

Cirion Technologies Holding II limited
(Formerly Centurylink Impsat Holdings II Limited)

Registered number: 6056399

Financial statements for the year ended 31 December 2021

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Cirion Technologies Holding II Limited

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Cirion Technologies Holding II Limited

Strategic report

The purpose of this Strategic Report is to communicate a fair review of the business and principal risk and uncertainties facing the company.

Review of the business

During the year, the Company was a member of the Lumen Group ("The Group"). Lumen Group is a facility based provider of a broad range of integrated communications services. The Group network is an international, facilities based communications network. The Group have designed their network to provide communications services that employ and take advantage of rapidly improving underlying optical, Internet Protocol ("IP"), computing and storage technologies. Cirion Technologies Holding II Limited, a United Kingdom ("UK") holding company ("CTL UK"), was registered at Companies House in England and Wales on 17 January 2007. Its registered office is at 58 Grosvenor Street, London, W1K 3JB. United Kingdom.

The principal activity of the Company is to act as a special purpose financing and holding company.

The Group is currently focused on a number of operational and financial objectives, including (1) growing revenue by increasing sales generated by their Core Network Services; (2) focusing on our enterprise customers, as this customer group has the largest potential for significant growth; (3) continually improving the customer experience to increase customer retention and reduce customer churn; (4) launching new products and services to meet customer needs, in particular for enterprise customers; (5) reducing network costs and operating expenses; (6) achieving sustainable generation of positive cash flows from operations; (7) continuing to show improvement in Adjusted EBITDA as a percentage of revenue; (8) localizing certain decision making and interaction with our mid-market enterprise customers, including leveraging our existing assets; (9) concentrating its capital expenditures on those technologies and assets that enable the Group to develop its Core Network Services; (10) managing the Wholesale Voice Services for margin contribution; and (11) refinancing future debt maturities.

At the year end, the ultimate parent company and controlling party was Lumen Technologies, Inc. ("Lumen"), a company incorporated under the laws of the State of Louisiana in the United States of America. The results of the Company are consolidated into Lumen Technologies, Inc. whose accounts can be obtained from Investor Relations, Lumen Technologies, Inc. 100 CenturyLink Drive, Monroe, Louisiana 71203, United States of America.

On August 1st 2022 Lumen completed the sale of its Latin American business, including the Company, to Cirion Technologies group ("Cirion group"), an independent portfolio company of Stonepeak. Stonepeak, is headquartered in New York, USA with offices in Austin, Hong Kong, Houston, London and Sydney. Stonepeak is a leading alternative investment firm specialized in infrastructure and real assets under management. Through its investment in defensive, hard-asset businesses globally, Stonepeak aims to create value for its investors and portfolio companies, and to have a positive impact on the communities in which it operates. Stonepeak sponsors investment vehicles focused on private equity and credit. The firm provides capital, operational support, and committed partnership to sustainably grow investments in its target sectors, which include communications, energy transition, transport and logistics, and social infrastructure.

Cirion group is a leading digital infrastructure and technology provider, offering a comprehensive suite of fiber network, connectivity, colocation, cloud infrastructure, and communication and collaboration solutions with the purpose of furthering Latin America's progress through technology. Cirion serves over 6,400 Latin America-based and multinational customers, including enterprises, government agencies, cloud service providers, wireline and wireless carriers, ISPs, and other leading businesses. Cirion owns and operates a facilities-based network and data center portfolio, with extensive coverage spanning across the Latin America region.

Financial performance

The net finance losses (revenue) for the year was \$0.5 million (2020: \$39 million) and operating losses was \$0.04 million (2020: \$0.19 million). The profit for the year after taxation was \$0.3 million (2020: \$36.2 million). The variance is mainly driven by dividend earned from CenturyLink Chile by \$22 million during 2020 and the decrease in interest receivables due to the intercompany assignment during 2020.

As at 31 December 2021, the company had net assets of \$440 million (2020: \$439.6 million)

Cirion Technologies Holding II Limited

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and reserves and reduced by the accumulated deficit.

The primary objective of the Company's capital management is to ensure that it maintains a healthy credit rating in order to support its business and enable it to continue as a going concern.

Going concern

Cirion Technology Group ("Cirion Group"), the new ultimate parent company of Cirion Technologies Holding II Limited, has confirmed that it intends to provide such financial support as is necessary to enable the Company to meet its liabilities in full as they fall due for a period of at least twelve months from the date of approval of these financial statements.

The Directors of the Company have no reason to believe that the new parent company will not be in a position to provide the support referred above and, accordingly, they have prepared the financial statements on the going concern basis

Principal risks facing the business

The directors consider that the principal risks and uncertainties faced by the Company are as follows:

Risks relating to our business operations

- We are exposed to currency exchange risks where we issue invoices, or incur costs, for services in currencies other than \$. Our net result may suffer due to currency translations and re-measurement. During the periods presented, there were no significant gains or losses derived from transactions made in other currencies.

