,394
	<u>144,601,730</u>	<u>38,932,317</u>	<u>183,534,047</u>
Net balance as at June 30, 2020	<u>95,806,645</u>	<u>146,242,488</u>	<u>242,049,133</u>
	2019		
	Corredor Sur	Corredor Este	Total
Cost			
Balance at December 31, 2018	240,408,375	185,174,805	425,583,180
	<u>240,408,375</u>	<u>185,174,805</u>	<u>425,583,180</u>
Accumulated amortization:			
At December 31, 2018	141,762,633	31,834,130	173,596,763
Amortization for the year	2,241,687	5,225,203	7,466,890
	<u>144,004,320</u>	<u>37,059,333</u>	<u>181,063,653</u>
Net balance as at December 31, 2019	<u>96,404,055</u>	<u>148,115,472</u>	<u>244,519,527</u>

The net cost of the investment in the concession is amortized using the units-of-use method based on an estimate of vehicle traffic over the term of the concession.

#### **Impairment test**

During 2020, the Panamanian government aimed at mitigating the spread of the COVID-19 pandemic affecting the traffic volumes for 2020 in ENA Sur, S.A. and ENA Este, S.A. As a result, the toll revenues decreased in both entities.

Accordingly, ENA Sur, S.A and ENA Este, S.A. estimated the recoverable amount of each cash-generating unit (CGU) in 2020. The recoverable amount was estimated based on its value in use.



## **ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST**

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### **Note to the condensed combined interim financial statements**

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Value in use was determined by discounting the future cash flows to be generated from the continuing use of the CGU's. Value in use as at 30 June 2020, was based on the following key assumptions:

- A pre-tax discount rate of 7.14% was applied and based on the rate of 20-year government bonds issued by the Treasury Government of United States of America in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU's.
- The cash flow of twenty-eight years for ENA Sur, S. A. and twenty-five years for ENA Este, S. A. are used because the duration of the concession agreement for these two highways are that long. After is considered a terminal value due to the fact the owner of these concession agreements is the Panamanian Government. The long-term growth rate into perpetuity of 2% used in the model has been determined as expected inflation in the long-term rates for the countries in which the CGU's operates.
- For the estimation of the long-term compound annual turnover growth use to determinate the cash flow is affected by using 3 different scenarios analysis to introduce the effect of COVID-19. The first scenario (Base) delay of one year to reached turnover 2019; second one, delay three years to reached turnover 2019 and the worst scenario, delay five years to reached turnover 2019.
- An average budgeted EBITDA growth rate for the next Twenty-eight (ENA Sur, S. A.) of 3% and twenty-five (ENA Este, S. A.) of 2% was applied and based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth.
- Toll revenue growth was projected considering the average growth levels experienced over the past five years and the estimated traffic growth and average rate per vehicle, operating and minor maintenance cost and, major maintenance cost for the next five years.

As of June 30, 2020, there was not impairment, because the recoverable amount of each CGU was greater to the carrying amount.

**ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST**

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**Note to the condensed combined interim financial statements****(7) Trust funds for specific use**

At June 30, 2020 and December 31, 2019, the trust funds for specific use were as follows:

	<b>June 30, <u>2020</u></b>	<b>December 31, <u>2019</u></b>
<b>ENA Sur Trust:</b>		
<b>The Bank of New York Mellon</b>		
Reserve for debt service	10,294,370	11,838,437
Reserve for Capex	1,500,000	1,500,000
Reserve for major maintenance	1,000,000	1,000,000
Reserve for lawsuits	3,600,000	3,600,000
Scotiabank (Panama), S. A. (Toll collection)	1,116,732	6,121,379
<b>ENA Este Trust:</b>		
<b>Banistmo, S. A.</b>		
Reserve for debt service	35,143,765	35,634,345
El Golf - Tocumen Tranche	3,874,714	3,835,162
Gonzalillo - Pedregal Tranche	696,976	689,549
Reserve for major maintenance	507,838	502,441
Reserve for Capex	507,838	502,441
Banistmo, S. A. (Reserve for indemnities)	11,204,525	12,140,986
Total trust funds for specific use	69,446,758	77,364,740
Less:		
Non-current portion	<u>(23,153,386)</u>	<u>(23,221,063)</u>
Current portion	<u>46,293,372</u>	<u>54,143,677</u>

**(8) Trade and other accounts receivable**

At June 30, 2020 and December 31, 2019, trade and other accounts receivable were as follows:

	<b>June 30, <u>2020</u></b>	<b>December 31, <u>2019</u></b>
Accounts receivable toll	3,683,084	2,579,633
Ancillary service	119,672	66,630
Others (i)	<u>662,784</u>	<u>575,942</u>
	4,465,540	3,222,205
Provision for expected credit losses	<u>(2,660,632)</u>	<u>(1,088,196)</u>
Total	<u>1,804,908</u>	<u>2,134,009</u>

(i) Correspond mainly to interest receivable.

