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

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

Combined Financial Statements

December 31, 2020

(With independent Auditors Report)

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

Contents

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Independent auditors' report

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

Opinion

We have audited the combined financial statements of ENA Sur, S. A, ENA Sur Trust, ENA Este, S. A., ENA Este Trust and ENA Master Trust (the "Group"), which comprise the combined statement of financial position as at December 31, 2020, the combined statements of profit or loss, changes in net parent investment and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the combined financial statements in the Republic of Panama, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

We draw attention to note 17 to the combined financial statements, which describes the balances and transactions with related parties. These balances and transactions have important effects in the combined financial position, combined financial performance and combined cash flows of the Group. Our opinion is not modified in respect to this matter.

We draw attention to Note 1 to the combined financial statements, which describes their basis of preparation, including the approach to and the purpose for preparing them. The combined financial statements were 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.

Other Matter

We draw attention to the fact that we have not audited the accompanying combined statement of financial position of the Group as at December 31, 2019, the combined statements of profit or loss and changes in net parent investment and cash flows for the year then ended, or any of the related notes and accordingly, we do not express an opinion on them.

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

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Panama, Republic of Panama
April 30, 2021

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

Combined statement of financial position

December 31, 2020

(In Balboas)

	Notes	2020	2019 (unaudited)
Assets			
Non-current assets			
Intangible asset from concession	5	235,151,408	238,638,605
Furniture, equipment and improvements, net	6	3,978,588	5,984,279
Rights receivable from Panamanian Government	7	1,841,622	1,841,622
Trust funds for specific use	8	0	23,221,063
Investment properties		440,076	440,076
Account receivable - related party	17	1,574,249	1,574,249
Other assets		73,061	574,954
Total non-current assets		243,059,004	272,274,848
Current assets			
Other assets		1,912,543	1,309,672
Trade accounts receivable and other	9	2,308,552	2,134,009
Account receivable - related party	17	429	684,180
Trust funds for specific use	8	138,084,598	54,143,677
Cash and bank deposit	10	11,533,966	14,063,020
Restricted cash	10	1,787,317	1,787,317
Total current assets		155,627,405	74,121,875
Total assets		398,686,409	346,396,723
Net parent investment and liabilities			
Net parent investment		(20,156,441)	(8,937,180)
Liabilities			
Non-current liabilities			
Bonds payable	11	394,126,016	288,386,847
Outstanding indemnities payable	12	14,617,577	14,722,288
Total non-current liabilities		408,743,593	303,109,135
Current liabilities			
Bonds payable	11	0	41,882,063
Acrrued interest and taxes		2,219,019	1,192,460
Customer deposits and advances from clients		2,066,257	3,463,270
Trade accounts payable		2,861,157	2,748,699
Accounts payable - related party	17	2,952,824	2,938,276
Total current liabilities		10,099,257	52,224,768
Total liabilities		418,842,850	355,333,903
Total net parent investment and liabilities		398,686,409	346,396,723

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

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

Combined statements of profit or loss

For the year ended December 31, 2020

(In Balboas)

	Notes	2020	2019 (unaudited)
Toll revenue		45,524,932	87,796,324
Other income		2,585,269	1,372,878
Ancillary service income		804,804	1,810,803
Interest income		876,374	1,018,106
Amortization of intengible asset from concession	5	(3,487,197)	(5,506,583)
Operating and maintenance costs	13	(16,286,532)	(20,989,301)
Depreciation and amortization	6	(2,009,576)	(2,044,049)
Legal, professional and management fees	17	(3,235,301)	(3,243,529)
Contingencies		0	(1,259,193)
Commissions and bank expenses		(387,222)	(810,286)
Other expenses	14	(404,080)	(741,047)
Impairment loss on trade receivables	9	(1,447,913)	(150,000)
Interest expenses		(33,420,053)	(21,460,600)
Profit (loss) before income tax		(10,886,495)	35,793,523
Income tax	15	(332,766)	(5,270,633)
Net loss		(11,219,261)	30,522,890

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

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

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

Combined financial statement of changes in net parent investment

For the year ended December 31, 2020

(In Balboas)

	Net parent investment
Balance as at January 1, 2019 (unaudited)	(39,460,070)
Profit for the year (unaudited)	30,522,890
Balance as at December 31, 2019 (unaudited)	(8,937,180)
Balance as at January 1, 2020 (unaudited)	(8,937,180)
Loss for the year	(11,219,261)
Balance as at December 31, 2020	(20,156,441)

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

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

Combined statement of cash flows

For the year ended December 31, 2020

(In Balboas)