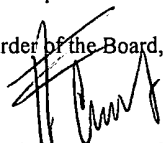
Risks related to liquidity and financial resources

- Continued uncertainty in the global financial markets and economy may negatively affect our financial results. Declines in customer spending, failure of key suppliers to provide us with the services/materials for our network could negatively impact our operating results and financial condition.

Section 172 statement

During the year, the Company acted as a holding company within the Lumen Group and therefore, did not have direct relationships with employees, suppliers and customers. The Company holds investments in other Group Companies and therefore, has a business relationship with such entities. During the accounting year under review the Company has considered its activities and decisions however, as a holding company there has been limited business activity during the year. The Company approved the financial accounts for the year ended 31 December 2021 which gave our stakeholders a view of the current financial position of the Company. The accounts were independently audited by KPMG LLP which ensured that the accounts had been audited by an independent party. No other business activity that would impact our stakeholders took place within the Company during 2021.

By order of the Board,



Facundo Castro Castellanos
Director

January 27, 2023

Cirion Technologies Holding II Limited

Directors Report

The directors present their report and financial statements of Cirion Technologies Holding II Limited ("the Company"), formerly Centurylink Impsat Holdings II Ltd, for the year ended 31 December 2021.

Directors

The directors of the Company throughout, and since the end of the year (except as noted) are as follows.

Name:

Qamar UI Arfeen Qadeer (resigned august 1, 2022)

Hector R. Alonso (resigned March 27, 2022)

Kevin Baird (resigned august 1, 2022)

Facundo Castro Castellanos (appointed august 1, 2022)

Rohan Pramod Bhargava (appointed august 1, 2022)

Cyrus Stokes Gentry (appointed august 1, 2022)

Jhon Forbes Parker Jr (appointed august 1, 2022)

Andrew Nesbitt Thomas (appointed august 1, 2022)

Provisions for directors' indemnity

During the year, the Group had an indemnity provision in force in respect of the Directors of the Company against liability in respect of any proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 (section 234). Such qualifying third-party indemnity provisions remain in force at the date of signing this Directors report.

Dividends

The directors do not recommend the payment of a dividend for the year (2020: nil).

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2020: nil).

Financial risk management objectives

The Company's principal financial risk and uncertainties relate to financial instruments. The Company's financial risk management objective and policies, in respect of financial instruments, are discussed in note 13 to these financial statements.

Streamlined Energy and Carbon Reporting (SECR)

The company has consumed 40,000 kWh of energy or less in the United Kingdom during the period in respect of which the directors' report is prepared, and as a report this report is not required to disclose SECR information in respect of itself.

Future developments

The communications industry has been and remains highly competitive. The industry is subject to rapid and significant changes in technology. We believe that advances in optical and IP technologies have, and will continue to, facilitate decreases in unit costs for communications service providers that are able to most effectively take advantage of these technology advances. These service providers will be able to offer lower prices, which, we believe, will stimulate substantial increases in the demand for communications services. We believe that, over time, rapidly improving technologies and high demand elasticity are the two primary factors that are continuing to drive this market dynamic.

Cirion Technologies Holding II Limited

In view of these market and technology opportunities, we seek to serve business customers by using a customer first focus and providing a broad range of communications services over the Group's advanced and extensive fiber optic network. The processes and systems of the Group were designed to provide efficient and scalable services over a modern fiber optic network that deploys IP technologies. With the network's extensive geographic reach and deep reach into major metropolitan areas of Latin America, we are positioned to provide end-to-end services for customers entirely on the Group's own facilities. We plan to continually expand this fiber optic network to new locations where the demands of customers and potential customers justify the costs of expansion.

Subsequent events

On March 2022, the company decided to increase its investments in Peru, via a capital contribution of \$10.5 million,

On July 26, 2021 Lumen Technologies (Lumen), ultimate shareholder of the Company, and Stonepeak, a leading alternative investment firm specialized in infrastructure and real assets, based in New York, USA, had announced the signing of a definitive agreement for Lumen to sell its Latin American business to Stonepeak for \$2.7 billion. On August 1st 2022, it was officially announced the completion of such sale and the new Latin American business is now called Cirion Technologies (Cirion), operating as an independent portfolio company of Stonepeak. The completion of the sale gives Cirion greater flexibility to expand its business in the mentioned region and allows it to form new strategic alliances while offering the regional and global solutions customers expect, with the services they need. In line with that, on September 30, 2022 the company has registered at the Companies House, the change of its name from Centurlink Impsat Holdings II to Cirion technologies holding II limited.


