TRILOGY INTERNATIONAL PARTNERS INC.

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021 AND 2020

TRILOGY INTERNATIONAL PARTNERS INC.
Consolidated Balance Sheets
(US dollars in thousands, except share amounts)

	Years Ended December 31, 2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 53,486	$ 71,212
Restricted cash	1,524	31,313
Short-term investments	-	9,987
Accounts receivable, net	61,073	55,445
Equipment Installment Plan (“EIP”) receivables, net	41,663	43,538
Inventory	10,918	14,612
Prepaid expenses and other current assets	32,175	28,833
Total current assets	200,839	254,940
Property and equipment, net	307,085	362,919
Operating lease right-of-use assets, net	120,414	155,996
License costs and other intangible assets, net	61,377	85,493
Goodwill	9,689	10,223
Long-term EIP receivables	34,537	37,252
Deferred income taxes	23,890	37,573
Other assets	46,036	44,635
Total assets	$ 803,867	$ 989,031
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 27,171	$ 19,906
Construction accounts payable	22,466	16,483
Current portion of debt and financing lease liabilities	31,589	21,001
Customer deposits and unearned revenue	25,851	27,386
Short-term operating lease liabilities	19,315	17,900
Other current liabilities and accrued expenses	99,231	116,433
Total current liabilities	225,623	219,109
Long-term debt and financing lease liabilities	631,685	630,755
Deferred income taxes	298	7,966
Non-current operating lease liabilities	168,437	138,478
Other non-current liabilities	23,858	31,612
Total liabilities	1,049,901	1,027,920
Commitments and contingencies		
Shareholders' deficit:		
Common shares and additional paid-in capital; no par value, unlimited authorized, 86,461,484 and 59,126,613 shares issued and outstanding	486	5,978
Accumulated deficit	(288,235)	(97,369)
Accumulated other comprehensive income	6,860	9,936
Total Trilogy International Partners Inc. shareholders' deficit	(280,889)	(81,455)
Noncontrolling interests	34,855	42,566
Total shareholders' deficit	(246,034)	(38,889)
Total liabilities and shareholders' deficit	$ 803,867	$ 989,031

On behalf of the Board:

/s/ Mark Kroloff

Mark Kroloff
Director

/s/ Nadir Mohamed

Nadir Mohamed
Director

The accompanying notes are an integral part of these Consolidated Financial Statements

TRILOGY INTERNATIONAL PARTNERS INC.
Consolidated Statements of Operations and Comprehensive (Loss) Income
(US dollars in thousands, except share and per share amounts)

	Years Ended December 31,		
	2021	**2020**	**2019**
Revenues			
Wireless service revenues	$ 420,275	$ 408,365	$ 455,679
Fixed broadband service revenues	111,542	86,630	70,830
Equipment sales	112,872	106,259	157,506
Non-subscriber international long distance and other revenues	8,875	9,045	9,912
Total revenues	653,564	610,299	693,927
Operating expenses			
Cost of service, exclusive of depreciation, amortization and accretion shown separately	217,636	202,886	197,216
Cost of equipment sales	120,885	115,804	164,543
Sales and marketing	88,835	80,301	83,142
General and administrative	123,886	112,280	121,692
Depreciation, amortization and accretion	107,241	106,971	109,845
Impairment of long-lived assets	113,844	-	-
Loss (gain) on disposal of assets and sale-leaseback transaction	1,094	(2,525)	(11,169)
Total operating expenses	773,421	615,717	665,269
Operating (loss) income	(119,857)	(5,418)	28,658
Other (expenses) income			
Interest expense	(53,713)	(46,517)	(45,988)
Change in fair value of warrant liability	55	(49)	1
Debt issuance and modification costs	(7,016)	-	-
Other, net	(3,299)	(4,611)	555
Total other expenses, net	(63,973)	(51,177)	(45,432)
Loss before income taxes	(183,830)	(56,595)	(16,774)
Income tax (expense) benefit	(10,542)	(23,092)	40,796
Net (loss) income	(194,372)	(79,687)	24,022
Less: Net loss (income) attributable to noncontrolling interests	49,683	31,900	(21,144)
Net (loss) income attributable to Trilogy International Partners Inc.	$ (144,689)	$ (47,787)	$ 2,878
Comprehensive (loss) income			
Net (loss) income	$ (194,372)	$ (79,687)	$ 24,022
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(10,225)	10,787	1,954
Net (loss) gain on short-term investments	(2)	2	1
Other comprehensive (loss) income	(10,227)	10,789	1,955
Comprehensive (loss) income	(204,599)	(68,898)	25,977
Comprehensive loss (income) attributable to noncontrolling interests	53,451	26,626	(22,112)
Comprehensive (loss) income attributable to Trilogy International Partners Inc.	$ (151,148)	$ (42,272)	$ 3,865
Net (loss) income attributable to Trilogy International Partners Inc. per share:			
Basic (see Note 14 - Earnings per Share)	$ (2.15)	$ (0.83)	$ 0.05
Diluted (see Note 14 - Earnings per Share)	$ (2.15)	$ (0.83)	$ 0.05
Weighted average common shares:			
Basic	67,412,546	57,671,818	56,629,405
Diluted	67,412,546	57,671,818	56,787,345

The accompanying notes are an integral part of these Consolidated Financial Statements

TRILOGY INTERNATIONAL PARTNERS INC.
Consolidated Statement of Shareholders' Deficit
(US dollars in thousands, except shares)

	Common Shares		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total Shareholders' Deficit
	Shares	Amount					
Balance, December 31, 2018	57,713,836	$ -	$ 286	$ (75,309)	$ 3,428	$ 37,979	$ (33,616)
Cumulative effect of accounting changes	-	-	-	2,158	-	2,227	4,385
Dividends declared and paid	72,557	-	109	(861)	-	(7,685)	(8,437)
Equity-based compensation	-	-	3,475	-	-	567	4,042
Net income	-	-	-	2,878	-	21,144	24,022
Other comprehensive income	-	-	-	-	987	968	1,955
Issuance of shares related to RSUs, redemption of Class C Units and other	665,538	-	(431)	-	-	288	(143)
Balance, December 31, 2019	58,451,931	-	3,439	(71,134)	4,415	55,488	(7,792)
Cumulative effect of accounting changes	-	-	-	21,552	-	23,897	45,449
Dividends declared and paid	-	-	-	-	-	(11,680)	(11,680)
Equity-based compensation	-	-	3,337	-	-	2,300	5,637
Net loss	-	-	-	(47,787)	-	(31,900)	(79,687)
Other comprehensive income	-	-	-	-	5,515	5,274	10,789
Issuance of shares related to RSUs and other	674,682	-	(798)	-	6	(813)	(1,605)
Balance, December 31, 2020	59,126,613	-	5,978	(97,369)	9,936	42,566	(38,889)
Dividends declared and paid	-	-	-	-	-	(5,673)	(5,673)
Equity-based compensation	-	-	3,183	-	-	224	3,407
Net loss	-	-	-	(144,689)	-	(49,683)	(194,372)
Other comprehensive loss	-	-	-	-	(6,459)	(3,768)	(10,227)
Redemption of Class C Units, issuance of shares related to RSUs and other	27,334,871	-	(8,675)	(46,177)	3,383	51,189	(280)
Balance, December 31, 2021	86,461,484	$ -	$ 486	$ (288,235)	$ 6,860	$ 34,855	$ (246,034)

The accompanying notes are an integral part of these Consolidated Financial Statements

TRILOGY INTERNATIONAL PARTNERS INC.
Consolidated Statements of Cash Flows
(US dollars in thousands)

	Years Ended December 31,		
	2021	2020	2019
Operating activities:			
Net (loss) income	$ (194,372)	$ (79,687)	$ 24,022
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Provision for doubtful accounts	8,663	13,895	11,811
Depreciation, amortization and accretion	107,241	106,971	109,845
Equity-based compensation	3,407	5,637	4,041
Impairment of long-lived assets	113,844	-	-
Loss (gain) on disposal of assets and sale-leaseback transaction	1,094	(2,525)	(11,169)
Non-cash right-of-use asset lease expense	19,245	18,699	-
Non-cash interest expense and debt derivative instrument charge	18,318	4,189	2,877
Settlement of cash flow hedges	(1,700)	(1,582)	(1,064)
Change in fair value of warrant liability	(55)	49	(1)
Non-cash (gain) loss from change in fair value on cash flow hedges	(4,762)	2,531	1,538
Unrealized (gain) loss on foreign exchange transactions	(607)	359	1,223
Deferred income taxes	4,314	15,293	(64,652)
Changes in operating assets and liabilities:			
Accounts receivable	(15,614)	(4,716)	1,262
EIP receivables	161	(10,489)	(24,797)
Inventory	3,215	5,524	26,909
Prepaid expenses and other current assets	(3,995)	(4,776)	(5,268)
Other assets	(5,799)	(2,011)	(4,529)
Accounts payable	7,631	(8,942)	(8,133)
Operating lease liabilities	(1,556)	(16,784)	-
Other current liabilities and accrued expenses	(9,698)	(5,829)	(19,468)
Customer deposits and unearned revenue	(273)	5,070	1,224
Net cash provided by operating activities	48,702	40,876	45,671
Investing activities:			
Purchase of property and equipment	(92,838)	(77,331)	(85,212)
Maturities and sales of short-term investments	9,987	-	1,987
Purchase of spectrum licenses and other additions to license costs	(6,735)	-	(30,693)
Purchase of short-term investments	-	(9,986)	-
Proceeds from sale-leaseback transaction	-	5,814	70,586
Other, net	(4,220)	(4,870)	(2,934)
Net cash used in investing activities	(93,806)	(86,373)	(46,266)
Financing activities:			
Payments of debt, including sale-leaseback and EIP receivables financing obligations	(382,526)	(275,075)	(201,480)
Proceeds from debt	350,000	346,656	214,471
Proceeds from EIP receivables financing obligation	39,905	12,558	17,452
Dividends to shareholders and noncontrolling interests	(5,673)	(11,680)	(8,437)
Debt issuance and modification costs	(1,889)	(4,429)	(447)
Proceeds from sale-leaseback financing obligation	-	-	18,945
Payments of financed license obligation	-	-	(6,390)
Other, net	(311)	(220)	(143)
Net cash (used in) provided by financing activities	(494)	67,810	33,971
Net (decrease) increase in cash, cash equivalents and restricted cash	(45,598)	22,313	33,376
Cash, cash equivalents and restricted cash, beginning of period	102,525	78,462	44,456
Effect of exchange rate changes	(1,917)	1,750	630
Cash, cash equivalents and restricted cash, end of period	$ 55,010	$ 102,525	$ 78,462

The accompanying notes are an integral part of these Consolidated Financial Statements

NOTE 1 – DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

On February 7, 2017, Trilogy International Partners LLC ("Trilogy LLC"), a Washington limited liability company, and Alignvest Acquisition Corporation completed a court approved plan of arrangement (the "Arrangement") pursuant to an arrangement agreement dated November 1, 2016 (as amended December 20, 2016, the "Arrangement Agreement"). As a result of the Arrangement, Trilogy International Partners Inc. ("TIP Inc." and together with its consolidated subsidiaries, the "Company"), through a wholly owned subsidiary, obtained a controlling interest in and thus consolidates Trilogy LLC.

The Company has two reportable segments, New Zealand and Bolivia. See Note 20 – Subsequent Events for further information regarding pending transactions related to the New Zealand and Bolivia segments.