	Notes	2020	2019 (unaudited)
Cash flows from operating activities			
Net profit (loss)		(11,219,261)	30,522,890
Adjustmeents for:			
Depreciation and amortization	6	2,009,576	2,044,049
Impairment loss on trade receivables	9	1,447,913	150,000
Amortization of intengible asset from concession	5	3,487,197	5,506,583
Income tax	15	332,766	5,270,633
Interest income		(876,374)	(1,018,106)
Interest expense		33,420,053	21,460,600
		28,601,870	63,936,649
Changes in:			
Other assets		(100,978)	1,863,362
Trade accounts receivable and other		(1,217,656)	(269,399)
Account receivable - related party		683,751	1,068,527
Customer deposits and advances from clients		(1,397,013)	(21,580)
Acrrued interest and taxes		624,281	(940,504)
Account payable - related party		14,548	161,457
Outstanding indemnities payable		(104,711)	(689,450)
Trade accounts payable		112,458	(1,048,219)
Cash generated from operating activities		27,216,550	64,060,843
Interest paid		(29,081,280)	(20,100,465)
Interest income		471,574	581,369
Income tax paid		(1,415,524)	(5,251,997)
Net cash from (used in) operating activities		(2,808,680)	39,289,750
Cash flows from investing activities			
Trust funds from specific use		(60,719,858)	1,660,465
Adquisition of computer equipment	6	(3,885)	(900)
Net cash provided by (used in) investment activities		(60,723,743)	1,659,565
Cash flows from financing activities			
Payment of bonds		(333,103,280)	(39,827,488)
Proceeds from the bond emission	11	394,106,649	0
Net cash provided by (used in) financing activities		61,003,369	(39,827,488)
Net increase (decrease) in cash and cash equivalents		(2,529,054)	1,121,827
Cash and cash equivalents at the beginning of the period		14,063,020	12,941,193
Cash and cash equivalents at the end of the period	10	11,533,966	14,063,020

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

(1) Reporting entity

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., ENA Este Trust and ENA Master Trust have been combined. The combined Entities used the same accounting policies for the preparation of these combined 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 20).

The 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., ENA Este Trust and ENA Master 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., ENA Este Trust and ENA Master Trust belonging to the combined Entities were eliminated when preparing the combined financial statements. As at December 31, 2020, the combined entities do not represent a group for combined financial statement reporting purposes in accordance with IFRS 10 Consolidated Financial Statements.

The combined 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 31 December, 2020 which approximates allocation on an item-by-item basis.

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

<u>ENA Sur, S. A. (formerly ICA Panamá, S. A.)</u>

Empresa Nacional de Autopista (ENA) and ICATECH Corporation entered into a Share Purchase Agreement on August 1, 2011, whereby ENA acquired all of 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. (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.

ENA's operations concerning 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 are set forth in said Concession Contract. The Concession 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 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 – 24 de Diciembre tranche 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 that expires on October 25, 2045.

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.

ENA Master Trust

The ENA Master Trust was established by signing an Irrevocable Trust Agreement, or “Trust Agreement” (the “Agreement”), dated November 2, 2020, signed between Banistmo, SA as Trustee Agent (“Trustee”) and Primary Beneficiary (representing ENA Master Trust bondholders); and ENA Sur, S. A., and ENA Este, 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 Master Trust Trust - which was created as a core element of the guarantee scaffolding that supports the bond issuance through which the ENA Master Trust Bond was issued to provide financing to the concessions of the Corredor Sur and Corredor Este - is to manage, directly or indirectly, the rights and assets of the trust that were assigned to it for the benefit of the Primary Beneficiary and the Secondary Beneficiary in accordance with the terms of the Contract.

The Operator's fees, as well as other Concessionaire expenses related to the operation and maintenance of the Corredor Sur and Corredor Este, are paid with funds from the trust accounts managed by Banistmo, S. A. and The Bank of New York Mellon.

(2) Basis of accounting

(a) Statement of compliance

These combined financial statements for the period ended on December 31, 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS).

These combined financial statements were authorized for issue by Empresa Nacional de Autopista, S. A. 's board of directors on April 30, 2021.

(b) Basis of preparation

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

(c) Functional and presentation currency

These combined 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.

(d) Use of judgements and estimates

In preparing these combined 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 on December 31, 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:

Nota 5 – Amortization estimation of the intangible assets 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, 2020, 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 off air 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.

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 tan 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.

(3) Significant accounting policies

The accounting policies applied in these combined 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

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

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 combined 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 susequent 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 or 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.

– 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.

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 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.

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 extensión 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.

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 derivates 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.

(iii) 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 assets 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.

The Group enters into transactions whereby it transfers assets recognized in its combined 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 combined 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 assets from concession

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

Change in the cost per capacity applicable as of January 1, 2020
Corredor Este recorded total real traffics of 5,174,096 in year 2020, versus traffic estimates for the same year of 11,063,009. Based on this decrease in traffic, Management decided to increase the cost per capacity for the Corredor Este to B/.0.410, as of January 1, 2020 versus an earlier cost of B/.0.350.

Corredor Sur recorded total real traffics of 31,589,286 in year 2020, versus traffic estimates for the same year of 72,943,379. Based on this decrease in traffic, management decided to increase the cost per capacity for the Corredor Sur to B/.0.039 as of January 1, 2020 versus an earlier cost of B/.0.036.

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.

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

Corredor	Cost per traffic applicable as of January 1, 2020
Corredor Sur	B/.0.039
Corredor Este	B/.0.410

The financial assets of service concession agreements are recognized in the combined 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 combined 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 granter 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.

(d) Rights receivable from the Panamanian Government
All rights related to marine landfilled areas and land lot 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 land 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 combined financial statement of profit or loss.