The fair value of accounts receivable approximates its carrying amount due to their short-term nature.

**ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST**

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**Note to the condensed combined interim financial statements**

The movement of the provision for expected credit losses is as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Balance at the beginning of the year	1,088,196	938,196
Increase in the provision	1,572,436	150,000
Balance at the end of year	<u>2,660,632</u>	<u>1,088,196</u>

**(9) Cash and bank deposits**

At June 30, 2020 and December 31, 2019, cash and bank deposits are as follows:

The cash and bank deposits are as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Banco General, S. A. – checking account	1,811,031	1,810,800
Banistmo, S. A. – checking account	5,164	5,000
Metrobank, S. A.	277,396	238,629
Banistmo, S. A. – Management Trust	14,400,224	13,771,871
Banistmo, S. A. – Time deposits	24,037	24,037
Total cash and bank deposits	<u>16,517,852</u>	<u>15,850,337</u>
Less: Restricted cash	<u>(1,787,317)</u>	<u>(1,787,317)</u>
	<u>14,730,535</u>	<u>14,063,020</u>

These revocable trusts are created for the management, custody, payment and investment of certain funds for the purpose of increasing, preserving and managing resources and make payments in favor of the beneficiaries.

The reconciliation of cash and bank deposits shown in the condensed combined interim statement of financial position with the cash and cash equivalents shown in the condensed combined interim statement of cash flows is as follows:

	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Total cash and bank deposits	16,517,852	13,918,401
Less:		
Banistmo, S. A. – Time deposit with original maturity greater than 90 days	24,037	24,037
Banco General, S. A. – current account	1,763,280	1,802,035
	<u>1,787,317</u>	<u>1,826,072</u>
Total cash and cash equivalents	<u>14,730,535</u>	<u>12,092,329</u>

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

As of June 30, 2020 and 2019, the balances in the current account of Banco General, S. A. for B/.1,763,280 and B/.1,802,035 are restricted since it is part of a lawsuit between ENA Sur, S. A. and Cervecería Nacional de Panamá, S. A. (see Note 20).

The trust's beneficiaries are:

- a) The settlors (ENA Este, S. A.; ENA Sur, S. A.) and
- b) Individual legal entities that the Settlers periodically designate as long as they are accepted by the Trustee to the beneficiaries of the Trusts and in the terms indicated in each of said instructions by means of a written instrument.

#### (10) Bonds payable

At June 30, 2020 and December 31, 2019, bonds payable are as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
ENA Sur Trust Bonds	107,511,744	121,103,281
ENA Este Trust Bonds	212,000,000	212,000,000
	<u>319,511,744</u>	<u>333,103,281</u>
Net bond issuance cost	(2,526,145)	(2,834,371)
Net total	<u>316,985,599</u>	<u>330,268,910</u>
Current portion	<u>35,642,301</u>	<u>41,882,063</u>
Balance with maturity greater than a year	<u>281,343,298</u>	<u>288,386,847</u>

<b>2020</b>	<b>ENA Sur Trust</b>	<b>ENA Este Trust</b>	<b>Total</b>
Less than 1 year	35,642,301	0	35,642,301
1-2 years	16,292,156	45,955,270	62,247,426
2-3 years	17,284,473	46,874,177	64,158,650
3-4 years	18,472,258	48,262,386	66,734,644
4-5 years	19,820,556	48,793,272	68,613,828
More than 5 years	0	22,114,895	22,114,895
Total	<u>107,511,744</u>	<u>212,000,000</u>	<u>319,511,744</u>

<b>2019</b>	<b>ENA Sur Trust</b>	<b>ENA Este Trust</b>	<b>Total</b>
Less than 1 year	41,882,063	0	41,882,063
1-2 years	15,697,980	45,955,270	61,653,250
2-3 years	16,815,917	46,874,177	63,690,094
3-4 years	17,877,329	48,262,386	66,139,715
4-5 years	19,162,191	48,793,272	67,955,463
More than 5 years	9,667,801	22,114,895	31,782,696
Total	<u>121,103,281</u>	<u>212,000,000</u>	<u>333,103,281</u>

## **ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST**

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### **Note to the condensed combined interim financial statements**

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As at June 30, 2020 and December 31, 2019, the general information about existing issuances is broken down as follows:

#### **A – Issuance of ENA Sur Trust bonds**

##### **ENA Sur Trust (issuer)**

ENA Sur Trust issued Series 2011 Class A Bonds, for B/.170,000,000, with a 5.75% coupon and maturity in 2025, and Series 2011 Class B Bonds, for B/.225,000,000, with a 5.25% coupon and maturity in 2025. ENA Sur Trust is a trust incorporated according to Law 1 of 1984 of the Republic of Panama, in accordance with the Trust Agreement signed between Empresa Nacional de Autopista, S. A. (ENA) and ENA Sur, S. A., as “Settlers”, and Banco Citibank (Panama), S. A., now Scotiabank (Panama) S. A., a Panamanian company acting not in its individual capacity, but solely as trustee of the ENA Sur Trust.