Through subsidiaries, Trilogy LLC provides wireless voice and data communications in these two countries including local, international long distance ("ILD") and roaming services, for both customers and international visitors roaming on its networks. These services are provided under Global System for Mobile Communications ("GSM" or "2G") (in Bolivia only), Universal Mobile Telecommunication Service, a GSM-based third generation mobile service for mobile communications networks ("3G"), and Long Term Evolution ("LTE"), a widely deployed fourth generation service ("4G"), technologies. Trilogy LLC's New Zealand subsidiary also provides fixed broadband communications to residential and enterprise customers. Unallocated corporate operating expenses, which pertain primarily to corporate administrative functions that support the segments, but are not specifically attributable to or managed by any segment, are presented as a reconciling item between total segment results and consolidated financial results. Additional information relating to our reportable segments is included in Note 18 – Segment Information. Below is a brief summary of each of the Company's operations:

New Zealand:
Two Degrees Mobile Limited ("2degrees") was formed under the laws of New Zealand on February 15, 2001. 2degrees holds spectrum licenses to provide nationwide wireless communication services. 2degrees launched commercial operations in 2009 as the third operator in New Zealand. 2degrees provides voice, data and long distance services to its customers over 3G and 4G networks. 2degrees maintains inbound visitor roaming and international outbound roaming agreements with various international carriers. 2degrees offers its mobile communications services through both prepaid and postpaid payment plans. In addition, 2degrees offers fixed broadband communications services to residential and enterprise customers.

As of December 31, 2021, through its consolidated subsidiaries, Trilogy LLC's ownership interest in 2degrees was 73.2%.

Bolivia:
Empresa de Telecomunicaciones NuevaTel (PCS de Bolivia), S.A. ("NuevaTel") was formed under the laws of Bolivia in November, 1999 to engage in Personal Communication Systems ("PCS") operations. NuevaTel was awarded its first PCS license in 1999 and commenced commercial service in November 2000 under the brand name Viva. NuevaTel operates a GSM network along with 3G and 4G networks. These networks provide voice and data services, including high-speed Internet, messaging services and application and content downloads. NuevaTel offers its services through both prepaid and postpaid payment plans, although the majority of NuevaTel's subscribers pay on a prepaid basis. In addition to mobile voice and data services, NuevaTel offers fixed wireless broadband services and public telephony services. NuevaTel's public telephony service utilizes wireless pay telephones located in stores and call centers that are owned and managed by NuevaTel resellers.

As of December 31, 2021, through its consolidated subsidiaries, Trilogy LLC's ownership interest in NuevaTel was 71.5%.

Impact of COVID-19 on our Business:
In December 2019, a strain of coronavirus, now known as COVID-19, surfaced in China, spreading rapidly throughout the world in the following months. In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. Shortly following this declaration and after observing COVID-19 infections in their countries, the governments of New Zealand and Bolivia imposed quarantine policies with isolation requirements and movement restrictions.

During 2020 and 2021 and continuing through the filing date of these Consolidated Financial Statements, the business and operations of both 2degrees and NuevaTel have been affected by the pandemic. The impact to date has varied with differing effects on financial and business results in New Zealand and Bolivia. Given the ongoing and changing developments related to the pandemic, the full extent of future effects on the Company's businesses and financial results cannot be reliably estimated.

In New Zealand, the government's swift and significant response at the outset of the pandemic had an immediate impact on customer acquisition and revenues, and 2degrees undertook actions throughout 2020 and 2021 to mitigate the impact. However, as movement restrictions within New Zealand were lifted, financial results, including revenues and Segment Adjusted EBITDA (see Note 18 – Segment Information), began to improve sequentially in the latter part of 2020 and continued through 2021 as compared to the initial months of the pandemic. During the third quarter of 2021, a resurgence of COVID-19 cases resulted in a reinstatement of movement restrictions which adversely affected financial sequential results during the quarter. These movement restrictions remained in force at various levels throughout the country until December 2021 when a new "traffic light" framework was rolled out. The traffic light structure provides more certainty and stability with schools and businesses remaining open during all color stages. However, certain capacity and vaccination restrictions may be implemented depending on the color stage. Although this new framework provides a more predictable and open environment, there continues to be uncertainty for 2degrees regarding the future effect of COVID-19 on the New Zealand economy and related responses by the government, regulators and customers.

In Bolivia, the consequences of COVID-19 and related societal restrictions have been more pronounced, and the impact of the pandemic on the financial results of NuevaTel has been more significant, than in New Zealand. Over the course of 2020 and 2021, NuevaTel experienced a reduction in key financial metrics including revenues, Segment Adjusted EBITDA and subscribers as a result of societal and movement restrictions which significantly affected customer behavior.

Additionally, societal and movement restrictions in effect in Bolivia through the end of 2021 resulted in economic uncertainty and it is unclear when customer behavior in Bolivia will return to historic norms, creating a risk of a continuing adverse impact on the timing and amount of cash collections, bad debt expense and revenue trends. Periodically during 2021, certain regions in Bolivia experienced a resurgence of COVID-19 cases which resulted in additional measures that suppressed typical customer behavior. Due to the wide-ranging economic effect of COVID-19 in Bolivia, NuevaTel generated substantial net losses during the periods impacted by the pandemic and continuing through the year ended December 31, 2021. Similarly, the net losses incurred in 2020 impacted our near-term expectation regarding the ability to generate taxable income in Bolivia and thereby utilize NuevaTel's deferred tax assets, certain of which have a relatively short duration of use. Consequently, during the third quarter of 2020, management changed its assessment with respect to the ability to realize NuevaTel's net deferred tax assets, concluding that they are no longer more likely than not to be realized. On the basis of this evaluation, management recorded a full valuation allowance against NuevaTel's net deferred tax asset balance in 2020 and has continued to maintain a full reserve through December 31, 2021. Management will continue to assess the need for a valuation allowance in future periods.

As it relates to NuevaTel's long-lived assets, including property and equipment, license costs and other intangible assets, and operating lease right of-use-assets, the Company monitors and assesses for impairment when events or changes in circumstances indicate that the carrying amount of an affected asset group may not be recoverable. This evaluation of long-lived assets is performed at the NuevaTel entity level, which is the lowest level at which individual cash flows can be identified. As disclosed in prior filings by the Company, NuevaTel's financial performance during the second half of 2021 was expected to be pivotal to management's continuing evaluation of facts and circumstances in this regard. Amidst the ongoing impact of COVID-19 on the local economy, NuevaTel did not meet management's expectations regarding recovery of its business and financial performance during the third quarter of 2021, particularly considering the sequential quarters of negative Adjusted EBITDA during a period when management expected a return to a positive trajectory. As a result, expectations regarding NuevaTel's long-term financial performance were revised to reflect these changes in facts and circumstances. Due to these and other changes in events and circumstances for NuevaTel, the Company tested the long-lived assets of NuevaTel (the "asset group") in the third quarter of 2021 for recoverability and impairment.

In evaluating long-lived assets for recoverability, the undiscounted cash flows expected to result from the use of the asset group are compared to the carrying value of the asset group. If the undiscounted cash flows are less than the carrying value, an impairment loss is recognized to the extent that the carrying value of the asset group exceeds its fair value, considering external market participant assumptions. The Company performed a recoverability test during the third quarter of 2021 using management's best estimate of future undiscounted cash flows and determined that the carrying value of the asset group was not recoverable. Accordingly, the Company determined an estimated fair value of the asset group and related long-lived assets using a combination of valuation techniques, including: (i) a discounted cash flow method, which estimates the amount and timing of net future cash flows and discounts them using a risk-adjusted rate of interest, (ii) a guideline public company method using observable public company valuation information, and (iii) a transaction-based method using observable valuations of recent merged or acquired companies in the telecommunications industry. The fair values of the long-lived assets included within the asset group were further determined using various valuation techniques applied by asset type, including observed market sales of similar assets and consideration of liquidation values and economic obsolescence factors. As a result of estimating the fair value of the asset group and comparing amounts to their carrying value, the Company recorded an impairment charge in the amount of $113.8 million during the year ended December 31, 2021. The impairment was allocated to long-lived assets in the following amounts: $42.2 million to property and equipment, $48.5 million to operating lease right-of-use assets, $18.8 million to license costs and other intangible assets, and $4.3 million to other assets. These impairment charges were included in Impairment of long-lived assets in our Consolidated Statements of Operations and Comprehensive (Loss) Income. The pre-tax impairment charge resulted in a $28.5 million deferred tax asset which was offset by a full valuation allowance, and a $5.2 million tax benefit as a result of the reduction to the Company's deferred tax liability for NuevaTel's unrepatriated earnings.

NuevaTel has maintained adequate cash liquidity to date in part due to cash management efforts since the onset of the COVID-19 pandemic, resulting in $17.5 million of cash, cash equivalents and restricted cash as of December 31, 2021. As an additional measure to preserve liquidity and support the ability to generate future cash flows, NuevaTel implemented workforce reductions in the fourth quarter of 2020 with related cost reductions continuing through the year ended December 31, 2021. Although these initiatives have tempered the impact to date, the prolonged effect of the COVID-19 pandemic has resulted in increased liquidity and cash challenges for NuevaTel regarding its ability to meet its financial obligations as they become due. Specifically, forecasted cash resources may not be sufficient to fund certain obligations due in the first half of 2022 as management continues to address issues associated with meeting such financial obligations. These actions are currently underway and include arranging extended payment terms with suppliers, further controlling costs and further limiting capital expenditures. If NuevaTel is unable to complete the aforementioned activities to a sufficient degree, NuevaTel is projected to have a cash shortfall in the coming months and as early as May 2022.

Notwithstanding the above and as further discussed in Note 20 – Subsequent Events, on March 28, 2022, the Company entered into an agreement for the transfer of its equity interests in NuevaTel to a third party for a nominal purchase price. Closing is subject to Bolivian regulatory review and approval, unless such condition is waived by the purchaser. The Company will monitor the progress of the closing of the transaction and the related impact on the Company's exposure to NuevaTel's liquidity concerns over future periods. There is no certainty that the transaction will close or that NuevaTel's liquidity concerns will be resolved.

Liquidity:
2degrees has a bank loan facility (the "New Zealand 2023 Senior Facilities Agreement") with a total outstanding balance of $285 million NZD ($194.8 million based on the exchange rate at December 31, 2021). The New Zealand 2023 Senior Facilities Agreement is scheduled to mature in February 2023 unless it is refinanced or its maturity date is extended. In the absence of an extension of the maturity date of this obligation and as long as the Company continues to hold an ownership interest in 2degrees, the significant amounts due under the New Zealand 2023 Senior Facilities Agreement relative to the Company's available liquid assets would raise substantial doubt about the Company's ability to continue as a going concern and to satisfy this obligation within one year from the date on which these Consolidated Financial Statements are issued. However, as further discussed in Note 20 – Subsequent Events, in March 2022, TIP Inc.'s shareholders approved a definitive agreement to sell the Company's equity interest in 2degrees, the New Zealand Segment, to a third party acquiror. In connection with the closing of the sale of the New Zealand Segment, the Company and its retained consolidated subsidiaries would no longer have any obligation related to such facilities. While the transaction is subject to final regulatory approval, management's plans to complete the sale of 2degrees are considered probable to be completed based on the stage and status of the sale process as of the date of issuance of these Consolidated Financial Statements and accordingly alleviates the substantial doubt regarding the Company's ability to continue as a going concern.

Basis of Presentation and Principles of Consolidation
The Company's Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company consolidates majority-owned subsidiaries over which it exercises control, as well as variable interest entities ("VIEs") where it is deemed to be the primary beneficiary and thus VIEs are required to be consolidated in our financial statements. All significant intercompany transactions and accounts have been eliminated in consolidation for all periods presented.