Customer deposits correspond to guarantee deposits given by the clients and are returned to clients 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.

(j) 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.

(k) Other income

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

(l) 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.

(m) 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 instruments) 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.

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 combined 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.

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.

(n) Income tax

Income tax expense comprises current and deferred taxes. It is recognized as an expense or income 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 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) Defered 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.

(4) Standards issued but not yet effective.

(a) Standards issued but not yet effective

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

(a) Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated.

(b) Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 relating to (i) changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and (ii) hedge accounting.

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

The amendments will require the Group to disclose additional information about the entity´s exposure to risks arising from interest rate benchmark reform and related risk management activities. The Group plans to apply the amendments from January 1, 2021. Application will not impact amounts reported for 2020 or prior periods.

(c) Other standards

The following new amended standards are not expected to have a significant impact on the Group´s combined financial statements:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

(5) Intangible asset from concession

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

		2020	
	Corredor Sur	**Corredor Este**	**Total**
Cost			
Balance as of December 31, 2019	240,408,375	175,373,268	415,781,643
	240,408,375	175,373,268	415,781,643
Accumulated amortization:			
As of December 31, 2019	144,004,320	33,138,718	177,143,038
Amortization for the year	1,266,932	2,220,265	3,487,197
	145,271,252	35,358,983	180,630,235
Net balance as of December 31, 2020	95,137,123	140,014,285	235,151,408

		2019 (unaudited)	
	Corredor Sur	**Corredor Este**	**Total**
Cost			
Balance as of December 31, 2018	240,408,375	175,373,268	415,781,643
	240,408,375	175,373,268	415,781,643
Accumulated amortization:			
As of December 31, 2018	141,762,633	29,873,822	171,636,455
Amortization for the year	2,241,687	3,264,896	5,506,583
	144,004,320	33,138,718	177,143,038
Net balance as of December 31, 2019	96,404,055	142,234,550	238,638,605

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.

(6) Furniture, equipment and improvements, net

The detail of net furniture, equipment, and improvements, is presented below:

	Balance as of January 1, 2020	additions	disposal	Balance as of December 31, 2020
Cost				
Furniture and equipment	191,948	0	0	191,948
Vehicle equipment	69,400	0	0	69,400
Computer equipment	53,237	3,885	0	57,122
Improvements	57,433	0	0	57,433
Electronic toll system	9,801,537	0	0	9,801,537
Total	10,173,555	3,885	0	10,177,440
Depreciation and amortization				
Furniture and equipment	140,566	20,384	0	160,950
Vehicle equipment	63,327	6,073	0	69,400
Computer equipment	36,052	11,326	0	47,378
Improvements	28,717	11,486	0	40,203
Electronic toll system	3,920,614	1,960,307	0	5,880,921
Total	4,189,276	2,009,576	0	6,198,852
Net value	5,984,279			3,978,588

	Balance as of January 1, 2019	additions	disposal	Balance as of December 31, 2019 (unaudited)
Cost				
Furniture and equipment	191,948	0	0	191,948
Vehicle equipment	69,400	0	0	69,400
Computer equipment	52,337	900	0	53,237
Improvements	57,433	0	0	57,433
Electronic toll system	9,801,537	0	0	9,801,537
Total (unaudited)	10,172,655	900	0	10,173,555
Depreciation and amortization				
Furniture and equipment	99,989	40,577	0	140,566
Vehicle equipment	45,977	17,350	0	63,327
Computer equipment	21,724	14,328	0	36,052
Improvements	17,230	11,487	0	28,717
Electronic toll system	1,960,307	1,960,307	0	3,920,614
Total	2,145,227	2,044,049	0	4,189,276
Net value (unaudited)	8,027,428			5,984,279

(7) Rights receivable from Panamanian Government

According to the third, fifteenth and sixteenth clauses of the Concession Contract signed between the Group and the Panamanian Government, the Group has the right to receive from the Panamanian State the right to fill-in the seabed located between the ATLAPA Convention Center and the former Marcos A. Gelabert Airport, as a reimbursement of the costs related to the investment in the concession.

On July 22, 2011, according to Official Gazette No. 26834-B, the State of Panama and ENA Sur agreed to Addendum No. 3 to Concession Contract No. 70-96, by which the State of Panama granted to ENA Sur additional rights of fill-in the seabed in an area of 12 hectares, plus 404.74 square meters, located between the former Marcos A. Gelabert Airport and the Atlapa Convention Center. Additionally, the State of Panama gave its consent for the partial cession by ENA Sur to Corporacion Insular Americana, ("CIA") S. A. of the seabed fill-in rights for an area of 19.081 hectares that will be used to develop a project for the construction of Islands 1 and 2 at Punta Pacifica.

On July 22, 2011, according to Official Gazette No. 26834-B, the State of Panama and ENA Sur agreed to Addendum No. 4 to Concession Contract No. 70-96, by which the works to expand the Corredor Sur were approved and awarded to ENA Sur. Additionally, ENA Sur was granted seabed fill-in rights on a 40 hectares area located between the former Marcos A. Gelabert Airport and the Atlapa Convention Center, which could be used as financing source for the expansion project.