The bonds are guaranteed on a pro rata basis in accordance with: (i) the right, title and interest of the ENA Sur Trust to the rights of ENA Sur, S. A. to receive tolls and certain other payments under the Concession Contract signed between the Panamanian government, acting through the Ministry of Public Works, and ICA Panamá, S. A., now ENA Sur, S. A. and (ii) all issued and outstanding shares of ENA Sur, S. A.

The repayment source of the bonds are the rights exclusively awarded over toll collection in the Corredor Sur, trust bank accounts and, in case of unresolved defaults, the trust assets.

Interest on the bonds is payable quarterly in February, May, August and November of each year over the life of the bonds. The principal of Series 2011 Class A Bonds will be amortized according to a pre-determined schedule of quarterly payments, with the first payment taking place in November 2011 and the last one in May 2025.

**ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST**

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

**Note to the condensed combined interim financial statements**

The amortization of principal of Series 2011 Class B Bonds, due to the application of priorities vis-à-vis to a payment schedule, which considers, among other things, (i) the operation and major maintenance expenses of Corredor Sur; (ii) commissions due the trustees; (iii) taxes incurred; and (iv) quarterly interest payable generated by both bond series, will vary over time. Consequently, both the current and non-current portions of the Series 2011 Class B Bonds detailed as follows are estimated amounts.

	<b>June 30, <u>2020</u></b>	<b>December 31, <u>2019</u></b>
Series 2011 Class A Bonds	86,856,504	93,202,670
Series 2011 Class B Bonds	<u>20,655,240</u>	<u>27,900,611</u>
Total bonds issued and outstanding	107,511,744	121,103,281
Less:		
Bond issuance cost	<u>(1,595,528)</u>	<u>(1,790,563)</u>
Net total	<u>105,916,216</u>	<u>119,312,718</u>
Current portion:		
Series 2011 Class A Bonds	14,987,061	13,981,452
Series 2011 Class B Bonds	<u>20,655,240</u>	<u>27,900,611</u>
Total	<u>35,642,301</u>	<u>41,882,063</u>
Balance with maturity greater than a year	<u><u>70,273,915</u></u>	<u><u>77,430,655</u></u>

The maturity of the principal payable in the following years is as follows:

	<b>June 30, <u>2020</u></b>	<b>December 31, <u>2019</u></b>
Less than 1 year	35,642,301	41,882,063
1-2 years	16,292,156	15,697,980
2-3 years	17,284,473	16,815,917
3-4 years	18,472,258	17,877,329
4-5 years	19,820,556	19,162,191
More than 5 years	<u>0</u>	<u>9,667,801</u>
Total	<u><u>107,511,744</u></u>	<u><u>121,103,281</u></u>

In the issuance of such bonds, the ENA Sur Trust incurred in costs necessary for their structuring and subsequent placement in the market. These costs were capitalized for amortization over the life of the bonds under the effective interest method. Expenses are recorded at par value and consist primarily of legal and consulting service fees paid, as well as commissions and expenses paid to risk-rating agencies

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

The balance of bond issuance costs as at June 30, 2020 and December 31, 2019 is broken down as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Bond issuance cost	5,668,165	5,668,165
Accumulated amortization:		
Balance at the beginning of the period	(3,877,602)	(3,306,086)
Amortization for the period	(195,035)	(571,516)
Balance at the end of the period	(4,072,637)	(3,877,602)
Bond issuance cost, net	1,595,528	1,790,563

#### **B – Issuance of ENA Este Trust bonds**

##### **ENA Este Trust (issuer)**

ENA Este Trust issued bonds for B/.212,000,000 – endowed with a coupon of 6.00% p.a. and final legal maturity in 2024 - on March 28, 2014. ENA Este Trust is a trust established under Law No.1 of 1984 of the Republic of Panama, in accordance with the Trust Agreement (the “Agreement”) signed on March 20, 2014 between ENA Este, S. A., as Trustor, ENA as Trustor and Administrator, Banistmo S. A. as Trustee of ENA Este Trust, Registered Holders of the ENA Este Trust bonds as Primary Beneficiaries, and the Trustors as Secondary Beneficiaries.

The bonds are guaranteed on a pro-rata basis in accordance with (i) the right, title and interest of the ENA Este Trust to the rights of ENA Este, S. A. to receive tolls from Corredor Este under the Concession Agreement signed at the time between the Panamanian government, acting through the Ministry of Public Works, and ENA Este, (ii) all of the issued and outstanding shares of ENA Este, S. A., (iii) available funds from time to time and certain reserves deposited in trust accounts, and (iv) contributions ENA Este makes of amounts corresponding to the share capital it receives from ENA, product of periodic dividends paid to ENA by ENA Sur, S. A., once it has settled all Series 2011 Class B Bonds from the bond issuance of ENA Sur Trust.