Beginning in 2021, we replaced "Wireline" with "Fixed broadband" to describe the revenues and subscribers associated with the Company's fixed broadband products in New Zealand and Bolivia, which may be provided using fixed line or wireless technology. As a result, fixed LTE service revenues were reclassified from Wireless service revenues and are now included as a component of Fixed broadband service revenues in our Consolidated Statements of Operations and Comprehensive (Loss) Income. This reclassification has been applied to all periods presented in these financial statements. Fixed LTE service revenues reclassified to Fixed broadband service revenues were $5.1 million, $3.1 million and $1.5 million for the years ended December 31, 2021, 2020 and 2019, respectively. This change had no impact on total revenues or net loss for any period presented.

(US dollars in thousands unless otherwise noted)

Significant Accounting Policies

Use of Estimates:
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the amounts of revenues and expenses reported for the periods presented. Certain estimates require difficult, subjective or complex judgments about matters that are inherently uncertain. Actual results could differ from those estimates.

Examples of significant estimates include the allowance for doubtful accounts, the useful lives of property and equipment, amortization periods for intangible assets, fair value of financial instruments and equity-based compensation, imputed discount on equipment installment receivables, cost estimates for asset retirement obligations, realizability of deferred income taxes, fair value measurements related to goodwill, spectrum licenses and intangibles, projections used in impairment analysis, evaluation of minimum operating lease terms and the period for recognizing prepaid and postpaid revenues based on breakage.

Cash, Cash Equivalents and Restricted Cash
Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less at the acquisition date or with a variable rate which can be liquidated on demand. The balance of cash and cash equivalents held by our consolidated subsidiaries was $52.8 million and $64.5 million as of December 31, 2021 and 2020, respectively. Of these balances, $36.4 million and $30.2 million was held by 2degrees and $16.4 million and $33.9 million was held by NuevaTel, as of December 31, 2021 and 2020, respectively.

The Company classifies cash as restricted when the cash is unavailable for use in general operations. The Company had $1.5 million and $31.3 million of restricted cash as of December 31, 2021 and 2020, respectively. The restricted cash balances held by the Company at December 31, 2021 consisted primarily of cash restricted to offset current installments of debt. The restricted cash balances held by the Company at December 31, 2020 consisted primarily of cash balances restricted under the terms of debt agreements, restricted to offset current installments of debt or restricted as collateral for performance obligations under certain contracts with suppliers.

Balance sheet information related to cash, cash equivalents and restricted cash as of December 31, 2021 and 2020 consisted of the following:

	2021	2020
Cash and cash equivalents	$ 53,486	$ 71,212
Restricted cash	1,524	31,313
Total cash, cash equivalents and restricted cash	$ 55,010	$ 102,525

Short-term Investments:
The Company's short-term investments, consisting primarily of U.S. Treasury securities and commercial paper with original maturities of more than three months from the date of purchase, are considered available-for-sale ("AFS") and reported at fair value. The net unrealized gains and losses on AFS investments are reported as a component of Other comprehensive income or loss. Realized gains and losses on AFS investments are determined using the specific identification method and included in Other, net. Gross unrealized holding gains (losses) were insignificant for the years ended December 31, 2021 and 2020. There were no short-term investments in the year ended December 31, 2019.

Accounts Receivable, net:
Accounts receivable consist primarily of amounts billed and due from customers, other wireless service providers, and dealers and are generally unsecured. Local interconnection and telecom cooperative receivables due from other wireless service providers represented $14.9 million and $10.7 million of Accounts receivable, net at December 31, 2021 and 2020, respectively. Interconnection receivables and payables are reported on a gross basis in the Consolidated Balance Sheets and in the Consolidated Statements of Cash Flows as there is no legal right to offset these amounts, consistent with the presentation of related interconnection revenues and expenses in the Consolidated Statements of Operations and Comprehensive (Loss) Income.

Management makes estimates of the uncollectability of its accounts receivable. In determining the adequacy of the allowance for doubtful accounts, management analyzes historical experience and current collection trends, known troubled accounts, receivable aging and current economic trends. The Company writes off account balances against the allowance for doubtful billed accounts when collection efforts are unsuccessful. Provisions for uncollectible receivables are included in General and administrative expenses. The allowance for doubtful accounts was $6.3 million and $8.8 million as of December 31, 2021 and 2020, respectively.

EIP Receivables:
In New Zealand, 2degrees offers certain wireless customers the option to pay for their handsets in installments over a period of up to 36 months using an EIP. In Bolivia, in 2018, NuevaTel began offering certain wireless subscribers the option to pay for their handsets in installments over a period of 18 months using an EIP. The amounts recorded as EIP receivables at the end of each period represent EIP receivables for which invoices were not yet generated for the customer ("unbilled"). Invoiced EIP receivables are recorded in the Accounts receivable, net balance, consistent with other outstanding customer trade receivables. In New Zealand, 2degrees initially assesses the credit quality of each EIP applicant. Based on subscribers' credit quality, subscribers may be denied an EIP option or be required to participate in a risk mitigation program which includes paying a deposit and allowing for automatic payments. In Bolivia, NuevaTel offers installment plans only to subscribers with a low expected delinquency risk based on the Company's credit analysis and the customer's income level. All of the Company's EIP customers are required to make a down payment for a handset. The current portion of EIP receivables is included in Equipment installment plan receivables, net and the long-term portion of EIP receivables is included in Long-term equipment installment plan receivables in our Consolidated Balance Sheets.

At the time of sale of handsets under installment plans, we impute risk adjusted interest on certain receivables associated with EIPs. We record any deferral of this imputed discount as a reduction in EIP receivables, net in our Consolidated Balance Sheets and amortize the deferred amount over the financed device payment term in Non-subscriber international long distance and other revenues in our Consolidated Statements of Operations and Comprehensive (Loss) Income.

The Company establishes an allowance for EIP receivables to cover probable and reasonably estimated losses. The estimate of allowance for doubtful accounts considers a number of factors, including collection experience, receivable aging, customer credit quality and other qualitative factors including macro-economic factors. The Company monitors the EIP receivable balances and writes off account balances if collection efforts are unsuccessful and future collection is unlikely. See Note 4 – EIP Receivables for additional information as it relates to the allowance for doubtful accounts specifically attributable to EIP receivables.

In August 2019, 2degrees entered into an EIP receivables secured borrowing arrangement with an intermediary purchasing entity (the "EIP Purchaser") and financial institutions that lend capital to the EIP Purchaser. The transfer of receivables through this arrangement does not qualify as a sale of financial assets under GAAP and as such is recorded as a secured borrowing. Upon transfer to the EIP Purchaser, the Company does not derecognize the receivables or related allowance for doubtful accounts and unamortized imputed discount. The above summary of EIP receivables accounting policy remains applicable for unbilled EIP receivables sold through this arrangement. For further information, see Note 4 – EIP Receivables.

Inventories:
Inventory consists primarily of wireless devices and accessories. Cost is determined by the first-in, first-out ("FIFO") method and the weighted average cost method, which has historically approximated the FIFO method. Subsequent measurement of inventory is determined using the cost and net realizable value test. Net realizable value is determined using the estimated selling price in the ordinary course of business. The Company records inventory write-downs to net realizable value for obsolete and slow-moving items based on inventory turnover trends and historical experience.

Handset costs in excess of the revenues generated from handset sales, or handset subsidies, are expensed at the time of sale. The Company does not recognize the expected handset subsidies prior to the time of sale because the promotional discount decision is made at the point of sale and/or because the Company expects to recover the handset subsidies through service revenues.

For certain inventories held by a third-party distribution and logistics company located in New Zealand, the Company records inventories in our Consolidated Balance Sheets, with a corresponding increase to Other current liabilities and accrued expenses. The third-party distribution and logistics company purchases the inventory from various equipment manufacturers on behalf of and at the direction of 2degrees, with 2degrees specifying the purchase price, timing of purchase, and type and quantity of handsets. Therefore, the Company records the inventory once risk of loss is assumed in connection with the transfer from the manufacturers to the third-party distribution and logistics company.

Property and Equipment:
Property and equipment is recorded at cost or fair value for assets acquired as part of business combinations, and depreciation is calculated on a straight-line method over the estimated useful lives of the assets. Estimated useful lives are generally as

follows: (i) buildings 40 years; (ii) wireless communications systems range from 2 to 20 years; and (iii) furniture, equipment, vehicles and software range from 2 to 17 years. Leasehold improvements are recorded at cost and depreciated over the lesser of the term of the lease or the estimated useful life. Costs of additions and major replacements and improvements are capitalized. Repair and maintenance expenditures which do not enhance the asset's functionality or extend the asset's useful life are charged to operating expenses as incurred. Construction costs, labor and overhead incurred in the expansion or enhancement of the Company's networks are capitalized. Capitalization commences with pre-construction period administrative and technical activities, which may include obtaining leases, zoning approvals and building permits, and ceases when the asset is ready for its intended use and placed in service. Upon sale or retirement of an asset, the related costs and accumulated depreciation are removed from the balance sheet accounts and any gain or loss is recognized. Assets under construction are not depreciated until placed in service.

Interest expense incurred during the construction phase of the Company's wireless networks is capitalized as part of property and equipment until assets are placed into service. Capitalized interest costs are amortized over the estimated useful lives of the related assets. Capitalized interest for the years ended December 31, 2021, 2020 and 2019 was $0.9 million, $0.8 million and $1.1 million, respectively.

The Company capitalizes certain costs incurred in connection with developing or acquiring internal use software. Capitalization of software costs commences once selection of a specific software project has been made and the Company approves and commits to funding the project. Capitalized costs include direct development costs associated with internal use software, including internal direct labor costs and external costs of materials and services. Capitalized software costs are included in Property and equipment, net and amortized on a straight-line basis over the estimated useful life of the asset. Costs incurred during the preliminary project stage, as well as maintenance and training costs, are expensed as incurred.

The Company records an asset retirement obligation ("ARO") for the fair value of obligations associated with the retirement of tangible long-lived assets and records a corresponding increase in the carrying amount of the related asset in the period in which the obligation is incurred. These obligations primarily pertain to the Company's obligations related to network infrastructure, principally tower and related assets, and include obligations to remediate leased land on which the Company's network infrastructure assets are located. The liability is accreted to its present value each period, and the capitalized cost is depreciated over the estimated useful life of the related asset. Upon settlement of the liability, any difference between the recorded ARO liability and the actual retirement costs incurred is recognized as an operating gain or loss in the Consolidated Statement of Operations and Comprehensive (Loss) Income.

The significant assumptions used in estimating the ARO include the following: a probability that the Company's leases with ARO will be remediated at the lessor's directive; expected settlement dates that coincide with lease expiration dates plus estimated lease extensions; remediation costs that are indicative of what third-party vendors would charge the Company to remediate the sites; expected inflation rates that are consistent with historical inflation rates; and credit-adjusted risk-free interest rates which approximate the Company's incremental borrowing rates.

Leases (effective January 1, 2020):
We lease cell sites, retail stores, offices, vehicles, equipment and other assets from third parties under operating and finance leases. We determine whether a contract is a lease or contains a lease at contract inception, and this assessment requires judgment including consideration of factors such as whether we have obtained substantially all of the rights to the underlying assets and whether we have the ability to direct the use of the related assets. Right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term and the lease liability represents our obligation to make payments arising from the lease. Lease liabilities are recognized at commencement date based on the present value of the remaining lease payments over the lease term. As the rates implicit in our leases are not readily determinable, our incremental borrowing rate is used in calculating the present value of the sum of the lease payments, and determining the rate used for discounting these payments requires judgment. ROU assets are recognized at commencement date at the value of the lease liability, adjusted for any prepayments, lease incentives, or initial direct costs. The incremental borrowing rate is determined using a portfolio approach based on the rate of interest that would be paid to borrow an amount equal to the lease payments on a collateralized basis over a similar term. We use an unsecured borrowing rate and risk adjust that rate to approximate a collateralized rate for each geographic region in which we conduct business. Our typical lease arrangement includes a non-cancellable term with renewal options for varying terms depending on the nature of the lease. We include the renewal options that are reasonably certain to be exercised as part of the lease term, and this assessment is also an area of judgment. For cell site locations, optional renewals are included in the lease term based on the date the sites were placed in service and to the extent that renewals are reasonably certain based on the age and duration of the sites. For other leases, renewal options are typically not considered to be reasonably certain to be exercised.