On July 25, 2011, ENA Sur assigned to Corporación Insular Americana (CIA) the seabed fill-in rights to an area of 19.081 hectares for the execution of the Islands 1 and 2 Project at Punta Pacifica, where CIA took the place of ENA Sur in respect to the execution of said assigned rights. These rights were assigned at a price of B/.7,275,003 and the aforementioned reduction represents the cost recognized in this transaction. At the same time, ENA Sur ceded to CIA the sale-purchase agreement of land lots belonging to Ocean Reef Islands, Inc. ("ORI") with ENA Sur, which established that the purchase price of the lots for Islands 1 and 2 and their improvements would be for B/.24,250,010 with ORI's obligation to build these Islands.

Following is a summary of the seabed fill-in rights received and receivable (in square meters):

	In square meters
(A) As payment for the construction of the Corredor Sur:	
According to Concession Contract	350,000
Granted and use in construction of Punta Pacífica	(233,616)
Granted through Addendum 3 to Concession Contract	120,405
Transferred to Corporación Insular Americana, S. A. according to addendum 3	(190,081)
Subtotal (in square meters)	46,708
(B) As payment of additional indemnities to maximum amount according to Concession Contract:	
According to Concession contract	147,361
Granted through addendum 3 to Concession contract	(120,405)
Subtotal (in square meters)	26,956
(C) As financing source to expansión Project of Corredor Sur:	
According to addendum 4 to Concession Contract	400,000
Granted through addendum 4 to Concession Contract	(400,000)
Subtotal (in square meters)	0

As of December 31, 2020, rights receivable was recognized for an amount of B/.1,841,622.

(8) Trust funds for specific use

The trust fund for specific use were as follows:

	2020	2019 (unaudited)
ENA Sur Trust:		
The Bank of New York Mellon		
Reserve for debt service		2,113,596
Reserve for capex	0	1,500,000
Reserve for future debt service	0	9,724,841
Reserve for major maintenance	0	1,000,000
Reserve for lawsuits	0	3,600,000
Scotiabank (Panamá), S. A. (toll collection)	0	6,121,379
ENA Este Trust:		
Banistmo, S. A.		
Concentration	0	29,243,005
El Golf – Tocumen Tranche	0	3,835,162
Gonzalillo – Pedregal Tranche	0	689,549
Reserve for major maintenance	0	502,441
Reserve for lawsuits	0	6,391,340
Reserve for Capex	0	502,441
Banistmo, S. A. (Reserve for indemnities)	11,294,342	12,140,986
ENA Master Trust		
BSA FID 4013 Excess Cash Flow	83,754,102	0
ENA Sur Litigation Reserve	3,599,995	0
ENA Este Tranch Golf – Tocumen	3,918,459	0
ENA Este Tranch Gonzalillo – Pedregal	703,871	0
ENA Offshore Concentration	5,414,398	0
Reserve for major maintenance	5,426,833	0
Debt service	17,000,000	0
Operation account	6,972,598	0
Total trust funds for specific use	138,084,598	77,364,740
Less:		
Non-current portion	(0)	(23,221,063)
Current portion	138,084,598	54,143,677

(9) Trade and other accounts receivable

Trade and other accounts receivable were as follows:

	2020	2019 (unaudited)
Accounts receivable toll	4,625,993	2,579,633
Ancillary service	149,035	66,630
Others (i)	69,633	575,942
	4,844,661	3,222,205
Provision for expected credit losses	(2,536,109)	(1,088,196)
Total	2,308,552	2,134,009

(i) Correspond mainly to interest receivable.

The fair value of accounts receivable approximates it carrying amount due to their short-term nature. The movement of the provision for expected credit losses is as follows:

	2020	2019 (unaudited)
Balance at the beginning of the year	1,088,196	938,196
Increase in the provision	1,447,913	150,000
Balance at the end of year	2,536,109	1,088,196

(10) Cash and bank deposits

The cash and bank deposits are as follows:

	2020	2019 (unaudited)
Banco General, S. A. – checking account	1,814,712	1,810,800
Banistmo, S. A. – checking account	5,164	5,000
Metrobank, S. A. – checking account	251,494	238,629
Banistmo, S. A. – management trust	11,225,876	13,771,871
Banistmo, S. A. – time deposits	24,037	24,037
Total cash and bank deposits	13,321,283	15,850,337
Less: Restricted cash	(1,787,317)	(1,787,317)
	11,533,966	14,063,020

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 trust´s beneficiaries are:

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

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

	2020	**2019 (unaudited)**
Total cash and bank deposits	13,321,283	15,850,337
Less:		
Banistmo, S. A. – Time deposit with original maturity greater than 90 days	24,037	24,037
Banco General, S. A. – checking account	1,763,280	1,763,280
Total restricted cash	1,787,317	1,787,317
Total cash and bank deposits	11,533,966	14,063,020

As of December 31, 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 Cerveceria Nacional de Panamá, S. A. (Notes 20).