The source of repayment of the bonds are exclusively assigned rights on toll charges in Corredor Este, bank accounts of the trust, the contributions ENA Este makes of the corresponding amounts of the share capital received from ENA and, in case of an unresolved default, the trust assets.

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(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

**Note to the condensed combined interim financial statements**

Interest earned by the bonds is payable quarterly in March, June, September and December of each year during the term of the bonds. However, according to the terms and conditions of the issuance of bonds, there are no scheduled payments of principal on the respective dates of the quarterly payment, other than the final legal payment date, the date on which the outstanding principal still pending settlement shall be paid off, whatever it may be.

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
ENA Este Trust Bonds	212,000,000	212,000,000
Total bonds issued and outstanding	<u>212,000,000</u>	<u>212,000,000</u>
Less:		
Bond issuance cost	(930,617)	(1,043,808)
Balance with maturity greater than a year	<u>211,069,383</u>	<u>210,956,192</u>

The maturity of the principal payable in future years is as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Less than 1 year	0	0
1-2 years	45,955,270	45,955,270
2-3 years	46,874,177	46,874,177
3-4 years	48,262,386	48,262,386
4-5 years	48,793,272	48,793,272
More than 5 years	22,114,895	22,114,895
Total	<u>212,000,000</u>	<u>212,000,000</u>

In the process of structuring, documenting and placing bonds, the ENA Este Trust incurred in issuance expenses. These costs were capitalized for amortization over the life of the bonds under the effective interest method. Expenses are recorded at par value and consist primarily of legal and consulting service fees as well as fees and expenses paid to risk-rating agencies.

The balance of bond issuance costs as at June 30, 2020 and December 31, 2019 is broken down as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Bond issuance cost	2,124,343	2,124,343
Accumulated amortization:		
Balance at the beginning of the period	(1,080,535)	(867,244)
Amortization for the period	(113,191)	(213,291)
Balance at the end of the period	<u>(1,193,726)</u>	<u>(1,080,535)</u>
Bond issuance cost, net	<u>930,617</u>	<u>1,043,808</u>



**ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST**

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

**Note to the condensed combined interim financial statements****(11) Outstanding indemnities payable**

Outstanding indemnities payable mainly consists of estimates of probable balances payable owed by the Group in cash or in kind, caused by the effect on private properties located on the necessary easement for the construction of Corredor Sur and Corredor Este. Management's estimates were made based on their best judgment and the evidence available. It is possible that the final result of provisions will be different from the estimated amount. The amount assigned for these payments as at June 30, 2020 for B/.14,658,533 (2019: B/.14,722,288) is part of the funds with specific use. For further information, please refer to Note 20.

**(12) Loan payable**

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b><u>Banistmo, S. A.</u></b>		
Pledge loan contract (back to back) for B/.1,700,000, with a maximum term of 41 days, with an annual interest rate of 3%, payable at maturity. The loan is guaranteed by means of a certificate and a commercial pledge contract on a fixed-term deposit of the subsidiary ENA Este, S. A.	1,700,000	0
Total loan payable current	<u>1,700,000</u>	<u>0</u>

**(13) Operating and maintenance costs**

Below is the breakdown list of the operation and maintenance costs:

	<b>For the six months ended June 30,</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
Operating and minor maintenance costs	4,408,326	4,891,504
Major maintenance costs	2,993,208	4,733,489
Operating services	200,794	193,171
Insurance premiums	248,013	246,344
	<u>7,850,341</u>	<u>10,064,508</u>

Operating and minor maintenance costs corresponds to costs incurred by and paid to Maxipista de Panamá, S. A., which is responsible for the operation and maintenance of the Corredor Sur and Corredor Este, according to the Management Contract. The cost of major maintenance represents the costs incurred according to the maintenance plan for those purposes in accordance with the concession arrangement.

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

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#### (14) Other expenses

A summary of the general and administrative expenses is listed below:

	For the six months ended	
	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Depreciation	28,653	41,972
Maintenance	17,411	24,910
Other	143,874	155,586
Other no-income taxes	112,908	264,412
COVID-19 supplies	<u>65,107</u>	<u>0</u>
	<u>367,953</u>	<u>486,880</u>

#### (15) Income tax

Income tax returns of the Group for the last three fiscal years, including the one for the year ended December 31, 2019, are subject to review by the tax authorities according to current regulations. Legal entities in the Republic of Panama must calculate income taxes at the statutory rate of 25%. Each entity of the Group files separate tax returns and these combined interim financial statements were prepared on this basis.