We have certain lease arrangements with non-lease components that relate to the lease components, primarily related to maintenance and utility costs that are paid to the lessor. Non-lease components and the lease components to which they relate are accounted for together as a single lease component for all asset classes. Certain leases contain escalation clauses or payment of executory costs such as taxes, utilities and maintenance. We recognize lease payments for short-term leases as expense either straight-line over the lease term or as incurred depending on whether lease payments are fixed or variable.

License Costs and Other Intangible Assets:
Intangible assets consist primarily of wireless spectrum licenses in foreign markets, tradenames and subscriber relationships. License costs primarily represent costs incurred to acquire wireless spectrum licenses in foreign markets, which are recorded at cost, and the value attributed to wireless spectrum licenses acquired in business combinations. Amortization begins with the commencement of service to customers. The license costs are amortized using the straight-line method over 7 to 20 years, corresponding to the expiration dates of the licenses as issued by the applicable regulators. Licenses, subject to certain conditions, are usually renewable and are generally non-exclusive. However, management generally does not consider renewal periods when determining the useful life of a license since there is no certainty that a license will be renewed without significant cost (or at no cost).

Subscriber relationships were acquired as part of the acquisition in New Zealand of our fixed broadband communications services provider, Snap Limited, in 2015 and relate to established relationships with residential and enterprise customers through contracts for fixed broadband services. Subscriber relationships are amortized over the estimated useful life of 7 years using an accelerated method, which management believes best reflects the estimated pattern in which the economic benefits of the assets will be consumed.

Impairment of Long-Lived Assets:
The Company evaluates its long-lived assets, including intangible assets subject to amortization, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Asset groups are determined at the lowest level for which identifiable cash flows are largely independent of cash flows of other groups of assets and liabilities. When the carrying amount of a long-lived asset group is not fully recoverable and exceeds its fair value, an impairment loss is recognized equal to the excess of the asset group’s carrying value over the estimated fair value. We determine fair value by using a combination of comparable market values, estimated future discounted cash flows and appraisals, as appropriate.

As discussed under “Impact of COVID-19 on our Business” above, the Company tested the long-lived assets of NuevaTel in the third quarter of 2021 for impairment and recorded an impairment charge in the amount of $113.8 million for the year ended December 31, 2021. The impairment was allocated to long-lived assets in the following amounts: $42.2 million to property and equipment, $48.5 million to operating lease right-of-use assets, $18.8 million to license costs and other intangible assets, and $4.3 million to other assets. These impairment charges were included in Impairment of long-lived assets in our Consolidated Statements of Operations and Comprehensive (Loss) Income. The pre-tax impairment charge resulted in a $28.5 million deferred tax asset which was offset by a full valuation allowance, and a $5.2 million tax benefit as a result of the reduction to the Company’s deferred tax liability for NuevaTel’s unrepatriated earnings. For further information, see “Impact of COVID-19 on our Business” above. There were no events or changes in circumstances that indicated impairment should be recorded for long-lived assets for the fiscal years ended December 31, 2020 and 2019.

Goodwill:
Goodwill is the excess of the cost of an acquisition of businesses over the fair value of the net identifiable assets acquired as of the acquisition date. The Company reviews goodwill for potential impairment annually as of November 30 and also during interim periods if events or changes in circumstances indicate the occurrence of a triggering event.

When assessing goodwill for impairment, we may elect to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the goodwill impairment test. If we do not perform this qualitative assessment, or if the qualitative assessment indicates it is more likely than not that the fair value of the single reporting unit is less than its carrying amount, we will test goodwill for impairment. If the Company determines the fair value of the reporting unit is less than its carrying amount, a goodwill impairment loss is recognized for the difference. Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. Generally fair value is determined by a multiple of earnings based on the guideline publicly traded business method or on discounting projected future cash flows based on management’s expectations of the current and future operating environment. There were no goodwill impairment charges required for any periods presented.

Cloud computing arrangements that are service contracts:
The Company has entered into hosted cloud computing arrangements that are considered to be service contracts and has deferred certain development costs related to implementing the cloud computing arrangements. As of December 31, 2021 and 2020, the Company had net deferred implementation costs of $9.7 million and $5.6 million, respectively, which were primarily included in Other assets. A portion of the deferred balances relate to the implementation of a new enterprise resource planning system at 2degrees, which will replace certain of its existing core financial systems.

The Company amortizes the implementation costs over the service contract period of the hosting arrangement. Amortization expense for the implementation costs was $2.0 million for the year ended December 31, 2021 and is included within General and administrative expenses. Amortization expense for the implementation costs was not significant for the year ended December 31, 2020. There was no amortization of the implementation costs for the year ended December 31, 2019.

Derivative Instruments and Hedging Activities:
We employ risk management strategies, which may include the use of interest rate swaps, cross-currency swaps and forward exchange contracts. We do not hold or enter into derivative instruments for trading or speculative purposes.

Derivatives are recognized in the Consolidated Balance Sheets at fair value. Changes in the fair values of derivative instruments designated as “cash flow” hedges, to the extent the hedges are highly effective, are recorded in Other comprehensive (loss) income. Derivative instruments not qualifying for hedge accounting or ineffective portions of cash flow hedges, if any, are recognized in current period earnings. The Company assesses, both at inception of the hedge and on an ongoing basis, whether derivatives used as hedging instruments are highly effective in offsetting the changes in the fair value or cash flow of the hedged items. If it is determined that a derivative is not highly effective as a hedge or ceases to be highly effective, the Company discontinues hedge accounting prospectively. As of December 31, 2021 and 2020, no derivative instruments were designated for hedge accounting.

Fair Value Measurements:
The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

Warrant Liability:
TIP Inc.’s outstanding warrants are recorded as a liability, as the warrants are written options that are not indexed to common shares of TIP Inc. (the “Common Shares”). The warrant liability is recorded in Other current liabilities and accrued expenses in the Company’s Consolidated Balance Sheets. The offsetting impact is reflected in Accumulated deficit as a result of the reduction of Additional paid in capital to zero with the allocation of opening equity due to the Arrangement. The amount of the warrant liability was $0.1 million and $0.2 million as of December 31, 2021 and 2020, respectively. Any change in fair value of these warrants due to a change in their price during the reporting period is recorded as Change in fair value of warrant liability in the Company’s Consolidated Statements of Operations and Comprehensive (Loss) Income. The fair value of the warrant liability is determined each period by utilizing the number of warrants outstanding and the closing trading value of the warrants as of the reporting date. The change in fair value of the warrant liability was insignificant for the years ended December 31, 2021, 2020 and 2019, respectively. Additionally, there were immaterial changes in the warrant liability during the periods due to changes in the exchange rate between the Canadian dollar (the currency in which the warrants are denominated) and United States dollar.

Required Distributions:
Prior to the redemption in October 2021 of Trilogy LLC Class C Units (the “Class C Units”), Trilogy LLC was required to make quarterly distributions to its members on a pro rata basis in accordance with each member’s ownership interest in amounts sufficient to permit members to pay the tax liabilities resulting from allocations of income tax items from Trilogy LLC. Trilogy LLC was in a net taxable loss position for the years ended December 31, 2021, 2020 and 2019; therefore, no tax distributions were made to its members related to these tax years. See Note 10 – Equity.

Revenue Recognition:
The Company derives its revenues primarily from wireless services, fixed broadband services and equipment sales. Revenues are recognized when control of the services and equipment is transferred to our customers in an amount that reflects the

consideration we expect to be entitled to in exchange for those services. The Company's revenue recognition policy follows guidance from Revenue from Contracts with Customers ("Topic 606").

The Company determines revenue recognition through the following five-step framework:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in each contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in each contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation.

Significant Judgments
The most significant judgments affecting the amount and timing of revenue from contracts with our customers include the following items:

- The assessment of legally enforceable rights and obligations involves judgment and impacts our determination of contractual term, transaction price and related disclosures;
- Our products are generally sold with a right of return, which is accounted for as variable consideration when estimating the amount of revenue to recognize. Expected device returns are estimated based on historical experience;
- Identifying distinct performance obligations within our service plans may require significant judgment;
- For contracts that involve more than one product or service (or multiple performance obligations), determining the standalone selling price for each product or service (or performance obligation) may require significant judgment;
- Determining costs that we incur to obtain or fulfill a contract may require significant judgment; and
- For capitalized contract costs, determining the amortization period as well as assessing the indicators of impairment may require significant judgment.

Wireless Services and Related Equipment
The Company enters into contracts with consumer and business customers for postpaid wireless services, prepaid wireless services and wireless equipment. Customers may elect to purchase wireless services or equipment separately or together. For wireless service and wireless equipment contracts entered into within a short period of time, we follow the contract combination guidance and assess the contracts as a single arrangement. The Company generates wireless services revenues from providing access to, and usage of, our wireless communications network. Performance obligations included in a typical wireless service contract with a customer include data, voice and text message services. We recognize revenue using an output method, either as the services are used or as time elapses if doing so reflects the pattern by which we satisfy our performance obligation through the transfer of the service to the customer. Wireless monthly service contracts are billed monthly either in advance or arrears based on a fixed fee.

Prepaid wireless services sold to customers are recorded as deferred revenue prior to the services being provided to the customer or expiration of the obligation to provide the services. When prepaid service credits are not subject to expiration or have not yet expired, the Company estimates breakage (cash consideration received for prepaid services but never expected to be redeemed by customers) based upon historical usage trends. The Company's policy is to recognize revenue for estimated breakage in proportion to the patterns exercised by the customer.

Postpaid monthly wireless services sold to customers are billed monthly in arrears. Postpaid wireless customer contracts are generally either month-to-month and cancellable at any time (i.e., open term) or contain terms greater than one month (under a fixed-term plan). Service contracts that exceed one month are generally two years or less. The transaction prices allocated to service performance obligations that are not satisfied or are partially satisfied as of the end of the reporting period are generally related to our fixed-term plans. For postpaid plans where monthly usage exceeds the allowance, the overage usage represents an option held by the customer for incremental services and the usage-based fee is recognized when the customer exercises the option (typically on a month-to-month basis).

We also generate revenues from the sale of wireless equipment to consumer and business subscribers. Performance obligations associated with a typical wireless equipment contract with a customer include handset and accessory equipment. We recognize revenue at a point in time when the device or accessory is delivered to the customer.

We offer certain postpaid customers the option to pay for devices and accessories in installments using an EIP. We assessed this payment structure and concluded that there is a financing component related to the EIP. However, we have determined that the financing component for certain direct channel customer classes in the postpaid wireless plans is not significant and therefore we have not recorded interest income over the repayment period for these customer transactions.

Fixed broadband Services and Related Equipment
We enter into fixed broadband arrangements with consumer and business subscribers. Fixed broadband service performance obligations include broadband internet services and voice services. We recognize revenue using an output method, as time elapses, because it reflects the pattern by which we satisfy our performance obligation through the transfer of service to the customer. Broadband arrangements are billed monthly. Performance obligations included in a typical fixed broadband contract, as defined by Topic 606, include modem equipment, when sold, and telephone equipment. For these sales, we recognize revenue when the device or accessory is delivered to the customer. We also entered into agreements with subscribers in which we own customer premises equipment, including modems, and lease such equipment to subscribers. For these agreements, the modem equipment is not considered a performance obligation subject to Topic 606 guidance, rather it is a lease component of the contract and is accounted for under the applicable leasing guidance. The lease revenues associated with these agreements are included in Fixed broadband service revenues in the Consolidated Statements of Operations and Comprehensive (Loss) Income and were not significant for the periods presented.