It is noted that the equity ownership of the Company in certain of its subsidiaries is pledged in order to comply with obligation assumed by parent company, Patagonia Holdco, LLC ("Patagonia") under certain Credit Agreement dated 1 August 2022 (as amended and/or restated from time to time) between, amongst others Patagonia as borrower and TMF Group New York, LLC as collateral agent (the "Credit Agreement"). Therefore, equity ownership of the Company in (i) Cirion Technologies do Brasil Ltda., (ii) Cirion Technologies Participações e Comercial Ltda., (iii) Cirion Technologies Colombia S.A.S., (iv) Cirion Technologies Perú S.A., (v) Cirion Technologies Chile S.A. and (vi) Cirion Technologies México, S. de R.L was formally pledge in favour of applicable local collateral agent since October 2022.

On December 20, 2022 Cirion Technologies Holding I Limited, parent company of Cirion Technologies Holding UK II, made a capital contribution to the Company by USD 6M.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board,



Facundo Castro Castellanos
Director

January 27, 2023

Registered office: 58 Grosvenor Street, London, W1K 3JB. United Kingdom.

Cirion Technologies Holding II Limited

Statement of directors' responsibilities in respect of the Strategic Report, The Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Cirion Technologies Holding II Limited

Opinion

We have audited the financial statements of Cirion Technologies Holding II Limited ("the company") for the year ended 31 December 2021 which comprise the statement of profit and loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cashflow, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible pressures to meet profit targets/ recent revisions to guidance/ our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment assessment over investments. On this audit we do not believe there is a fraud risk related to revenue recognition because the company has no revenue as it operates as a holding company.

We did not identify any additional fraud risks

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries posted to unrelated accounts, post year-end adjustments, and others.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), and from inspection of the regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company'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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



John Edwards (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

Date: 30 Jan 2023

Cirion Technologies Holding II Limited

Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31st December 2021

	Note	Year ended 31 December 2021 (\$000)	Year ended 31 December 2020 (\$000)
General and administrative expenses		(42)	(187)
Operating loss	3	(42)	(187)
Finance revenue	6	2,044	42,152
Finance charges	7	(2,455)	(2,915)
Profit before tax		(453)	39,050
Tax charge on gain on ordinary activities	8	747	(2,813)
Profit for the year		294	36,237
Other Comprehensive Income		-	-
Other Comprehensive Income		-	-
Comprehensive Income for the year		294	36,237

The results for the year are derived entirely from continuing operations. There were no other recognised gains or losses for the year other than those included in the profit and loss account and other comprehensive income

The accompanying Notes on pages 15 to 25 form an integral part of these financial statements

Cirion Technologies Holding II Limited

Statement of Financial Position

As at 31st December 2021

	Note	At 31 December 2021 (\$000)	At 31 December 2020 (\$000)
Assets			
Non current assets			
Trade and other receivables	11	474	473
Investments	10	474,505	394,410
		<u>474,979</u>	<u>394,883</u>
Current assets			
Trade and other receivables	11	31,277	45,315
Cash and cash equivalents		10	62
		<u>31,287</u>	<u>45,377</u>
Total assets		<u>506,266</u>	<u>440,260</u>
Current liabilities			
Trade and other payables	12	66,330	618
		<u>66,330</u>	<u>618</u>
Total liabilities		<u>66,330</u>	<u>618</u>
Net assets		<u>439,936</u>	<u>439,642</u>
Capital and reserves			
Share capital (75,686,092 shares outstanding at £1 each)	14	150,884	150,884
Capital contribution		96,828	96,828
Accumulated earnings		<u>192,224</u>	<u>191,930</u>
Total equity		<u>439,936</u>	<u>439,642</u>

The accompanying Notes on pages 15 to 25 form an integral part of these financial statements

These financial statements were approved by the Board of Directors on January 27, 2023, and are signed on its behalf by


Facundo Castro Castellanos
Director

Registered number: 6056399

Cirion Technologies Holding II Limited

Statement of Changes in Equity

For the year ended 31st December 2021

	Share Capital (\$000)	Capital Contributions (\$000)	Accumulated Profit (\$000)	Total (\$000)
At 31 December 2019	150,884	96,828	155,693	403,405
Profit for the year	-	-	36,237	36,237
Total comprehensive Profit and Loss for the year	-	-	36,237	36,237
At 31 December 2020	150,884	96,828	191,930	439,642
Profit for the year	-	-	294	294
Total comprehensive Profit and Loss for the year	-	-	294	294
At 31 December 2021	150,884	96,828	192,224	439,936

The accompanying Notes on pages 15 to 25 form an integral part of these financial statements