Law No. 8 dated March 15, 2010, modifies the Alternative Income Tax Calculation "CAIR" (for its Spanish acronym), establishing that legal entities with annual taxable income over one million five hundred thousand balboas (B/.1,500,000) to determine as base of the income tax on the greater of: (a) net taxable income calculated through the traditional method provided in the Title I of Fourth Book of the Fiscal Code, or (b) net taxable income resulting from applying four-point sixty-seven percent (4.67%) to the total taxable income.

Legal entities that incur in losses as a result of the tax calculated under the presumptive method and that, as a result of the application of such presumptive method, their effective rate exceeds the tax rate applicable for the respective fiscal period, may request to be authorized by the Direccion General de Ingresos (DGI) to calculate the tax under the ordinary calculation method.

The entities of the Group must pay estimated income tax based on that of the previous period and pay it in three equal parts on June 30, September 30 and December 31. As of June 30, 2020, the Group did not pay income taxes since ENA Sur, S.A. had net losses and ENA Este, S. A. had estimated income tax in favor.

##### 15.1 Income tax recognized in profit or loss

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

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**Note to the condensed combined interim financial statements**

	<b>For the six months ended June 30,</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
Current income tax	1,118,178	2,602,137
Income tax from previous periods	<u>(18,635)</u>	<u>0</u>
Total	<u><u>1,099,543</u></u>	<u><u>2,602,137</u></u>

The reconciliation of the current income tax is presented below:

	<b>For the six months ended June 30,</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
Financial profit before taxes	2,144,421	18,682,890
Income tax considering the effective rate of 25% with benefit of 50%	268,053	2,335,361
Effect in:		
Companies with losses	682,545	210,447
Exempt and/or non-deductible costs and expenses	196,554	182,028
Non-taxable income	(28,974)	(125,699)
Income tax from previous periods	<u>(18,635)</u>	<u>0</u>
Current income tax	<u><u>1,099,543</u></u>	<u><u>2,602,137</u></u>

**15.2 Unrecognized deferred tax assets**

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which ENA Este, S. A. can use the benefits therefrom.

	<b>June 30, <u>2020</u></b>	<b>December 31, <u>2019</u></b>
Tax losses	<u><u>2,901,946</u></u>	<u><u>2,393,298</u></u>

The concession agreement establishes that the companies shall be entitled to the following tax benefits:

1. From the moment the Concession was granted and for as long as the execution of the works last, all goods and real estate of the Concession shall be exempt from:
  - a) The Property and Service Transfer Tax (ITBMS) and the importation to the territory of the Republic of Panama of machinery, equipment, supplies, materials and goods in general for the execution of the works under the Concession.
  - b) Re-exportation tax.
  - c) Income tax.

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## Note to the condensed combined interim financial statements

2. During the administration of the works or goods, the Company will have the rights to the following exonerations:
  - a) Income tax will be exempted in accordance with the following scale:
    - 100% during the first five years
    - 75% during the following five years
    - 50% for the remaining duration of the concession
  - b) 100% exemption from stamp tax.
  - c) 100% exemption from import tax on the maintenance equipment and operating equipment essential to the management of the works under the Concession.
  - d) 100% exemption from the Property and Service Transfer Tax (ITBMS) on the importation of maintenance and operating equipment essential to the administration of the works under the Concession.

As of June 30, 2020 and December 31, 2019, the Group use the statutory rate of 25% with benefit of 50%.
3. Before and during the construction and administration of the works of the Concession, the financial entities lending money to the Company will be exempted from income tax on the interest from the loans issued for the financing of the works.
4. The Company will have the first option to perform ancillary services related to the Concession and will be able to obtain the incentives given by the respective development laws.

### (16) Fair value of financial instruments

The following information shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

	Financial assets at amortized cost	Carrying amount		June 30, 2020			
		Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets not measured at fair value</b>							
Rights receivable from Panamanian Government	1,841,622	0	1,841,622	0	0	0	0
Trust funds for specific use	69,446,758	0	69,446,758	0	0	0	0
Account receivable - related party	1,574,249	0	1,574,249	0	0	0	0
Trade accounts receivable and other	1,804,908	0	1,804,908	0	0	0	0
Cash and bank deposits	14,730,535	0	14,730,535	0	0	0	0
Restricted cash	1,787,317	0	1,787,317	0	0	0	0
	<u>91,185,389</u>	<u>0</u>	<u>91,185,389</u>				
<b>Financial liabilities not measured at fair value</b>							
Bonds payable	0	316,985,599	316,985,599	0	320,781,961	0	320,781,961
Loan payable	0	1,700,000	1,700,000	0	0	0	0
Customer deposits and advances from clients	0	2,065,177	2,065,177	0	0	0	0
Trade accounts payable	0	2,518,846	2,518,846	0	0	0	0
Account payable - related party	0	3,717,847	3,717,847	0	0	0	0
	<u>0</u>	<u>326,987,469</u>	<u>326,987,469</u>		<u>320,781,961</u>		<u>320,781,961</u>

**ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST**  
(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

**Note to the condensed combined interim financial statements**

	<u>December 31, 2019</u>						
	<u>Financial assets at amortized cost</u>	<u>Other financial liabilities</u>	<u>Carrying amount</u> <u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Financial assets not measured at fair value</b>							
Rights receivable from Panamanian Government	1,841,622	0	1,841,622	0	0	0	0
Trust funds for specific use	77,364,740	0	77,364,740	0	0	0	0
Account receivable - related party	1,574,249	0	1,574,249	0	0	0	0
Trade accounts receivable and other	2,134,009	0	2,134,009	0	0	0	0
Cash and bank deposits	14,063,020	0	14,063,020	0	0	0	0
Restricted cash	1,787,317	0	1,787,317	0	0	0	0
	<u>98,764,957</u>	<u>0</u>	<u>98,764,957</u>				
<b>Financial liabilities not measured at fair value</b>							
Bonds payable	0	330,268,910	330,268,910	0	357,076,393	0	357,076,393
Customer deposits and advances from clients	0	3,463,270	3,463,270	0	0	0	0
Trade accounts payable	0	2,748,699	2,748,699	0	0	0	0
Account payable - related party	0	2,938,276	2,938,276	0	0	0	0
	<u>0</u>	<u>339,419,155</u>	<u>339,419,155</u>		<u>357,076,393</u>	<u>0</u>	<u>357,076,39</u>

**(17) Balances and transactions with related parties**

The balances with related parties are broken downs as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
<b>Balances:</b>		
<b>Accounts receivable:</b>		
Empresa Nacional de Autopistas, S. A.	1,574,249	1,574,249
Fideicomiso de Administracion	234,909	684,180
	<u>1,809,158</u>	<u>2,258,429</u>
<b>Accounts payable</b>		
Empresa Nacional de Autopistas, S. A.	867,063	867,063
ENA Norte, S.A.	573,270	402,019
Fideicomiso de Administracion - Affiliate	2,277,514	1,669,194
	<u>3,717,847</u>	<u>2,938,276</u>
<b>Deemed distribution to Parent Company</b>		
Empresa Nacional de Autopistas, S. A. (i)	<u>265,653,629</u>	<u>265,653,629</u>
	<u>June 30, 2020</u>	<u>December 31, 2019</u>
<b>Transactions:</b>		
<b>Other income</b>		
ENA Norte, S.A.	<u>113,604</u>	<u>401,264</u>
<b>Interest income</b>		
ENA Norte, S.A.	<u>0</u>	<u>315,458</u>
<b>Administrative services fees</b>		
Empresa Nacional de Autopistas, S. A. (ii)	<u>252,055</u>	<u>748,630</u>

## ENA SUR, S. A., ENA SUR TRUST, ENA ESTE, S. A. AND ENA ESTE TRUST

(Wholly owned subsidiaries of Empresa Nacional de Autopista, S. A.)

### Note to the condensed combined interim financial statements

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- (i) During 2011, ENA Sur, S.A. issued a loan to ENA, S.A., with the proceeds obtained from the issuance, by ENA Sur Trust, of the Series 2011 Bonds. The cash flows to fund the repayment of the loan are provided through dividends paid by Empresa Nacional de Autopista, S. A.'s subsidiaries. This loan has been accounted for as a deemed dividend distribution, which is presented as a reduction to the net parent investment as of June 30, 2020 and as of December 31, 2019 for an amount of US\$265,653,629.
- (ii) On August 12, 2011, ENA Sur, S.A. signed an agreement with Empresa Nacional de Autopista, S. A., related to the services and administrative proceedings of management salaries and benefits. In addition, ENA Este, S.A. signed a similar agreement with Empresa Nacional de Autopista, S. A. on March 20, 2014.

The accounts receivable and payable correspond to loans made between affiliates for expenses or payments to suppliers, do not have an expiration date or generate interest.

At June 30, 2020 and December 31, 2019, there are other related parties transactions that are deemed as non-significant they have not been disclosed.

Key-members of management received the following remuneration as of June 30, 2020 and 2019, which are included in legal, professional and management fees:

	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Short-term benefits	<u>77,250</u>	<u>80,659</u>

Compensation of the Group's key management personnel includes salaries and allowances.

#### **(18) Risk management for financial instruments**

##### *Objectives of financial risk management*

Due to the nature of its operations, the Group is exposed to various financial risks that could threaten its business objectives, so the proactive identification and understanding of significant risks the Group faces is critical to achieving an appropriate balance between risk and return and minimizing potential adverse effects its financial outcome.

The Group's management and control of risks falls mainly on the Board of Directors, which is initially responsible for establishing and shaping the strategic direction of the organization, the focus of the business and the corporate values.

The main financial risks identified by the Group are credit, liquidity and market risks, which are described below:

##### *Credit risk*

The principal financial assets of the Group are balances of cash and cash on hand, trust funds and accounts receivable, that represent the Group's maximum exposure of credit risk in relation with the financial assets.