We enter into managed service arrangements with large enterprises and governments. Fixed broadband service performance obligations associated with managed service arrangements include managed network services, internet services and voice services. We recognize revenue using an output method, as time elapses, because it reflects the pattern by which we satisfy our performance obligation through the transfer of service to the customer. Fixed broadband service contracts are billed monthly. In the context of our managed service arrangements, we provide customers with the use of modem and networking equipment to facilitate the internet and networking services. We have determined that as part of managed service arrangements for our New Zealand business, equipment is provided to the customer only to enable the customer to consume the service. At the end of the contract term the customer is required to return the equipment as it may be used by other customers.

Fixed broadband customer contracts are generally either month-to-month and cancellable at any time (i.e., open term) or contain terms greater than one month (typically under a fixed-term plan or within managed services arrangements). Service contracts that exceed one month are generally three years or less. The transaction prices allocated to service performance obligations that are not satisfied or are partially satisfied as of the end of the reporting period are generally related to our fixed-term plans.

Equipment
In addition to selling equipment in connection with wireless and fixed broadband service contracts, as discussed above, we also sell equipment on a standalone basis to dealers and resellers for a fixed fee. The performance obligations include handset and accessory equipment. We recognize revenue when the handset or accessory is delivered to the dealer or reseller as the dealer and reseller is our customer. At the time of delivery, the customer acquires legal title, as physical possession and risks and rewards of ownership have been transferred to the customer with no additional conditions to customer acceptance.

Interconnection
Interconnection revenues are generated when calls from other operators terminate in the Company's networks and are recognized in the period the termination occurs.

Transaction Price and Allocations
We have elected to utilize a practical expedient and account for shipping and handling activities that occur after control of the related good transfers as fulfillment activities instead of assessing such activities as performance obligations. We establish provisions for estimated device returns based on historical experience.

We assess whether the amounts due under our contracts are probable of collection. For those not probable of collection, we do not recognize revenue until the contract is completed and cash is received. Collectability is re-assessed when there is a significant change in facts or circumstances.

Consideration payable to a customer is treated as a reduction of the total transaction price, unless the payment is in exchange for a distinct good or service, such as certain commissions paid to dealers. As an accounting policy election, we exclude from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected from a customer (for example, sales, use, value added and some excise taxes).

We may offer a right of return on our products for a short time period after a sale. These rights are accounted for as variable consideration when determining the transaction price and, accordingly, we recognize revenue based on the estimated amount to which we expect to be entitled net of expected returns. Returns and credits are estimated at contract inception based on historical experience with similar classes of customers and updated at the end of each reporting period as additional information becomes available.

Transaction price is allocated to each performance obligation based on its relative standalone selling price (“SSP”). SSP is the price for which we would sell the good or service on a standalone basis without a promotional discount. Judgment is required to determine the SSP for each distinct performance obligation. In instances where SSP is not directly observable, such as when we do not sell the product or service separately, we determine the SSP using information that may include market conditions, costs plus a margin and other observable inputs.

Warranties and Indemnifications
The Company’s equipment is typically provided with an assurance-type warranty that it will perform in accordance with the Company’s on-line documentation under normal use and circumstances. The Company includes a service level commitment to its customers, typically regarding certain levels of uptime reliability and performance and if the Company fails to meet those levels, customers can receive credits and in some cases terminate their relationship with the Company. To date, the Company has not had a material amount of credits issued or customers terminate as a result of such commitments.

Contract Modifications
Our service contracts allow customers to modify their contracts without incurring penalties in many cases. Each time a contract is modified we evaluate the change in scope or price of the contract to determine if the modification should be treated as a separate contract, if there is a termination of the existing contract and creation of a new contract, or if the modification should be considered a change associated with the existing contract. We typically do not have significant impacts from contract modifications.

Advertising Costs:
The Company expenses the cost of advertising as incurred. Advertising expense for the years ended December 31, 2021, 2020 and 2019 were $19.7 million, $16.8 million and $18.6 million, respectively.

Defined Contribution Plan:
The Company has a defined contribution plan whereby participants may contribute a portion of their eligible pay to the plan through payroll withholdings. The Company provides matching contributions based on the amount of eligible compensation contributed by the employees. Total contributions by the Company were $0.1 million for each of the years ended December 31, 2021, 2020 and 2019.

Equity-Based Compensation:
The Company measures compensation costs for all equity-based payment awards made to employees based on the estimated fair values at the either the grant date for equity classified awards or quarterly for liability classified awards. Such compensation costs are recognized as an expense over the requisite service period, which is generally the vesting period of the award, net of forfeitures when they occur.

Net (Loss) Earnings Per Share (“EPS”):
EPS is calculated using the two-class method, which is an earnings allocation method that determines earnings per share for Common Shares and participating securities. The Company has one class of common stock; however, the Class C Units held by Trilogy LLC members (a noncontrolling interest in Trilogy LLC) are treated as participating securities for purposes of calculating EPS and a two-class method security due to their pro-rata rights to dividends and earnings.

Basic (loss)/income per share (“Basic EPS”) is computed by dividing net (loss)/income, less net (loss)/income available to participating securities, by the basic weighted average Common Shares outstanding.

Diluted (loss)/income per share (“Diluted EPS”) is calculated by dividing attributable net income/(loss) by the weighted average number of Common Shares plus the effect of potential dilutive Common Shares outstanding during the period. Diluted EPS excludes all potentially dilutive units if the effect of their inclusion is anti-dilutive, the attributable service condition was not met, or if the underlying potentially dilutive units are out-of-the-money.

Foreign Currency Remeasurement and Translation:
The functional currency for our Bolivian operation is the U.S. dollar and for our New Zealand operation is the New Zealand dollar, since the majority of the revenues and expenses in those operations are denominated in those currencies. However, portions of the revenues earned and expenses incurred by our subsidiaries are denominated in currencies other than their functional currency. Transactions that involve such other currencies are remeasured into the functional currency based on a combination of both current and historical exchange rates. All foreign currency asset and liability amounts are remeasured at end-of-period exchange rates, except for nonmonetary items, which are remeasured at historical rates. Foreign currency income and expense are remeasured at average exchange rates in effect during the year, except for expenses related to balance sheet

amounts which are remeasured at historical rates. Gains and losses from remeasurement of foreign currency transactions into the functional currency are included in Other, net in our Consolidated Statements of Operations in the period in which they occur.

Our reporting currency is the U.S. dollar. Thus, assets and liabilities from our New Zealand operation are translated from the New Zealand dollar into the U.S. dollar at the exchange rate on the balance sheet date while revenues and expenses are translated at the average exchange rate in the month they occurred. Gains and losses from the translation of our New Zealand operation's financial statements into U.S. dollars are included in Accumulated other comprehensive income in our Consolidated Balance Sheets.

Income Taxes:
For our taxable subsidiaries, we account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, we determine deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. A valuation allowance is recorded when it is more likely than not that some portion or all of a deferred tax asset will not be realized. When a valuation allowance has previously been recorded and we determine that we expect to be able to realize our deferred tax assets in the future in excess of their net recorded amount, we adjust the deferred tax asset valuation allowance, which reduces the provision for income taxes. During 2019, we removed the valuation allowance on our New Zealand deferred tax assets, with a corresponding income tax benefit, as the deferred tax assets are expected to be realizable. As discussed under "Impact of COVID-19 on our Business" above, during 2020 management recorded a full valuation allowance against NuevaTel's beginning of year net deferred tax assets as management concluded that NuevaTel's deferred tax assets are no longer more likely than not to be realized.

We record uncertain tax positions on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we record the largest amount of tax benefit to meet such threshold.

We recognize interest and penalties related to unrecognized tax benefits in the Other, net line in the accompanying Consolidated Statements of Operations and Comprehensive (Loss) Income. Accrued interest and penalties are included in the related tax liability line in the Consolidated Balance Sheets.

Concentrations:
The Company's revenues are attributable to our international operations. The Company's operations are subject to various political, economic, and other risks and uncertainties inherent in the countries in which the Company operates. Among other risks, the Company's operations are subject to the risks of restrictions on transfer of funds; export duties, quotas and embargoes; domestic and international customs and tariffs; changing taxation policies; foreign exchange restrictions; and political conditions and governmental regulations. For key financial information of our subsidiaries in New Zealand and Bolivia, see Note 18 – Segment Information.

Recently Issued Accounting Standards:
As an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, the Company may defer adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company intends to use the extended transition period. As a result, the Company's financial statements may not be comparable to the financial statements of issuers who have adopted these new or revised accounting standards that are applicable to public companies.

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13 related to the measurement of credit losses on financial instruments and has since modified the standard with several ASUs (collectively, the "credit loss standard"). The credit loss standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. The credit loss standard will take effect for public entities for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. As amended in ASU 2019-10, for companies that file under private company guidelines, the credit loss standard will take effect for fiscal years beginning after December 15, 2022, and for interim periods within those fiscal years. Early adoption is permitted for all entities for fiscal years beginning after December 15, 2018. As we continue to be subject to the guidelines applicable to an "emerging growth company" for the near term, we intend to adopt this standard on the date it becomes applicable to private companies. The adoption of this ASU will require a cumulative-effect adjustment to Accumulated deficit as of the beginning of the first reporting period in which the guidance is effective (that is, a modified-retrospective approach). We are currently evaluating the impact this ASU will have on our consolidated financial statements.

(US dollars in thousands unless otherwise noted)

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832), Disclosures by Business Entities About Government Assistance, which requires entities to provide disclosures on material government assistance transactions for annual reporting periods. The disclosures include information concerning the nature of the assistance, the related accounting policies used to account for government assistance, the effect of government assistance on the entity's financial statements, and any significant terms and conditions of the agreements, including commitments and contingencies. This new standard is effective for all entities with fiscal years beginning after December 15, 2021 and only impacts annual financial statement footnote disclosures. Therefore, the adoption is not expected to have a material effect on our consolidated financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT

	As of December 31, 2021	As of December 31, 2020
Land, buildings and improvements	$ 14,381	$ 10,022
Wireless communication systems	536,986	879,209
Furniture, equipment, vehicles and software	172,534	221,943
Construction in progress	58,046	40,602
	781,947	1,151,776
Less: accumulated depreciation	(474,862)	(788,857)
Property and equipment, net	$ 307,085	$ 362,919

Depreciation expense was $95.0 million, $93.6 million and $92.6 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Advances to equipment vendors are included in Other assets and totaled $2.6 million and $5.7 million as of December 31, 2021 and 2020, respectively.

In 2021, the Company recorded an impairment to Property and equipment, net of $42.2 million and removed previously recorded accumulated depreciation against the related asset cost balance for the impaired asset categories. See Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies for additional information.

In February 2019, NuevaTel entered into an agreement, which has been subsequently amended, to sell and leaseback up to 651 network towers. Three closings for a total of 574 towers were completed in 2019 for aggregate cash consideration of $89.5 million. In July 2020, NuevaTel completed the fourth and final closing of 34 towers for additional cash consideration of $5.8 million. In total, 608 towers were sold for total cash consideration of $95.3 million. The $5.8 million of proceeds received during the year ended December 31, 2020 were recognized in the Consolidated Statement of Cash Flows as Proceeds from sale-leaseback transaction within investing activities. In addition, gains of $5.6 million and $10.1 million were recognized in Loss (gain) on disposal of assets and sale-leaseback transaction for the years ended December 31, 2020 and 2019, respectively. Of the proceeds received during the year ended December 31, 2019, $70.6 million were recognized in the Consolidated Statement of Cash Flows as Proceeds from sale-leaseback transaction in investing activities and $18.9 million were recognized as Proceeds from sale-leaseback financing obligation in financing activities. The Company had $4.2 million and $4.5 million of financing obligations outstanding as of December 31, 2021 and December 31, 2020, respectively, as certain towers included in the transaction did not meet the criteria for sale-leaseback accounting due to continuing involvement by NuevaTel. In connection with the adoption of ASU 2016-02 "Leases (Topic 842)" (the "new lease standard"), these unrecognized sale-leaseback transactions were reassessed, and certain towers qualified for sale-leaseback accounting under the new lease standard.