(11) Bonds payable

As of December 31, 2020, bond payable are as follows:

	2020	**2019 (unaudited)**
ENA Sur Trust Bonds	0	121,103,281
ENA Este Trust Bonds	0	212,000,000
ENA Master Trust Bonds	400,000,000	0
	400,000,000	333,103,281
Net bonds issuance cost	(5,873,984)	(2,834,371)
Net total	394,126,016	330,268,910
Current portion	0	41,882,063
Balance with maturity greater than a year	394,126,016	288,386,847

2020	**ENA Sur Trust**	**ENA Este Trust**	**ENA Master Trust**	**Total**
Less than 1 year	0	0	0	0
1-2 years	0	0	0	0
2-3 years	0	0	0	0
3-4 years	0	0	0	0
4-5 years	0	0	0	0
More than 5 years	0	0	400,000,000	400,000,000
Total	0	0	400,000,000	400,000,000

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

As of December 31, 2020, 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 was 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 “Settlors”, 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 ENA Sur Trust Bonds issuance (Class A and Class B) was canceled in its entirety on November 25, 2020; its repayment came from the issuance on November 19, 2020 of the ENA Master Trust Bonds for an amount of B/.400,000,000.

The bonds were 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 were 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 were payable quarterly in February, May, August, and November of each year over the life of the bonds.

The principal of the Series 2011 Class A Bonds was amortized according to a pre-determined schedule of quarterly payments, with the first payment scheduled taking place in November 2011 and the last one in May 2025.

The amortization of the principal of the Series 2011 Class B Bonds occurred as a result of the application of the priorities of a cascade of payments that contemplated, among other thing, (i) the expenses of operating and major maintenance of the Corredor Sur, (ii) the trustee´s commissions, (iii) taxes incurred and (iv) the quarterly interest paid on both series of bonds – which were variable. Consequently, the current and non-current portion of the Series 2011 Class B Bonds as of December 31, 2019 were estimated amounts.

	2020	2019 (unaudited)
Series 2011 Class A Bonds	0	93,202,670
Series 2011 Class B Bonds	0	27,900,611
Total bonds issued and outstanding	0	121,103,281
Less:		
Bond issuance cost	0	(1,790,563)
Net total	0	119,312,718
Current portion:		
Series 2011 Class A Bonds	0	13,981,452
Series 2011 Class B Bonds	0	27,900,611
Total	0	41,882,063
Balance with maturity greater than a year	0	77,430,655

As of December 31, 2020, both series of the bonds were paid in full:

	2020	2019 (unaudited)
Less than 1 year	0	41,882,063
1-2 years	0	15,697,980
2-3 years	0	16,815,917
3-4 years	0	17,877,329
4-5 years	0	19,162,191
More than 5 years	0	9,667,801
Total	0	121,103,281

ENA Sur Trust incurred the costs for structuring and subsequent placement in the market of the bonds issued. These costs were capitalized for amortization over the life of the bonds under the effective interest method. With the total cancellation of the ENA Sur Trust bond issues in November 2020, the pending amortization expenses were assumed as expenses for year 2020.

The balance of bond issuance costs as of December 31, 2020 is broken down as follows:

	2020	2019 (unaudited)
Bond issuance cost	5,668,165	5,668,165
Accumulated amortization:		
Balance at the beginning of period	(3,877,602)	(3,306,086)
Amortization for the period	(1,790,563)	(571,516)
Balance at the end of the period	(5,668,165)	(3,877,602)
Bond issuance cost, net	0	1,790,563

B – Issuance of ENA Este Trust Bonds

ENA Este Trust (issuer)

ENA Este Trust issued bonds for B/.212,000,000 – with a coupon of 6.00% p.a. and final legal maturity on March 28, 2014. ENA Este Trust was 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 ENA Este Trust Bonds issuance was canceled in its entirety on December 28, 2020; its repayment came from the issuance on November 19, 2020 of the ENA Master Trust Bonds for an amount of B/.400,000,000.

The bonds were 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 were the assigned rights on toll charges in Corredor Este, the bank accounts of the trust, the contributions that ENA made to the capital of ENA Este, S. A., and, in case of an unresolved default, the trust assets.

Interest earned on the bonds were payable on a quarterly basis on March, June, September, and December of each year. However, according to the terms and conditions of the issuance of bonds, there were 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 had to be paid off, whatever it may be.

	2020	2019 (unaudited)
ENA Este Trust Bonds	0	212,000,000
Total bonds issued and outstanding	0	212,000,000
Less:		
Bond issuance costs	0	(1,043,808)
Balance with maturity greater than a year	0	210,956,192

As of December 31, 2020, the bond issuance was paid in full:

	2020	2019 (unaudited)
1-2 years	0	45,955,270
2-3 years	0	46,874,177
3-4 years	0	48,262,386
4-5 years	0	48,793,272
More than 5 years	0	22,114,895
Total	0	212,000,000

In the process of structuring, and placing the bonds, the ENA Este Trust incurred in issuance expenses. These costs were capitalized and amortized over the life of the bonds, under the effective interest method. With the total cancellation of the ENA Este Trust bond issue in December 2020, the pending amortization expenses were registered as expenses for year 2020.