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Accounts receivable consist of a significant number of clients, mainly people who use the corridors.

### *Liquidity risk*

Management is prudent of the liquidity risk that implies maintaining sufficient cash obtained from operations, issuances of bonds and other financing sources and shareholder contributions. Due to the nature of business, the Group expects to maintain sufficient cash on hand and flexibility in the funds if they are required.

### *Market risk*

Market risk is the risk that the value of a financial asset of the Group will be reduced due to changes in interest rates, currency exchange rates, variations in stock prices or the impact of other financial variables that are outside of the control of the Group.

## (19) Operating segments

Reconciliations of information on reportable segments to the amounts reported in the condensed combined interim financial statements:

	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<b>Revenue</b>		
Toll revenue		
ENA Sur, S.A. and ENA Sur Trust	18,038,315	34,991,996
ENA Este, S.A. and ENA Este Trust	<u>4,686,450</u>	<u>9,603,249</u>
	<u>22,724,765</u>	<u>44,595,245</u>
<b>Other revenue, ancillary service income and interest income</b>		
ENA Sur, S.A. and ENA Sur Trust	2,251,414	1,594,304
ENA Este, S.A. And ENA Este Trust	<u>531,002</u>	<u>316,717</u>
	<u>2,782,416</u>	<u>1,911,021</u>
	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<b>Net profit</b>		
ENA Sur, S.A. and ENA Sur Trust	6,165,173	17,364,134
ENA Este, S.A. and ENA Este Trust	<u>(5,120,295)</u>	<u>(1,283,381)</u>
	<u>1,044,878</u>	<u>16,080,753</u>
	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>Segment Assets and Liabilities</b>		
<b>Assets</b>		
ENA Sur, S.A. and ENA Sur Trust	133,727,567	141,237,676
ENA Este, S.A. and ENA Este Trust	<u>201,905,046</u>	<u>205,159,047</u>
	<u>335,632,613</u>	<u>346,396,723</u>
<b>Liabilities</b>		
ENA Sur, S.A. and ENA Sur Trust	118,211,519	131,886,801
ENA Este, S.A. and ENA Este Trust	<u>225,313,396</u>	<u>223,447,102</u>
	<u>343,524,915</u>	<u>355,333,903</u>

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	June 30, <u>2020</u>	June 30, <u>2019</u>
<b>Other segment information</b>		
<b>Amortization</b>		
ENA Sur, S.A. and ENA Sur Trust	(597,410)	(985,321)
ENA Este, S.A. and ENA Este Trust	<u>(1,872,984)</u>	<u>(2,500,321)</u>
	<u><u>(2,470,394)</u></u>	<u><u>(3,485,642)</u></u>

#### (20) Contingencies

As of June 30, 2020, there are the following contingencies:

##### ENA Sur, S. A.

Maintains reserves for payment of compensation to owners of affected properties during the construction of the Corredor Sur for an amount of B/.3,579,980, reserve left by ICA Panamá, S. A. (now ENA Sur, S. A.) created to meet the payments, which are being coordinated with the Heritage Assets Department of the Ministry of Economy and Finance the processing of the necessary resolutions to formalize the transfer deeds for the lands to the Nation and consequently, payment of the amounts reserved. Of the affected estates, the following claims have been presented to the Company:

- There is a major-amount claim against the Company filed by the Banco Hipotecario Nacional (BHN) with the Panama Third Circuit Court for Civil Matters, in which the BHN requests a payment of B/.2,567,923 with respect to damages affecting Property No.158,146 as a result of construction work of Corredor Sur.
- As at September 30, 2018 the First Superior Court has yet to rule on the appeals filed by the parties against Judgment No. 12/456-03 of January 29, 2013, which partially acknowledged the claims.
- Ordinary Process of Greater Amount filed by the Cervecería Nacional de Panamá, S. A., against ICA Panamá, S. A. (now ENA Sur, S. A.), the Ministry of Public Works (MOP) and the Ministry of Economy and Finance (MEF), for the amount of B/.1,763,280, including costs and interest, for the affectation of their Property No. 28422. The Ministry of Public Works (MOP) submitted a written objection to the lawsuit due to lack of jurisdiction of the Circuit Court to hear complaints against the Government. This appeal is still pending resolution of nullity filed by the MOP, informing that to date there is a draft resolution in the Judge's office.

Any amount of money that ENA Sur, S. A., is ordered to pay or any way should pay in excess to that declared in the closing balance sheet of ICA Panamá, S. A. as at August 11, 2011, should be compensated in accordance with what is established in Clause VI "Compensations" of the Sales Contract of Shares of ICA Panamá, S. A. For these two cases, the company has a reserve of B/.182,100, even though it is considered that the resolution will be favorable to the Group.