(US dollars in thousands unless otherwise noted)

The amounts related to the towers that qualified for sale-leaseback accounting were removed from the tower financing obligations and recognized as a sale-leaseback as of January 1, 2020.

As of December 31, 2019, the Company had an outstanding balance of deferred gain of $55.1 million for the towers that qualified as a sale-leaseback, of which $1.0 million were capital leases and the remaining were operating leases based on a lease-by-lease accounting evaluation. During the year ended December 31, 2019, $3.9 million of the deferred gain was recognized. In connection with the adoption of the new lease standard, the deferred gain was recognized to Accumulated deficit and Noncontrolling interests as of January 1, 2020.

Bank fees of $1.3 million were incurred in connection with the tower sale transaction in the first quarter of 2019 and were included in General and administrative expenses in the Consolidated Statement of Operations and Comprehensive (Loss) Income for the year ended December 31, 2019 and in Net cash provided by operating activities in the Consolidated Statement of Cash Flows for the year ended December 31, 2019. There were no bank fees incurred in connection with the fourth closing of the tower sale transaction during the year ended December 31, 2020.

The tower sites have an initial lease term of 10 years with up to three five-year renewal terms at NuevaTel's option. NuevaTel's gross annual tower operating lease rent obligation and its gross annual tower financing lease rent obligation are $10.4 million and $0.3 million, respectively, for the towers that qualify as a sale-leaseback under the new lease standard and its gross annual tower financing obligation for the sites that do not qualify as a sale-leaseback under the new lease standard is $0.9 million, all of which are subject to certain 3% annual rent increases. For those towers that qualified as a sale-leaseback, NuevaTel incurred $11.9 million, $11.6 million and $6.0 million in gross rent expense during the years ended December 31, 2021, 2020 and 2019, respectively.

The 2019 closings of the tower sale-leaseback transaction generated a taxable gain which resulted in $18.2 million of Bolivian income tax that is being paid in monthly installments over a three-year period. The fourth closing of the tower sale-leaseback transaction generated a taxable gain of $5.1 million during the third quarter of 2020 which was offset by net losses generated during the period and therefore did not give rise to income tax expense or liability. In addition to the Bolivian income tax, the sale-leaseback also resulted in payment of $3.0 million of transaction taxes included within General and administrative expenses in the Consolidated Statement of Operations and Comprehensive (Loss) Income during the year ended December 31, 2019.

AROs are primarily recorded for the Company's legal obligations to remediate leased property on which the Company's network infrastructure and related assets are located. The AROs are recorded in Other non-current liabilities with a corresponding amount in Property and equipment, net. No obligation is expected to be settled within 12 months as of December 31, 2021. The activity in the AROs was as follows:

	Years Ended December 31,	
	2021	**2020**
Beginning balance	$ 23,593	$ 20,971
Revisions in estimated cash flows	(2,011)	-
Additional accruals	126	371
Foreign currency translation	(1,084)	1,344
Accretion	1,773	1,525
Disposals	(239)	(618)
Ending balance	$ 22,158	$ 23,593

The Company performs a review of its ARO liability annually, which may result in revisions in estimated cash flows. During the year ended December 31, 2021, the revisions in estimated cash flows resulted in a net decrease in the ARO liability and corresponding assets, net of accumulated depreciation of $2.0 million. During the year ended December 31, 2020, there were no revisions in estimated cash flows.

The corresponding assets, net of accumulated depreciation, related to AROs were $2.3 million and $5.8 million as of December 31, 2021 and 2020, respectively.

(US dollars in thousands unless otherwise noted)

Supplemental Cash Flow Disclosure:
The Company acquired \$0.3 million, \$1.8 million and \$2.8 million of property and equipment through current and long-term debt during the years ended December 31, 2021, 2020 and 2019, respectively.

The Company also acquires property and equipment through current and long-term construction accounts payable. The net change in current and long-term construction accounts payable resulted in additions or (adjustments) to Purchase of property and equipment in the Consolidated Statements of Cash Flows of (\$4.2) million, \$10.4 million and \$4.8 million for the years ended December 31, 2021, 2020 and 2019, respectively.

NOTE 3 – GOODWILL, LICENSE COSTS AND OTHER INTANGIBLE ASSETS

The following table summarizes the changes in the Company's goodwill balance:

	December 31, 2021	December 31, 2020
Beginning balance	$ 10,223	$ 9,046
Foreign currency adjustment	(534)	1,177
Balance at the end of the year	$ 9,689	$ 10,223

All of the goodwill is attributable to the acquisition of Snap Limited in 2015 by our New Zealand segment. There are no accumulated goodwill impairments for the years ended December 31, 2021 and 2020.

The Company's license costs and other intangible assets consisted of the following:

		As of December 31, 2021			As of December 31, 2020		
	Estimated Useful Lives	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
License costs	7 – 20 years	$ 147,087	$ (85,813)	$ 61,274	$ 225,835	$ (140,849)	$ 84,986
Subscriber relationships	7 years	12,781	(12,678)	103	13,485	(12,978)	507
Other	6 years	1,396	(1,396)	-	3,640	(3,640)	-
Total		$ 161,264	$ (99,887)	$ 61,377	$ 242,960	$ (157,467)	$ 85,493

Fully amortized license costs continue to be presented in the table above when renewals have occurred for the same spectrum bands. Amortization expense of license costs and other intangible assets was \$10.5 million, \$11.8 million and \$15.8 million for the years ended December 31, 2021, 2020 and 2019, respectively.

In 2021, the Company recorded an impairment to License costs and other intangible assets, net of \$18.8 million and removed previously recorded accumulated amortization against the related asset cost balance for the impaired asset categories. See Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies for additional information.

(US dollars in thousands unless otherwise noted)

Estimated future amortization expense associated with the net carrying amount of license costs and other intangible assets, based on the exchange rate as of December 31, 2021, is as follows:

Years Ending December 31,		
2022	$	8,362
2023		6,255
2024		5,824
2025		5,824
2026		5,824
Thereafter		29,288
Total	$	61,377

New Zealand:
On October 29, 2013, Trilogy International Radio Spectrum LLC, a Delaware limited liability company and indirect wholly owned subsidiary of TIP Inc. ("TIRS"), entered into an agreement with the government of New Zealand for the acquisition of a 10 MHz paired license of 700 MHz spectrum (the "700 MHz License") for $44.0 million New Zealand dollars ("NZD") ($30.1 million based on the exchange rate at December 31, 2021). The 700 MHz License expires in 2031. TIRS made the management rights to this spectrum available to 2degrees, and 2degrees uses such spectrum in connection with its provision of 4G services.

The acquisition of the 700 MHz License was funded through a long-term payable from TIRS to the government of New Zealand. TIRS was obligated to make annual installment payments along with accrued interest. Interest on the unpaid purchase price accrued at the rate of 5.8% per annum. During the year ended December 31, 2019, 2degrees paid the final installment on behalf of TIRS in the total amount of $10.3 million NZD to the government of New Zealand ($6.8 million based on the average exchange rate in the month of payment of which $0.4 million was accrued interest).

In March 2020, the management rights to this spectrum were transferred to 2degrees.

Bolivia:
In November 2019, NuevaTel renewed the license for its 30 MHz of 1900 MHz spectrum holdings for $30.2 million. The payment in November 2019 was funded by reinvesting a portion of proceeds from the sale-leaseback of NuevaTel's towers. The license expires November 2034.

NOTE 4 – EIP RECEIVABLES

In New Zealand, 2degrees offers certain wireless subscribers the option to pay for their handsets in installments over a period of up to 36 months using an EIP. In Bolivia, in 2018, NuevaTel began offering certain wireless subscribers the option to pay for their handsets in installments over a period of 18 months using an EIP.

The following table summarizes the unbilled EIP receivables:

	As of December 31, 2021		As of December 31, 2020	
EIP receivables, gross	$	86,821	$	92,081
Unamortized imputed discount		(4,080)		(4,588)
EIP receivables, net of unamortized imputed discount	$	82,741	$	87,493
Allowance for doubtful accounts		(6,541)		(6,703)
EIP receivables, net	$	76,200	$	80,790

Classified on the balance sheet as:	As of December 31, 2021		As of December 31, 2020	
EIP receivables, net	$	41,663	$	43,538
Long-term EIP receivables		34,537		37,252
EIP receivables, net	$	76,200	$	80,790

(US dollars in thousands unless otherwise noted)

Of the $86.8 million EIP receivables gross amount as of December 31, 2021, $85.0 million related to 2degrees and the remaining related to NuevaTel. Of the $92.1 million EIP receivables gross amount as of December 31, 2020, $87.9 million related to 2degrees and the remaining related to NuevaTel.

2degrees categorizes unbilled EIP receivables as prime or subprime based on subscriber credit profiles. Upon initiation of a subscriber's installment plan, 2degrees uses a proprietary scoring system that measures the credit quality of EIP receivables using several factors, such as credit bureau information, subscriber credit risk scores, and EIP characteristics. 2degrees periodically assesses the proprietary scoring system. Prime subscribers are those with a lower risk of delinquency and whose receivables are eligible for sale to a third party. Subprime subscribers are those with a higher delinquency risk. Based on subscribers' credit quality, subscribers may be denied an EIP option or be required to participate in a risk mitigation program which includes paying a deposit and allowing for automatic payments. NuevaTel offers installment plans only to subscribers with a low delinquency risk based on NuevaTel's credit analysis and the subscriber's income level. As of the periods presented, all of NuevaTel's unbilled EIP receivables were categorized as prime.

The balances of EIP receivables on a gross basis by credit category as of the periods presented were as follows:

	As of December 31, 2021	As of December 31, 2020
Prime	$ 68,761	$ 72,283
Subprime	18,060	19,798
Total EIP receivables, gross	$ 86,821	$ 92,081

The EIP receivables had weighted average imputed discount rates of 7.03% and 7.15% as of December 31, 2021 and December 31, 2020, respectively.

The following table shows changes in the aggregate net carrying amount of the unbilled EIP receivables:

	December 31, 2021	December 31, 2020
Beginning balance of EIP receivables, net	$ 80,790	$ 67,510
Additions	83,846	78,554
Billings and payments	(77,573)	(60,194)
Sales of EIP receivables	(6,796)	(7,827)
Foreign currency translation	(4,737)	4,851
Change in allowance for doubtful accounts and imputed discount	670	(2,104)
Total EIP receivables, net	$ 76,200	$ 80,790

Sales of EIP Receivables:
2degrees is party to a mobile handset receivables sales agreement (the "EIP Sale Agreement") with a third party New Zealand financial institution (the "EIP Buyer"). The EIP Sale Agreement provides an arrangement for 2degrees to accelerate realization of receivables from wireless subscribers who purchase mobile phones from 2degrees on installment plans. Under the EIP Sale Agreement and on a monthly basis, 2degrees may offer to sell specified receivables to the EIP Buyer and the EIP Buyer may propose a price at which to purchase the receivables. Neither party is obligated to conclude a purchase, except on mutually agreeable terms. The EIP Sale Agreement specifies certain criteria for mobile phone receivables to be eligible for purchase by the EIP Buyer. The Company evaluated the structure and terms of the arrangement and determined 2degrees has no variable interest with the EIP Buyer and thus we are not required to consolidate the entity in our financial statements.