The balance of bond issuance costs as of December 31, 2020 is broken down as follows:

	2020	2019 (unaudited)
Bond issuance cost	2,124,343	2,124,343
Accumulated amortization:		
Balance at the beginning of period	(1,080,535)	(867,244)
Amortization for the period	(1,043,808)	(213,291)
Balance at the end of the period	(2,124,343)	(1,080,535)
Bond issuance cost, net	0	1,043,808

C – Issuance of ENA Master Trust bonds

ENA Master Trust (issuer)

The B/.400,000,000 ENA Master bond were issued on November 19, 2020 with a 4.00% coupon and final legal maturity of May 2048. The trust was constituted in accordance with Law No.1 of 1984 of the Republic of Panama, and in accordance with Agreement (the "contract") signed on November 19, 2020, between ENA as Settlor and Administrator; Banistmo, S. A. as Trustee of the ENA Master Trust; Registered Holders of the ENA Master Trust bond as Primary Beneficiaries; and the Settlors as Secondary Beneficiaries.

The bonds are guaranteed on a pro rata basis in accordance with: (i) the right, title and interest of the ENA Master Trust to the rights of ENA Sur, S. A. and ENA Este, S. A. to receive tolls and certain other payments from Corredor Sur and Fase IIB or Corredor Norte 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 ENA Este, S. A. and (ii) all issued and outstanding shares of ENA Sur, S. A. and ENA Este, S. A. (iii) available funds from time to time and certain reserves deposited in trust accounts, and (iv) contributions ENA Sur, S. A. and ENA Este, S. A. makes of amounts corresponding to the share capital it receives from ENA, product of periodic dividends paid to ENA by ENA Sur, S. A. and ENA Este, S. A.

The repayment source of the bonds are the assigned rights of the toll collection of Corredor Sur and Fase IIB of Corredor Norte, the trust bank accounts, and, in case of unresolved defaults, the trust assets.

Interests on the bonds are payable semiannually in May and November of each year over the life of the bonds. In accordance with the terms and conditions of issuance of the bonds, scheduled principal payments on the respective semi-annual payment dates begin in November 2025, and will continue being made semi-annually, according to the payment schedule detailed in the legal documents of this bond, until the last payment is completed in May 2048.

	2020
ENA Master Trust bonds	400,000,000
Total bond issued and outstanding	400,000,000
Less:	
Bond issuance cost	(5,873,984)
Balance with maturity greater than a year	394,126,016

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

	2020
Less than 1 year	0
1-2 years	0
2-3 years	0
3-4 years	0
4-5 years	0
More than 5 years	400,000,000
Total	400,000,000

In the process of structuring, documenting, and placing bonds, ENA Master Trust incurred in issuance expenses. These costs were capitalized and will be amortized over the life of the bonds under the effective interest method.

The balance of bond issuance costs as of December 31, 2020 is broken down as follows:

	2020
Bond issuance cost	5,893,351
Accumulated amortization:	
Balance at the beginning of period	0
Amortization of the year	(19,367)
Balance at the end of period	(19,367)
Bond issuance cost net	5,873,984

(12) Outstanding indemnities payable

Outstanding indemnities payable consists mainly 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 provisions will be different from the estimated amount. As of December 31, 2020, the indemnities payables were assigned for an amount of B/.14,658,533 (2019: B/.14,722,288), and is part of the funds classified for a specific use.

(13) Operating and maintenance costs

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

	2020	2019 (unaudited)
Operating and minor maintenance costs	8,256,865	9,797,698
Major maintenance costs	7,017,901	10,219,084
Operating services	507,340	479,831
Insurance	504,426	492,688
Total	16,286,532	20,989,301

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.

(14) Others expenses

Below is a summary of the other expenses:

	2020	2019 (unaudited)
Taxes	135,060	267,415
Maintenance	39,564	57,728
COVID-19 supplies	76,885	0
Communications	11,262	24,571
Insurance	38,559	36,478
Stickers Panapass	102,750	271,301
Others	76,242	83,554
Total	404,080	741,047

(15) Income tax

Income tax returns of the Group for the last three fiscal years, including the one for the year ended December 31, 2020, 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 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.

15.1 Income tax recognized in profit or loss.

The expenditure components of income tax on December 31, 2020 are as follows:

	2020	2019 (unaudited)
Current income tax	351,399	5,270,633
Adjustment in respect of prior year	(18,633)	0
Total	332,766	5,270,633

The reconciliation of the current income tax is presented below:

	2020	**2019 (unaudited)**
Financial loss before taxes	(10,886,495)	35,793,523
Income tax considering the effective rate of 25% with Benefit of 50%	0	4,474,190
Effect in:		
Effect in combination	(243,246)	0
Companies with losses	469,148	746,787
Exempt and/or non-deductible costs and expenses	501,097	(220,642)
Non-taxable income	(375,598)	270,298
Income tax from previous periods	(18,635)	0
Current income tax	332,766	5,270,633

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.

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.

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.