Cirion Technologies Holding II Limited

Statement of Cash Flow

For the year ended 31st December 2021

	Year ended 31 December 2021 (\$000)	Year ended 31 December 2020 (\$000)
Operating activities		
Net profit for the year	294	36,237
Adjustments for:		
Finance costs, net	410	(17,252)
Change in operating working capital	(756)	(19,063)
Cash used in operations	(52)	(78)
Net cash flows used in operating activities	(52)	(78)
Financing activities		
Funding receiving from group companies	80,095	77,140
Investment in subsidiaries	(80,095)	(77,036)
Net cash flows provided by financing activities	-	104
Net increase/decrease in cash and cash equivalents	(52)	26
Cash and cash equivalents at the beginning of year	62	36
Cash and cash equivalents at the end of the year	10	62

The accompanying Notes on pages 15 to 25 form an integral part of these financial statements.

Cirion Technologies Holding II Limited

Notes to financial statements

1. Description of business

Cirion Technologies Holding II Limited ("CTL UK" or "the Company") was registered at Companies House in England and Wales on 17 January 2007.

The principal activity of the Company is to act as a special purpose financing and holding company.

The Company operates as one reportable business segment.

2. Accounting policies

Basis of preparation

The financial statements of the Company, made up to 31 December each year, are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRS as issued by the International Accounting Standards Board (hereinafter refer to IFRS). These financial statements have been prepared on the historical cost basis, except for those financial instruments which are recorded at fair value.

In accordance with section 401 of the Companies Act 2006 and paragraphs 10 and 11 of International Accounting Standard 27 "Consolidated and Separate Financial statements" ("IAS 27"), the Company is exempt from the requirement to prepare and deliver group accounts. Financial information is presented about the Company as an individual undertaking and not about its Group. Details of the ultimate parent undertaking which prepares consolidated financial statements are disclosed in note 16.

Going concern

Cirion Technologies group ("Cirion group"), the new ultimate parent company of Cirion Technologies Holding II Limited, has confirmed that it intends to provide such financial support as is necessary to enable the Company to meet its liabilities in full as they fall due for a period of at least twelve months from the date of approval of these financial statements.

The Directors of the Company have no reason to believe that the parent company will not be in a position to provide the support referred above, or that any new parent would not continue provide such support and, accordingly, they have prepared the financial statements on the going concern basis.

In preparing the financial statements, the directors have formed a judgment that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

A summary of the principal accounting policies is set out below, all of which have been applied consistently throughout the periods presented, except for the recently adopted accounting guidance as discussed below.

Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the year. Such estimates include valuation of accounts receivable and valuation of investments. The estimates are based on historical factors, current circumstances and experience and judgment of the Company's management. The Company evaluates its assumptions and estimates on an ongoing basis and may employ outside experts to assist in the evaluation. Change in these estimates

Cirion Technologies Holding II Limited

Notes to financial statements

2. Accounting policies (continued)

resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

Finance Revenue

Interest income is accrued using the effective interest rate method. The method applies this rate to the principal outstanding to determine interest income each period, except for short term receivables when the recognition of interest would be immaterial.

Foreign currencies

These financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency) which is US dollars ("USD" or "\$"). All amounts are rounded to the nearest \$000 unless otherwise indicated.

Transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date with exchange differences arising recognised in the consolidated statement of income.

Investments

Investments by the Company in subsidiary undertakings are recorded at cost. A subsidiary undertaking is an entity controlled by the Company. Control is achieved when the Company has the ability to govern the financial and operating policies of the entity so as to benefit from its activities.

Impairment of investments

The carrying amounts of the Company's investments in subsidiaries are reviewed at each reporting date to determine if there are any indications of impairment.

If any indications of impairment exists, then a value-in-use calculation is computed which involves discounting estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss arises if the carrying amount of an asset exceeds its estimated recoverable amount and any loss is recognised immediately in the Statement of Comprehensive loss.

Any impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive loss and is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents: Include cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding.

Financial liabilities: Financial liabilities issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Trade payable are not interest bearing and are stated at their nominal value.

The IFRS 9 requirements are settled for a detriment of the value of the financial assets based on a model of "bearable and waited credit losses"

Cirion Technologies Holding II Limited

Notes to financial statements

2. Accounting policies (continued)

The company applied a simplify view for the treatment, due to all the financial instruments are with related partners or subsidiaries. The only transactions carried out are financial for being a Holding Company.

The company does not have any impact with the implementation of this IFRS considering the expectable loses for the lifelong of the instrument. These possible detriments of the receivables are based on the experience of the loan's receivables given, and the perspective of its occurrence shown in the note 13 Derivates and other financial Instruments.

Loans and borrowings

After initial recognition at fair value, interest bearing loans and borrowing are subsequently measured at amortised cost using the effective interest rate method.