The Company determined that the sales of receivables through the arrangement should be treated as sales of financial assets. As such, upon sale, the Company derecognizes the receivables, as well as any related allowance for doubtful accounts, and the loss on sale is recognized in General and administrative expenses. The Company also reverses unamortized imputed discount related to sold receivables included in EIP receivables, net, in the Consolidated Balance Sheets and recognizes the reversed unamortized imputed discount as Equipment sales. Net cash proceeds are recognized in Net cash provided by operating activities.

(US dollars in thousands unless otherwise noted)

2degrees has continuing involvement with the EIP receivables sold to the EIP Buyer through a servicing agreement. However, the servicing rights do not provide 2degrees with any direct economic benefit, or means of effective control. Further, the EIP Buyer assumes all risks associated with the purchased receivables and has no recourse against 2degrees except in the case of fraud or misrepresentation.

The following table summarizes the impact of the sales of EIP receivables in the years ended December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
EIP receivables derecognized	$ 6,796	$ 7,827
Cash proceeds	(5,978)	(7,011)
Reversal of unamortized imputed discount	(436)	(339)
Reversal of allowance for doubtful accounts	(408)	(470)
Pre-tax (gain) loss on sales of EIP receivables	$ (26)	$ 7

EIP Receivables Financing:
2degrees is party to an EIP receivables secured borrowing arrangement with the EIP Purchaser and financial institutions that lend capital to the EIP Purchaser. Under the arrangement, 2degrees may sell EIP receivables to the EIP Purchaser at a price reflecting interest rates and fees established in the arrangement.

The Company evaluated the structure and terms of the arrangement and determined that the EIP Purchaser is a VIE because it lacks sufficient equity to finance its activities and its equity holder, which is one of the financial lending institutions, lacks the attributes of a controlling financial interest. The Company's interest in the EIP receivables transferred to the EIP Purchaser is a variable interest as 2degrees will in substance absorb all potential losses associated with the transferred EIP receivables. In addition, 2degrees has the control to direct the EIP Purchaser's most significant activities, which are the collection and management of EIP receivables that have been purchased. As such, 2degrees is the primary beneficiary of the EIP Purchaser and thus the EIP Purchaser is required to be consolidated in our financial statements.

2degrees has continuing involvement with the EIP receivables transferred to the EIP Purchaser through a servicing agreement and maintains effective control by having the right to repurchase the EIP receivables or acquire the shares of the EIP Purchaser at any time. The transfer of receivables through this arrangement does not qualify as a sale of financial assets under GAAP and as such is recorded as a secured borrowing. Upon transfer to the EIP Purchaser, the Company does not derecognize the receivables or related allowance for doubtful accounts and unamortized imputed discount.

The outstanding balance of the current and long-term portion of unbilled EIP receivables pledged through this arrangement was $21.9 million and $11.5 million, respectively, as of December 31, 2021. The outstanding balance of the current and long-term portion of unbilled EIP receivables pledged through this arrangement was $13.4 million and $6.9 million, respectively, as of December 31, 2020. The current portion of these EIP receivables were included in EIP receivables, net and the long-term portion in Long-term EIP receivables in the Consolidated Balance Sheets. These EIP receivables serve as collateral for the outstanding financing obligation of $26.8 million and $15.1 million as of December 31, 2021 and 2020, respectively, related to this secured borrowing arrangement with the EIP Purchaser in Current portion of long-term debt in the Consolidated Balance Sheets. In December 2021, certain contractual terms of the arrangement were amended. For further information, see Note 7 – Debt.

NOTE 5 – OTHER CURRENT LIABILITIES AND ACCRUED EXPENSES

	As of December 31, 2021	As of December 31, 2020
Payroll and employee benefits	$ 19,945	$ 19,817
Value-added tax and other business taxes	10,958	13,638
Dealer commissions and subsidies	9,600	12,462
Income and withholding taxes	8,977	12,060
Handset purchases	4,416	11,398
Other	45,335	47,058
Other current liabilities and accrued expenses	$ 99,231	$ 116,433

(US dollars in thousands unless otherwise noted)

NOTE 6 – FAIR VALUE MEASUREMENTS

The accounting guidance for fair value establishes a framework for measuring fair value that uses a three-level valuation hierarchy for disclosure of fair value measurement. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability at the measurement date. The three levels are defined as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;
- Level 3 – Unobservable inputs in which little or no market activity exists, requiring an entity to develop its own assumptions that market participants would use to value the asset or liability.

The following table presents assets and liabilities measured at fair value on a recurring basis as of December 31, 2021:

	Fair Value Measurement as of December 31, 2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Interest rate swaps	$ 2,765	$ -	$ 2,765	$ -
Total assets	$ 2,765	$ -	$ 2,765	$ -
Liabilities:				
Forward exchange contracts	$ 145	$ -	$ 145	$ -
Warrant liability	108	108	-	-
Interest rate swaps	135	-	135	-
Options instruments classified as liability	2,620	-	-	2,620
Total liabilities	$ 3,008	$ 108	$ 280	$ 2,620

The following table presents assets and liabilities measured at fair value on a recurring basis as of December 31, 2020:

	Fair Value Measurement as of December 31, 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Short-term investments	$ 9,987	$ -	$ 9,987	$ -
Total assets	$ 9,987	$ -	$ 9,987	$ -
Liabilities:				
Forward exchange contracts	$ 793	$ -	$ 793	$ -
Warrant liability	160	160	-	-
Interest rate swaps	3,796	-	3,796	-
Options instruments classified as liability	2,682	-	-	2,682
Total liabilities	$ 7,431	$ 160	$ 4,589	$ 2,682

The fair value of the short-term investments is based on historical trading prices, or model-driven valuations which are observable in the market or can be derived principally from or corroborated by observable market data. The fair value of forward exchange contracts is based on the differential between the contract price and the foreign currency exchange rate as of the balance sheet date. The fair value of the warrant liability is based on the public market price of the warrants as of the balance sheet date. The fair value of interest rate swaps is measured using quotes obtained from a financial institution for similar financial instruments. The fair value of the option instruments is measured using the Black-Scholes valuation model under a consistent methodology used to measure the awards of all 2degrees service-based share options. The valuation as of December 31, 2021 additionally considered the proposed transaction price and related information from the potential 2degrees sale arrangement as discussed in Note 20 – Subsequent Events. See Note 9 – Equity-Based Compensation for further information regarding the options.

(US dollars in thousands unless otherwise noted)

There were no transfers between levels within the fair value hierarchy during the years ended December 31, 2021 and 2020.

Cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued expenses are carried at cost, which approximates fair value given their short-term nature. The carrying values of EIP receivables approximate fair value as the receivables are recorded at their present value, net of unamortized imputed discount and allowance for doubtful accounts.

The estimated fair value of the Company's debt, including current maturities, was based on Level 2 inputs, being market quotes or values for similar instruments, such as the interest rates currently available to the Company for the issuance of debt with similar terms and remaining maturities, used to discount the remaining principal payments. The carrying amounts and estimated fair values of our total debt as of December 31, 2021 and 2020 were as follows:

	As of December 31, 2021	As of December 31, 2020
Carrying amount, excluding unamortized discount and deferred financing costs	$ 675,448	$ 661,708
Fair value	$ 662,881	$ 646,689

For fiscal year 2021 and 2020, we did not record any material other-than-temporary impairments on financial assets required to be measured at fair value on a nonrecurring basis.

NOTE 7 – DEBT

The Company's long-term and other debt as of December 31, 2021 and 2020 consisted of the following:

	As of December 31, 2021	As of December 31, 2020
Trilogy LLC 2022 Notes	$ -	$ 350,000
TISP 8.875% Notes	367,707	-
New Zealand 2023 Senior Facilities Agreement	194,801	205,561
TISP 10.0% Notes	51,000	50,000
New Zealand EIP Receivables Financing Obligation	26,788	15,053
Bolivian Bond Debt	20,114	20,114
Bolivian 2023 Bank Loan	4,444	6,224
Bolivian Tower Transaction Financing Obligation	4,166	4,546
Bolivian 2022 Bank Loan	2,625	4,373
Other	3,803	5,837
	675,448	661,708
Less: deferred financing costs	(4,597)	(6,668)
Less: unamortized discount	(7,577)	(3,284)
Total debt and financing lease liabilities	663,274	651,756
Less: current portion of debt and financing lease liabilities	(31,589)	(21,001)
Total long-term debt and financing lease liabilities	$ 631,685	$ 630,755

(US dollars in thousands unless otherwise noted)

As of December 31, 2021, the future maturities of long-term and other debt, excluding deferred financing costs and unamortized debt discounts, consisted of the following:

Years Ending December 31,		
2022	$	31,589
2023		616,975
2024		7,131
2025		6,122
2026		4,207
Thereafter		9,424
Total	$	675,448

Trilogy LLC 2022 Notes:
On May 2, 2017, Trilogy LLC and Trilogy International Finance Inc. closed a private offering of $350 million aggregate principal amount of its senior secured notes due 2022 (the "Trilogy LLC 2022 Notes").

The Trilogy LLC 2022 Notes bore interest at a rate of 8.875% per annum and were issued at 99.506%. Interest on the Trilogy LLC 2022 Notes was payable semi-annually in arrears on May 1 and November 1. The Trilogy LLC 2022 Notes were repaid in full in June 2021 in connection with the closing of the Exchange Offer (as defined below) and the issuance of the TISP 8.875% Notes (as defined below).

TISP 8.875% Notes:
On May 6, 2021, Trilogy International South Pacific LLC ("TISP") and TISP Finance, Inc. ("TISP Finance" and collectively with TISP, the "Issuers"), each indirect subsidiaries of Trilogy LLC, initiated a private offer ("Exchange Offer") to the holders of the Trilogy LLC 2022 Notes to exchange any and all of the then-outstanding $350 million aggregate principal amount of the Trilogy LLC 2022 Notes for newly issued 8.875% senior secured notes due 2023 of the Issuers (the "TISP 8.875% Notes"). The Exchange Offer closed on June 7, 2021 and at such time eligible holders that validly tendered their Trilogy LLC 2022 Notes in the Exchange Offer prior to the "Early Tender Date" received $1,020 in principal amount of TISP 8.875% Notes per $1,000 principal amount of Trilogy LLC 2022 Notes that were tendered. Pursuant to the Exchange Offer, $346.1 million of the Trilogy LLC 2022 Notes were exchanged for an aggregate total principal of $353.1 million of TISP 8.875% Notes.

Concurrently with the closing of the Exchange Offer, certain holders (the "Backstop Holders") of Trilogy LLC 2022 Notes and the TISP 10.0% Notes (as defined below) acquired an additional aggregate principal amount of $3.9 million TISP 8.875% Notes. The Backstop Holders received $1,020 in principal amount of TISP 8.875% Notes per $1,000 of the purchase price paid for such notes. The proceeds of such purchase were used to redeem all of the remaining outstanding Trilogy LLC 2022 Notes that were not tendered in the Exchange Offer. In addition, the Backstop Holders were paid $1.9 million in backstop fees.

The TISP 8.875% Notes bear interest at a rate of 8.875% per annum. Interest on the TISP 8.875% Notes is payable semi-annually in arrears on May 15 and November 15. No principal payments are due until maturity on May 15, 2023. TISP has the option of redeeming the TISP 8.875% Notes, in whole or in part, upon not less than 30 days' and not more than 60 days' prior notice at 100%.