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 value and fair values of the 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:

2020

	Carrying amount						
	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value							
Trust fund for specific use	138,084,598	0	138,084,598	-	-	-	-
Account receivable – related party	1,574,678	0	1,574,678	-	-	-	-
Trade accounts receivable and other	2,308,552	0	2,308,552	-	-	-	-
Cash and bank deposits	11,533,966	0	11,533,966	-	-	-	-
Restricted cash	1,787,317	0	1,787,317	-	-	-	-
	155,289,111	0	155,289,111				
Financial liabilities not measured at fair value							
Bonds payable	0	394,126,016	405,000,000	-	429,996,000	-	429,996,000
Outstanding Indemnities payable	0	14,617,577	17,834,965	-	-	-	-
Customer deposits and advances from clients	0	2,066,257	2,066,257	-	-	-	-
Trade accounts payable	0	2,861,157	2,861,157	-	-	-	-
Account payable – related party	0	2,952,824	2,952,824	-	-	-	-
	0	416,623,831	430,715,203		405,000,000		405,000,000

2019 (unaudited)

	Carrying amount						
	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value							
Trust fund for specific use	77,364,740	0	77,364,740	-	-	-	-
Account receivable – related party	2,258,429	0	2,258,429	-	-	-	-
Trade accounts receivable and other	2,134,009	0	2,134,009	-	-	-	-
Cash and bank deposits	14,063,020	0	14,063,020	-	-	-	-
Restricted cash	1,787,317	0	1,787,317	-	-	-	-
	97,607,515	0	97,607,515				
Financial liabilities not measured at fair value							
Bonds payable	0	330,268,910	357,076,393	-	357,076,393	-	357,076,393
Outstanding Indemnities payable	0	14,722,289	17,964,682	-	-	-	-
Customer deposits and advances from clients	0	3,463,270	3,463,270	-	-	-	-
Trade accounts payable		2,748,699	2,748,699	-	-	-	-
Account payable – related party	0	2,938,276	2,938,276	-	-	-	-
	0	354,141,444	384,191,320		357,076,393		357,076,393

The fair value of financial assets and liabilities included in Level 1, 2 and 3, shown above, has been determined with the generally accepted price models, based on the analysis of discounted cash flows, where the most significant input data it is constituted by the discount rate that reflects the credit risk of the counterparty.

(17) Balances and transactions with related parties

The balances with related parties are broken downs as follows:

	2020	2019 (unaudited)
Balances:		
Accounts receivable:		
Empresa Nacional de Autopistas, S. A.	1,574,678	1,574,249
Fideicomiso de Administracion - Affiliate	0	684,180
	1,574,678	2,258,429
Accounts payable		
Empresa Nacional de Autopistas, S. A.	867,063	867,063
ENA Norte, S. A.	573,270	402,019
Fideicomiso de Administracion - Affiliate	1,512,491	1,669,194
	2,952,824	2,938,276
Deemed distribution to Parent Company		
Empresa Nacional de Autopista, S. A. (i)	265,653,629	265,653,629
Transactions:		
ENA Norte, S. A.	227,414	401,264
Administrative services fees:		
Empresa Nacional de Autopista, S. A. (ii)	750,000	748,630

(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.

As of December 31, 2020, there are other transactions with related parties that are deemed as non-significant they have not been disclosed.

(18) Risk management for financial instruments

Objetives 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 Group's main financial assets are cash balances and bank deposits, trust funds with specific use and accounts receivable, which represent the Group's maximum exposure to credit risk in relation to financial assets.

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.

The table below show the undiscounted cash flows of Group financial liabilities recognized on the basis of their closest possible maturity. The expected flows of these instruments may vary significantly as a result of these analyzes.

2020	**Carrying value**	**Undiscounted Cash flows**	**Up to 1 Year**	**From 1 to 2 years**	**From 2 to 5 years**	**More than 5 years**
Financial liabilities						
Bonds payable	394,126,016	400,000,000	0	0	0	400,000,000
Outstanding indemnities payable	14,617,577	17,571,786	0	0	0	17,571,786
Accrued interest and taxes	2,219,019	2,219,019	2,219,019	0	0	0
Customer deposits and advances from clients	2,066,257	2,066,257	2,066,257	0	0	0
Trade accounts payable	2,861,157	2,861,157	2,861,157	0	0	0
Account payable – related party	2,952,824	2,952,824	2,952,824	0	0	0
Total financial liabilites	418,842,850	427,671,043	10,099,257	0	0	17,571,786

2019 (unaudited)	**Carrying value**	**Undiscounted Cash flows**	**Up to 1 Year**	**From 1 to 2 years**	**From 2 to 5 years**	**More than 5 years**
Financial liabilities						
Bonds payable	330,268,910	333,103,281	41,882,063	61,653,250	197,785,272	31,782,696
Outstanding indemnities payable	14,722,289	17,697,661	0	0	0	17,697,661
Accrued interest and taxes	1,192,460	1,192,460	1,192,460	0	0	0
Customer deposits and advances from clients	3,463,270	3,463,270	3,463,270	0	0	0
Trade accounts payable	2,748,699	2,748,699	2,748,699	0	0	0
Account payable – related party	2,938,276	2,938,276	2,938,276	0	0	0
Total financial liabilites	355,333,904	361,143,647	52,224,768	61,653,250	197,785,272	49,480,357

To manage the liquidity risk arising from financial liabilities, the Group maintains liquid assets such as cash and cash equivalents and funds in trust with specific use.