Taxation

Income taxes for the year comprise current and deferred tax, using rates enacted or substantively enacted at the balance sheet date. Current tax is the expected tax payable on the taxable income for the year and any adjustments to tax payable in respect of previous years. Deferred tax is recognized based on the balance sheet liability method, calculated on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is measured at the rates that are expected to apply in the periods in which temporary differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of any deferred tax asset and/or liability is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited in the statements of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Borrowing costs

Borrowing costs are expensed as incurred.

Revenue recognition

Revenue is recognised when the Group's right to receive the payment is established, IFRS 15 is not applicable to this entity

Cirion Technologies Holding II Limited

Notes to financial statements

3. Operating loss

Operating loss has been arrived at after charging:

	Year ended 31 December 2021 (\$000)	Year ended 31 December 2020 (\$000)
Audit of the financial statements	(15)	(15)
Other fees		
- local statutory audits and quarterly review of subsidiaries ⁽ⁱ⁾	(412)	(420)

⁽ⁱ⁾ Comprises total audit fees of LATAM, do not reflected in the Statement of Profit and Loss and Other Comprehensive Income.

4. Remuneration of Directors

The Directors did not receive emoluments for services to the Company (2020: nil).

5. Employee information

The average number of employees during the period was nil (2020: nil).

6. Finance revenue

	Year ended 31 December 2021 (\$000)	Year ended 31 December 2020 (\$000)
Interest receivable from other Group Companies ⁽¹⁾	2,044	19,987
Dividend earned from CTL Chile	-	22,165
Total finance revenue	2,044	42,152

⁽¹⁾ calculated using effective interest rate method

7. Finance charges

	Year ended 31 December 2021 (\$000)	Year ended 31 December 2020 (\$000)
Interest payable from other Group Companies ⁽¹⁾	(1,149)	(2,915)
Withholding tax over dividend earned from CTL Chile	(1,305)	-
Total finance charges	(2,455)	(2,915)

⁽¹⁾ calculated using effective interest rate method

Cirion Technologies Holding II Limited

Notes to financial statements

8. Taxation

Reconciliation of tax charge for the year is lower than the standard rate of corporation tax in the UK of 19% (2020: 19%) is as follows:

	Year ended 31 December, 2021 (\$000)	Year ended 31 December, 2020 (\$000)
Profit (loss) on ordinary activities before taxation	(453)	39,050
Tax on profit/loss at 19% (2019: 19%)	(86)	7,420
<i>Factors affecting the tax charge for the year:</i>		
- Expenses not deductible for tax purposes	248	-
- UK to UK TP adjustment	5	15
- Group relief claimed/ (surrendered) with respect to prior periods	(747)	-
- Non-taxable dividend income	-	(4,211)
- (Utilisation)/Increase of tax losses (brought)/carried forward	(167)	(411)
Total tax charge for the year	(747)	2,813

During the years ended 31 December 2021 and 2020, there was no deferred tax charge or income. No deferred tax movements have been recognised in equity at each year end. The Company has unused tax losses of \$12.3m (2020: \$17.1m) available for relief against future taxable income at 31 December 2021. These tax losses are available for an indefinite period of time. A deferred tax asset of \$3.1m (2020 \$3.2m) has not been recognised in respect of the tax losses due to the Company considering that it is not more likely than not that sufficient taxable profits will be available in the foreseeable future against which to offset the deferred tax asset.

A change to the main UK corporation tax rate from 1 April 2023, announced in the Budget on 11 March 2021, was substantively enacted on 24th May 2021. The rate applicable for the fiscal years beginning 1 April 2021 and 1 April 2022 remains at 19 percent. At the Budget 2021, the Government announced that the main UK corporation tax rate will increase from 19% to 25% from 1 April 2023 and the change was substantially enacted for IFRS purposes and UK GAAP purposes on 24th May 2021.

9. Dividends

The Directors do not recommend the payment of a dividend (2020: nil).

10. Investments

	Subsidiary undertaking (\$000)
Carrying Value at 31 December 2019	295,858
Additions	98,552
Carrying Value at 31 December 2020	394,410
Additions	80,095
Carrying Value at 31 December 2021	474,505

Cirion Technologies Holding II Limited

Notes to financial statements

Details of all investments in subsidiary undertakings, including the name, country of incorporation, proportion of ownership interest and nature of business is given below:

Name of company	Registered office address	Class of shares held	Ownership	
			2021	2020
Impsat Fiber Networks LLC	1209 Orange Street, Wilmington, DE, 19801	Ordinary shares	100.00%	100.00%
Centurylink Argentina S.A.	Alferez Pareja 256, Buenos Aires	Ordinary shares	1.47%	1.47%
Centurylink Chile S.A.	Av. Kennedy 5735 oficina 802 Edificio Marriott torre poniente, Los Cordes, Santiago de Chile	Ordinary shares	99.99%	99.99%
Centurylink Peru S.A.	Avenida Manuel Olguin 395, Urb. Los Granados, Santiago de Surco, Lima, Peru	Ordinary shares	99.99%	99.99%
Centurylink Colombia S.A.	Avenida 13, 122-35, Autopista Norte, Bogota	Ordinary shares	96.04%	96.04%
Centurylink Telecomunicaciones S.A.	Calle 7, Zona 1, Manzana B-2 Sector Sur, Edificio Impsat, La Urbina, Caracas, Venezuela.	Ordinary shares	100.00%	100.00%
Centurylink Ecuador S.A.(1)	Calle Juan Diaz Nro. 37-111, Urbanización Iñaquito, Alto Quito, Ecuador	Ordinary shares	100.00%	100.00%
CenturyLink Participações e Comercial Ltda	666 Ed Marsur Av., Parque São George, City of Coia, São Paulo.	Ordinary shares	99.99%	99.99%
CenturyLink Comunicacoes do Brasil Ltda.	666 Ed Marsur Av., Parque São George, City of Coia, São Paulo.	Ordinary shares	18.50%	21.67%
CTL Mexico Landing S de RL	Lago Zurich Nro. 96, Col. Ampliación Granada, Miguel Hidalgo, México DF.	Ordinary shares	99.99%	99.99%

⁽¹⁾ The percentage held by the company is 99.9999%

Among 2020 and 2021, the company decided to increase its investments in Brazil, by capital contribution 29 million for 2020 and 80.7 million for 2021.

The company continued to monitor their investment in Venezuela. Recently the Venezuelan exchange control regulations have resulted in other-than-temporary lack of exchangeability between the Venezuelan bolivar and U.S. dollar, and have restricted the Venezuelan operations' ability to pay dividends and settle intercompany obligations in U.S. dollars. The severe currency controls imposed by the Venezuelan government have significantly limited the ability to realize benefits from earnings of the Company's Venezuelan operations and access the resulting liquidity provided by those earnings in U.S. dollars. The Company expects that these conditions will continue into the foreseeable future. Additionally, government regulations affecting the Company's ability to manage its Venezuelan subsidiary's capital structure, purchasing, product pricing, customer invoicing, collections, labor relations and the current political and economic situation within Venezuela have resulted in an acute degradation in the Company's ability to make key operational decisions for its Venezuelan operations

11. Financial and other assets

Trade and other receivables

	At 31 December 2021 (\$000)	At 31 December 2020 (\$000)
<i>Amounts due within one year</i>		
Amounts owed by Group Companies and Associates	31,267	45,305
Other	10	10
	<u>31,277</u>	<u>45,315</u>
<i>Amounts due after more than one year</i>		
Amounts owed by Group Companies and Associates	474	473
Total amounts due	<u>474</u>	<u>473</u>

Cirion Technologies Holding II Limited

Notes to financial statements

11. Financial and other assets (continued)

During 2021 the company accrued \$2 million for interests of the period related Cirion Technologies Holding I Ltd loan.

During 2021, the company continuing the intercompany assignment, transfer and novation agreement in order to reduce and simplify the number of intercompany payables and receivables. For the account receivable balances:

12.6M of Level 3 international Inc, was reassigned to Cirion Technologies Holding I Limited.

On demand loans are classified as current and non-current based on the expected repayments to be received during the twelve months after year end.

12. Financial and other liabilities

Trade and other payables

	At 31 December 2021 (\$000)	At 31 December 2020 (\$000)
<i>Amounts due within one year</i>		
Trade payables	134	144
Amounts owed to Group Companies and Associates	66,197	474
Trade and other payables due within one year	66,330	618
<i>Amounts due in greater than one year</i>		
Amounts owed to Group Companies and Associates	-	-

During 2021 the company decided to increase its investments in Brazil, by capital contribution \$57.3 million, it is the mainly variation related to Payables:

The remainder of amounts due within one year owed to Group Companies are non-interest bearing.

On demand loans are classified as current and non-current based on the expected repayments to be made during the twelve months after year end.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Cirion Technologies Holding II Limited

Notes to financial statements

13. Derivatives and other financial instruments (continued)

Credit risk related to financial instruments and cash deposits

During the year, credit risk from balances with banks and financial institutions was managed primarily by Lumen on behalf of Lumen Group companies. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2021 and 2020 is the carrying amounts of such balances as illustrated below in the fair value comparison table.