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#### **ENA Este, S. A.**

ENA Este, S. A. – Corredor Este: On April 4, 2011, a contract for the execution of work was signed between Maxipista de Panamá, S. A. and Ingenieros Civiles Asociados Panamá, S. A., (the Contractor), by which the Contractor will carry out the studies, designs, calculation reports, plans, programs, procedures and inputs necessary for the realization of the construction works of Phase II of the Corredor Norte, the Golf– Tocumen Segment (the road section between Las Lajas and the 24 de Diciembre), according to the specifications and quality standards, in accordance with the terms set out in this contract. By addendum No. 6 of July 22, 2011, the recognition and validation of the assignment by Maxipista to Empresa Nacional de Autopista, S. A. of the contract of execution of work concluded with Ingenieros Civiles Asociados Panamá, S. A. is established and By Addendum No. 9 of 23 January 2013, these rights and obligations are transferred to ENA Este, S. A.

The work still maintains minor and rework activities pending execution, so no substantial or final delivery of the work has been issued. However, the work complies with the road safety standards that allowed the MOP to issue an authorization to ENA Este, S. A. to operate and put into use the aforementioned highway from October 15, 2015.

The contract with ICAPSA ended with the result issued on June 21, 2019 by the Arbitration Court.

Minor activities and pending work will be executed by another contractor to be defined. The contractor filed an arbitration claim for B/. 62,758,367 that is in the resolution stage.

Management's assessment, among other things, considers that the Contractor failed to comply with the contractual terms relating to the notification of additional costs, thereby not being entitled to claim a fair adjustment with respect to the event in question. As set forth in the Work Execution Contract, the Contractor was required to notify ENA/ENA ESTE, S. A., Of a possible equitable adjustment event not later than 20 calendar days from the time the Contractor was aware or reasonably should have known of the expected occurrence and impact of such event, indicating in detail the nature of the fair adjustment event, the technical-economic support of the requested adjustment and its estimate. However, the foregoing, having expired the contractual period, ENA proposed to initiate with the company a process of settlement of the contract, so that, in such a process, by common agreement, as far as possible, everything concerning the contractual relationship between the parties is clarified and defined (compliance, non-compliance, amounts owed between the parties, adjustments, etc.).

As a result of the Arbitration lawsuit filed by ICAPSA against ENA ESTE, S. A., and the counterclaim filed by ENA ESTE, S. A, on June 21, 2019, the Arbitration Court handed down Laudo partially accepting the claims of the parties, leaving the amount of B/.1,259,193 in favor of ICAPSA.

As at October 11, 2019, a payment process for consignment was filed in favor of ICAPSA for B/.1,259,193 distributed to the Sixteenth Circuit Court of Panama. As of June 30, 2020, the payment is pending admission by the Arbitration Court.

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#### **(21) Commitments**

As of June 30, 2020, the Group had the following significant commitments to suppliers and service providers:

##### **(i) Operation contract**

**ENA Sur, S. A.:** In July 1, 2010 the State of Panama through the Ministry of Public Works, Icatech Corporation, as shareholder of ICA Panamá, S. A. (now ENA Sur, S. A.) “the Concessionaire” and Maxipista de Panamá, S. A. “the Operator”, signed the Memo of Understanding by which the 2nd clause stated that Maxipista Panamá, S. A. will continue being responsible for the operation and maintenance of the Corredor Sur, under the terms agreed in the Operation and Maintenance Contract held in September 6, 1999 and its amendments agreed in May 12, 2005. Through Addendum No.3 to the Operation and Maintenance Contract, dated August 12, 2011, a minor maintenance agreement is included, and Fees are established. As at June 30, 2020, the Concessionaire has incurred in B/. 3,646,133 (2019: B/.4,018,225) related to major maintenance services provided by the Operator. Major maintenance services vary according to the performance of a maintenance schedule. As of June 30, 2020, the balance pending of payment with the Concessionaire was B/.499,024 (2019: B/.672,278).

**ENA Este, S. A.:** In November 2015, ENA Este, S. A. (the “Concessionaire”) subscribed the Operation and Maintenance Contract of the Corredor Este with Maxipista de Panamá, S. A. (the “Operator”) and the contract fees to be paid by the Concessionaire to the Operator were established. As at June 30, 2020, the concessionaire has incurred in B/.762,193 (2019: B/.873,729) related to major maintenance services provided by the Operator. Major maintenance services vary according to the performance of a maintenance schedule. As of June 30, 2020, the balance pending of payment with the Concessionaire was B/.92,386 (2019: B/.147,510).

##### **(ii) Major maintenance contract**

On March 20, 2018, ENA Sur, S. A. signed a contract with Ingenieria Continental, S. A. for two (2) years to carry out the study, design and construction of the structural rehabilitation project for the southern section of the Corredor Sur for B/.13,576,115. Up until June 30, 2020, there have been maintenance expenses incurred for B/.10,329,156.