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 combined financial statements:

Revenue	**2020**	**2019 (unaudited)**
Toll Revenue		
ENA Sur, S. A.	35,811,800	70,032,999
ENA Este, S. A.	9,713,132	17,763,325
	45,524,932	87,796,324
Other revenue, ancillary service income and interest income		
ENA Sur, S. A.	2,901,347	3,241,872
ENA Este, S. A.	1,365,100	959,915
	4,266,447	4,201,787
Net Profit		
ENA Sur, S. A.	542,314	35,737,806
ENA Este, S. A.	(10,467,489)	(5,214,916)
ENA Master Trust	(1,294,086)	0
	(11,219,261)	30,522,890

Segment Assets and Liabilities	**2020**	**2019 (unaudited)**
Assets		
ENA Sur, S. A.	113,976,411	141,237,675
ENA Este, S. A.	157,836,409	205,159,048
ENA Master Trust	126,873,589	0
	398,686,409	346,396,723
Liabilities		
ENA Sur, S. A.	11,591,621	132,221,745
ENA Este, S. A.	11,258,546	223,112,158
ENA Master Trust	395,992,683	0
	418,842,850	355,333,903

Other segment information **Amortization**	**2020**	**2019 (unaudited)**
ENA Sur, S. A.	(1,266,932)	(2,241,687)
ENA Este, S. A.	(2,220,265)	(3,264,895)
	(3,487,197)	(5,506,582)

(20) 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 Panama, 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 of 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 of 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.

ENA Este, S. A.

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.

On 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, the claim was not admitted in the first instance and it was appealed.

In November 2020, the appeal was withdrawn because we learned that ICAPSA promoted the Arbitration Award Enforcement Process, and it was decided to appear with a deposit of the Payment Process by consignment to send the funds consigned in the Payment to the Enforcement Process by Consignment.

(21) Commitments

As of December 31, 2020, the Group had the following significant commitments to suppliers and service providers:

(i) Operation contract

ENA Sur, S. A.: On 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 of December 31, 2020, the Concessionaire has incurred in de B/.6,898,194 (2019: B/.,8,049,319). Related to major maintenance services provided by the Operator. Major maintenance services vary according to the performance of a maintenance schedule. As of December 31, 2020, the balance pending of payment with the Concessionaire was B/.637,886.

ENA Este, S. A.: On 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 of December 31, 2020, the concessionaire has incurred in B/.1,358,671 (2019: B/.1,748,379) related to major maintenance services provided by the Operator. Major maintenance services vary according to the performance of a maintenance schedule. As of December 31, 2020, the balance pending of payment with the Concessionaire was B/.0.

(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 December 31, 2020, there have been maintenance expenses incurred for B/.12,649,670.

(22) Subsequent events

On March 01, 2021, the Superintendency of Markets of the Republic of Panama issued Resolution No. SMV 74-21, by which it decreed the termination of the registration of ENA Este Trust / Fideicomiso ENA Este. The ENA Este Trust bond issuance was fully cancelled on December 28, 2020, with funds received from the proceeds of the USD 400 Million bond issuance by ENA Master Trust that took place on November 19, 2020.

On March 02, 2021, the Superintendency of Markets of the Republic of Panama issued Resolution No. SMV 76-21, by which it decreed the termination of the registration of ENA Sur Trust / Fideicomiso ENA Sur. The ENA Sur Trust bond issuance was fully cancelled on November 25, 2020 with funds received from the proceeds of the USD 400 Million bond issuance by ENA Master Trust that took place on November 19, 2020.

(23) Reclasifications

Certain amounts in the combined financial statements of 2019, were reclassified in order to align them with the presentation of the combined financial statements of 2020. The reclassifications were as follows:

<u>Combined statement of financial position</u>:

(i) Reclasifications

(a) The balances of other assets for B/.103,357 corresponding to equipment and improvements presented as non-current assets in the combined statement of financial position as of December 31, 2019, were reclassified to furniture, equipment and improvements, net to be presented in accordance to IAS 16.

(b) The balance of intangible assets for concession for B/. 5,880,922 corresponding to electronic toll equipment used for the operation of the ENA Este, S. A. corridor presented as non-current assets in the combined statement of financial position as of December 31, 2019, was reclassified to furniture, equipment and improvements, net to be presented in accordance to IAS 16.

<u>Combined statements of profit or loss</u>

(i) Reclasifications

(a) Depreciation expense of electronic toll equipment used for the operation of the ENA Este, S. A. corridor for B/.1,960,307 presented as part of the amortization expenses of the intangible asset for concession in the combined statement of profit or loss as of December 31, 2019, was reclassified to depreciation and amortization.

(b) Depreciation expenses of furniture, equipment and improvements, net for B/.83,742 presented as part of general and administrative expenses in the combined statement of profit or loss as of December 31, 2019, was reclassified to depreciation and amortization to disaggregate the general and administrative expenses account.

<u>Combined statement of cash flows:</u>

(i) Reclasifications

(a) The amortization expense of intangible assets for concession for B/.1,960,307 corresponding to depreciation of the electronic toll equipment used for the operation of the ENA Este, S. A. corridor was reclassified to depreciation and amortization expenses to be presented in accordance to IAS 16. This reclassification does not change the total cash flows originated by operating activities in the combined statement of cash flows as of December 31, 2019.