Treasury policy and risk management

During the year, the Company's treasury management was conducted primarily by Lumen on behalf of Lumen Group Companies. Lumen was responsible for raising finance for operations, together with associated liquidity management, and the management of foreign exchange and interest rate risk. Treasury operations were conducted within a framework of policies and guidelines authorised and reviewed by the Lumen Audit Committee, which receives regular updates of treasury activity. Financial instruments were entered into for risk management purposes only. It was the Lumen Group's policy that all hedging is to cover known risks and that no trading in financial instruments is undertaken.

Interest rate management

At 31 December 2021, the Company's borrowings are at fixed rates of interest.

The following table show the Company's contractually agreed (undiscounted) payments in respect of its financial liabilities as at 31 December 2021:

31 de diciembre de 2021					
	Within one year (\$000)	1-3 years (\$000)	3-5 years (\$000)	Greater than 5 years (\$000)	Total (\$000)
Trade and other payables	134	-	-	-	134
Amounts due to Group Companies (1)	66,197	-	-	-	66,197
	<u>66,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,331</u>
31 de diciembre de 2020					
	Within one year (\$000)	1-3 years (\$000)	3-5 years (\$000)	Greater than 5 years (\$000)	Total (\$000)
Trade and other payables	144	-	-	-	144
Amounts due to Group Companies (1)	474	-	-	-	474
	<u>618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>618</u>

⁽¹⁾ The amounts presented include both principal and interest

Foreign exchange management

Substantially all of the Company's assets and liabilities, including obligations to other Group companies and third party financing, are denominated in US dollar. At 31 December 2021, all borrowings were denominated in US dollar.

At 31 December 2021, the Company had no significant trade payables and receivables denominated in currencies other than US dollar.

Currency risks

The Company's currency exposures give rise to the net currency gains and losses recognised in the income statement. Such exposures comprise the net monetary assets and liabilities of the Company that are not denominated in the functional currency of the entity involved. During the periods presented, there were no significant gains or losses derived from transactions made in other currencies.

Cirion Technologies Holding II Limited

Notes to financial statements

13. Derivatives and other financial instruments (continued)

Capital management

The capital structure of the Company consists of intercompany debt, which includes borrowings disclosed in note 12, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and reserves and decreased by the accumulated deficit.

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all the Company's financial instruments, that are carried in the financial statements:

	At 31 December 2021		At 31 December 2020	
	Carrying amount (\$000)	Fair value (\$000)	Carrying amount (\$000)	Fair value (\$000)
<i>Financial assets</i>				
Trade and other receivables due in less than one year ⁽¹⁾	31,277	31,277	45,316	45,315
Trade and other receivables due in greater than one year ⁽¹⁾	474	474	473	473
Cash and cash equivalents	10	10	62	62
<i>Financial liabilities</i>				
Trade and other payables due in less than one year ⁽²⁾	66,330	66,330	618	618
Trade and other payables due in greater than one year ⁽²⁾	-	-	-	-

(1) Classified as loan and receivables

(2) Classified as financial liability and amortised costs

Trade and other receivables due in less than one year approximate to their carrying value due to their interest bearing or short term nature, interest rates attributable to these amounts not being materially different from similar market rates of interest at either 31 December 2021 or 2020.

Given the short term duration of cash and cash equivalents the fair value approximates the carrying value.

The fair value of trade payables and amounts owed to Group Companies approximates their carrying value due to their interest bearing or short term nature, with interest rates attributable to these amounts not being materially different from similar market rates of interest at either 31 December 2021 or 2020.

14. Share capital

	At 31 December 2021		At 31 December 2020	
	(Number)	(\$000)	(Number)	(\$000)
<i>Authorised:</i>				
Ordinary shares of £1 each	100,000,000	199,354	100,000,000	199,354
<i>Called up, allotted and fully paid:</i>				
Ordinary shares of £1 each	75,686,092	150,884	75,686,092	150,884

15. Purchase commitments

The company has no outstanding purchase commitments as at 31 December 2021 (2020: \$nil).

Cirion Technologies Holding II Limited

Notes to financial statements

16. Ultimate parent and controlling party

At the year end, the ultimate parent company and controlling party was Lumen Technologies, Inc. a company registered in the United States of America. The smallest and largest group into which the results of the Company are consolidated is that headed by Lumen Technologies Inc., whose accounts can be obtained from Investor Relations, 100 CenturyLink Drive, Monroe, Louisiana 71203, United States of America.

On August 1st 2022, Lumen completed the sale of its Latin American business, including the Company, to Cirion Technologies group ("Cirion group"), an independent portfolio company of Stonepeak. See page 6 and note 18 for further details.

The Company's immediate parent is Cirion Technologies Holding I Limited., a company registered in England and Wales. The financial statements of Cirion Technologies Holding I Ltd are available to the public from Companies House in England and Wales.

17. Related party transactions

Transactions with Group Companies

	Year ended 31 December 2021 (\$000)	Year ended 31 December 2020 (\$000)
	Gain (Loss)	Gain (Loss)
Interest income (Cirion Technologies Holding I)	2,044	19,987
Dividend earned from CTL Chile	-	22,165
	(1,305)	-
Interest expense (Cirion Technologies Holding I)	(1,149)	-
Interest expense (Level 3 International)	-	(2,735)
	(411)	39,417

Loans from and to Group Companies

Relationship	At 31 December 2021 (\$000)	At 31 December 2020 (\$000)
<i>Loans to Group Companies</i>		
CenturyLink Comunicacoes do Brasil Ltda.	1,389	1,389
Level 3 International Inc.	-	6,183
Lumen Technologies Europe Ltd.	-	998
Cirion Technologies Holding I Ltd.	29,878	36,735
Related parties receivables due within one year	31,267	45,305
CenturyLink Comunicações do Brasil Ltda.	474	473
Related parties receivables due after one year	474	473

The Company recognized dividends distributed by its subsidiaries when the right to receive the payment is established.

On Apr 18, the Shareholders "Meeting of CenturyLink Ecuador S.A. approved dividends of \$ 1.9 million, which were capitalized by the issuance of 38778434 shares of CenturyLink Ecuador S.A, which were distributed between the shareholders in same proportion, without changing the percentage of control over the company. During 2020, the Shareholders "Meeting of Global Crossing Ecuador S.A. approved dividends of \$ 0.9 million, which were capitalized

by the issuance of 11103 shares of Centurylink Ecuador S.A, which were distributed between the shareholders in same proportion, without changing the percentage of control over the company.

Cirion Technologies Holding II Limited

Notes to financial statements

17. Related party transactions (continued)

At each year end, the balances due from and due to Group Companies derived from corporate services transactions are as follows:

		At 31 December 2021 (\$000)	At 31 December 2020 (\$000)
	Relationship		
<i>Creditor balances due to:</i>			
Cirion Technologies Holding I Ltd.	Parent	7,606	-
Centurylink Argentina S.A.	Subsidiary	474	474
CenturyLink Chile S.A.	Subsidiary	1,305	-
Level 3 International, Inc.	Associate	56,811	-
Related parties payables due within one year		66,197	474

Corporate services received from the Lumen Group

During the year the Company benefited from a broad range of corporate functions conducted by Lumen Group, including senior management activities, corporate development, risk management and other functions and services provided at global and regional levels. The total costs of these functions and services are allotted to the Group Companies based on a worldwide allocation. The worldwide allocation is based on a pro rata allocation of revenue, property and equipment, net, of accumulated depreciation, headcount or a combination thereof, which varies for the type of costs being allocated. The factors applied to each type of cost are based on the factors most closely aligned with that cost.

The total cost of corporate services received from the Lumen Group for the years ended 31 December 2021 and 2020, were \$0.04 million and \$0.2 million, respectively, which are included in administrative expenses in the statement of comprehensive income.

18. Events after the balance sheet date

On March 2022, the company decided to increase its investments in Peru, via a capital contribution of \$10.5 million,

On July 26, 2021 Lumen Technologies (Lumen), ultimate shareholder of the Company, and Stonepeak, a leading alternative investment firm specialized in infrastructure and real assets, based in New York, USA, had announced the signing of a definitive agreement for Lumen to sell its Latin American business to Stonepeak for \$2.7 billion. On August 1st 2022, it was officially announced the completion of such sale and the new Latin American business is now called Cirion Technologies (Cirion), operating as an independent portfolio company of Stonepeak. The completion of the sale gives Cirion greater flexibility to expand its business in the mentioned region and allows it to form new strategic alliances while offering the regional and global solutions customers expect, with the services they need. In line with that, on September 30, 2022 the company has registered at the Companies House, the change of its name from Centurlink Impsat Holdings II to Cirion technologies holding II limited.

It is noted that the equity ownership of the Company in certain of its subsidiaries is pledged in order to comply with obligation assumed by parent company, Patagonia Holdco, LLC ("Patagonia") under certain Credit Agreement dated 1 August 2022 (as amended and/or restated from time to time) between, amongst others Patagonia as borrower and TMF Group New York, LLC as collateral agent (the "Credit Agreement"). Therefore, equity ownership of the Company in (i) Cirion Technologies do Brasil Ltda., (ii) Cirion Technologies Participações e Comercial Ltda., (iii) Cirion Technologies Colombia S.A.S., (iv) Cirion Technologies Perú S.A., (v) Cirion Technologies Chile S.A. and (vi) Cirion Technologies México, S. de R.L. was formally pledge in favour of applicable local collateral agent since October 2022.

On December 20, 2022 Cirion Technologies Holding I Limited, parent company of Cirion Technologies Holding UK II, made a capital contribution to the Company by USD 6M.