The TISP 8.875% Notes are guaranteed by Trilogy LLC, Trilogy International South Pacific Holdings LLC ("TISPH"), a direct subsidiary of Trilogy LLC and the direct parent of TISP, and certain other subsidiaries of Trilogy LLC, and are secured by, among other things, first-priority liens on (i) 100% of the equity interests of TISPH, TISP and TISP Finance, (ii) 100% of TISP's right, title and interest in any intercompany loan made to Trilogy LLC, and (iii) 100% of TISP's right, title and interest in a cash collateral account in which the proceeds of any sale of NuevaTel or 2degrees Liquidity Event (as defined below) are required to be held until such time that such proceeds are used as required under the terms of the indenture governing the TISP 8.875% Notes, in each case subject to the seniority of the first-priority liens on such assets granted to the holders of the TISP 10.0% Notes.

As defined in the TISP 8.875% Note indenture, a "2degrees Liquidity Event" is any of the following: 2degrees equity being publicly traded or listed on a national securities exchange, any sale by the Company of any of its equity interest in 2degrees, or the sale of all or substantially all of the assets of 2degrees. The TISP 8.875% Notes indenture further provides that the initial 2degrees Liquidity Event may not be consummated if, following such transaction, the net cash proceeds received by Trilogy LLC or its subsidiaries do not exceed $150.0 million NZD, and if a 2degrees Liquidity Event is consummated, substantially all of the net cash proceeds thereof would be required to be used first to redeem the TISP 10.0% Notes and any remaining net cash proceeds would be required to be used to redeem the TISP 8.875% Notes (except that 2degrees may retain up to $150.0 million NZD it receives in any such transaction).

The indenture governing the TISP 8.875% Notes contains various covenants that restrict TISP, Trilogy LLC and their restricted subsidiaries from, among other things: incurring additional indebtedness, repaying other indebtedness prior to maturity, making acquisitions or investments (including in certain of our subsidiaries), creating or incurring certain liens, transferring or selling certain assets, entering into transactions with affiliates, and entering into mergers or consolidations. In particular, the covenant restricting the incurrence of additional indebtedness prohibits Trilogy LLC, TISP and their restricted subsidiaries from incurring additional indebtedness, subject to certain exceptions, such as exceptions that permit 2degrees to incur certain additional indebtedness. In general, these restrictive covenants do not apply to NuevaTel.

In the event of the sale of Trilogy's investment in NuevaTel or any distribution or dividend from NuevaTel, the net cash proceeds thereof are generally required to be used first to redeem the TISP 8.875% Notes and then any remaining net cash proceeds are required to be used to redeem the TISP 10.0% Notes.

As described above, if Trilogy consummates a 2degrees Liquidity Event, the net cash proceeds thereof would be required to be used first to redeem the TISP 10.0% Notes and any remaining net cash proceeds would be required to be used to redeem the TISP 8.875% Notes (except that 2degrees may retain up to $150.0 million NZD it receives in any such transaction).

In accordance with the indenture governing the TISP 8.875% Notes, if a 2degrees Liquidity Event in which the net cash proceeds received by the Company exceeded $150.0 million NZD was not consummated prior to December 31, 2021 or the TISP 8.875% Notes were not otherwise repaid in full by that date, TISP was required to issue additional TISP 8.875% Notes to each holder thereof in an aggregate principal amount equal to three percent (3%) of the TISP 8.875% Notes held by each such holder at such time, which would result in a total increase in principal amount of up to $10.7 million (a "Principal Increase Event"). In connection with the closing of the Exchange Offer, this contingent aggregate principal component was evaluated for inclusion within debt discount as a potential derivative instrument measured at fair value based on probability weighting. Based on the short time period between the closing of the Exchange Offer and the measurement date for determining whether a Principal Increase Event occurred and weighing the probability of occurrence at previous reporting dates, coupled with the potential treatment as a debt discount upon initial recording, the discount amount and related amortization of interest expense would not have a material impact and was not recorded prior to the fourth quarter of 2021. As of December 31, 2021, a 2degrees Liquidity Event had not been consummated and the TISP 8.875% Notes had not been repaid and, accordingly, the principal balance of the TISP 8.875% Notes was increased by three percent or $10.7 million. The Company recorded the $10.7 million as an increase in Long-term debt and financing lease liabilities in the Consolidated Balance Sheets along with an offsetting expense recognized in Other, net in the Consolidated Statements of Operations and Comprehensive (Loss) Income. The expense was recognized to reflect the change in fair value of the derivative instrument during the fourth quarter of 2021.

The exchange of the Trilogy LLC 2022 Notes was analyzed and accounted for in accordance with the applicable accounting guidance for evaluating modifications, extinguishments and new issuances of debt. Accordingly, of the $8.9 million in fees and expenses related to the TISP 8.875% Notes offering, the $1.9 million of Backstop Holders lender fees which were paid to certain existing debt holders were recorded as a deferred financing cost and were included as a reduction within long-term debt on the Consolidated Balance Sheets. The remaining $7.0 million of fees were paid to third parties in connection with the exchange and were expensed in the quarter ended June 30, 2021. In addition, $2.4 million of unamortized debt discount and deferred financing cost associated with the Trilogy LLC 2022 Notes continue to be deferred. A total of $11.3 million of financing costs and discounts associated with the TISP 8.875% Notes will be amortized to interest expense using the effective interest method over the term of the TISP 8.875% Notes. These discounts and deferred costs include $2.4 million of existing deferred finance costs associated with the Trilogy LLC 2022 Notes, $7.0 million relating to the previously described additional principal provided as an effective issue discount to eligible holders that validly tendered their Trilogy LLC 2022 Notes prior to the Early Tender Date, and the $1.9 million of Backstop Holders lender fees. The Exchange Offer is considered as a redemption of the Trilogy LLC 2022 Notes and issuance of the TISP 8.875% Notes for presentation within the Consolidated Statements of Cash Flows. As such, the previously outstanding principal balance of the Trilogy LLC 2022 Notes is presented as "Payments of debt" and the issuance of the TISP 8.875% Notes as "Proceeds from debt" in the Consolidated Statements of Cash Flows. The $7.0 million of fees paid to third parties are presented as a cash outflow for operating activities and the $1.9 million of lender fees are presented as a cash outflow for financing activities in the Consolidated Statements of Cash Flows.

New Zealand 2023 Senior Facilities Agreement:
In February 2020, 2degrees completed a bank loan syndication in which ING Bank N.V. acted as the lead arranger. The New Zealand 2023 Senior Facilities Agreement has a total available commitment of $285 million NZD ($194.8 million based on the exchange rate at December 31, 2021).

Separate facilities are provided under this agreement to (i) repay the then outstanding balance of the prior $250 million NZD senior facilities agreement (the "New Zealand 2021 Senior Facilities Agreement") and pay fees and expenses associated with the refinancing ($235 million NZD), (ii) provide funds for further investments in 2degrees' business ($30 million NZD), and (iii) fund 2degrees' working capital requirements ($20 million NZD). As of December 31, 2021, the $235 million NZD facility ($160.6 million based on the exchange rate at December 31, 2021), the $30 million NZD facility ($20.5 million based on the exchange rate at December 31, 2021), and the $20 million NZD facility ($13.7 million based on the exchange rate at December 31, 2021) were fully drawn. Since there is no requirement to repay the $20 million NZD facility until maturity of the New Zealand 2023 Senior Facilities Agreement, the outstanding balance of $20 million NZD as of December 31, 2021 was recorded in Long-term debt and financing lease liabilities in the Consolidated Balance Sheets. The borrowings and repayments under these facilities, including any recurring activity relating to working capital, are included separately as Proceeds from debt and Payments of debt within Net cash provided by financing activities in the Consolidated Statements of Cash Flows.

The New Zealand 2023 Senior Facilities Agreement also provides for an uncommitted $35 million NZD accordion facility which, after commitments are obtained, can be utilized in the future for further investments in 2degrees' business. The New Zealand 2023 Senior Facilities Agreement matures on February 7, 2023.

The outstanding debt drawn under the New Zealand 2023 Senior Facilities Agreement accrues interest quarterly at the New Zealand Bank Bill Reference Rate ("BKBM") plus a margin ranging from 2.40% to 3.80% (the "Margin") depending upon 2degrees' net leverage ratio at that time. The weighted average interest rate on the outstanding balance was 3.42% as of December 31, 2021.

Additionally, a commitment fee at the rate of 40% of the applicable Margin is payable quarterly on all undrawn and available commitments. As of December 31, 2021, the commitment fee rate was 0.96%.

Distributions from 2degrees to its shareholders, including Trilogy LLC, are subject to free cash flow tests under the New Zealand 2023 Senior Facilities Agreement, calculated at half year and full year intervals. There is no requirement to make prepayments of principal from 2degrees' free cash flow. The outstanding debt may be prepaid without penalty at any time.

The New Zealand 2023 Senior Facilities Agreement contains certain financial covenants requiring 2degrees to:

- maintain a total interest coverage ratio (as defined in the New Zealand 2023 Senior Facilities Agreement) of not less than 3.0;
- maintain a net leverage ratio (as defined in the New Zealand 2023 Senior Facilities Agreement) of not greater than 2.50; and
- ensure capital expenditures shall not exceed the aggregate of 110% of the agreed to annual capital expenditures (as defined in the New Zealand 2023 Senior Facilities Agreement) plus any capital expenditure funded by the issuance of new equity in any financial year.

The New Zealand 2023 Senior Facilities Agreement also contains other customary representations, warranties, covenants and events of default and is secured (in favor of an independent security trustee) by substantially all of the assets of 2degrees.

The refinancing of the New Zealand 2021 Senior Facilities Agreement was analyzed and accounted for on a lender-by-lender basis under the syndicated debt model in accordance with the applicable accounting guidance for evaluating modifications, extinguishments and new issuances of debt. Accordingly, $2.2 million NZD ($1.4 million based on the average exchange rate in the month of payment) in fees and expenses related to the New Zealand 2023 Senior Facilities Agreement was recorded as a deferred financing cost and is included as a reduction within Long-term debt in the Consolidated Balance Sheets as of December 31, 2021. The remaining fees paid to lenders and third parties in connection with the refinancing were not significant and were expensed. The unamortized balance of the deferred financing costs associated with the New Zealand 2023 Senior Facilities Agreement is amortized to Interest expense using the effective interest method over the term of the New Zealand 2023 Senior Facilities Agreement.

Additionally, as a result of the refinancing, the $1.6 million NZD ($1.0 million based on the average exchange rate in the month of refinancing) of unamortized deferred financing costs associated with the New Zealand 2021 Senior Facilities Agreement will be amortized to Interest expense using the effective interest method over the term of the New Zealand 2023 Senior Facilities Agreement.

TISP 10.0% Notes:

In October 2020, TISP issued $50 million aggregate principal amount of its senior secured notes due 2022 (the "TISP 10.0% Notes") pursuant to an agreement the terms of which were subsequently amended in June 2021 (as amended, the "Note Purchase Agreement"). The TISP 10.0% Notes bear interest at a rate of 10.0% and, as subsequently amended, mature on May 15, 2023. The TISP 10.0% Notes were issued at a 93.505% discount. Interest on the TISP 10.0% Notes is payable semi-annually in arrears on May 15 and November 15. No principal payments are due until maturity on May 15, 2023. TISP has the option of prepaying the TISP 10.0% Notes, in whole or in part, upon three (3) business days' prior notice at 100% of the principal amount.

Cash proceeds from the issuance of the TISP 10.0% Notes were $46.0 million, net of issuance discount and consent fees paid with respect to certain amendments to the Trilogy LLC 2022 Notes that holders of those notes approved in order to permit the issuance of the TISP 10.0% Notes. TISP was permitted to use any proceeds of the TISP 10.0% Notes for the payment of interest due under the TISP 8.875% Notes and to pay interest due on the TISP 10.0% Notes. The proceeds were otherwise restricted from use in general operations and the related cash balance was included in restricted cash in the Consolidated Balance Sheets as of December 31, 2020.

The TISP 10.0% Notes are guaranteed by Trilogy LLC, TISPH and certain other subsidiaries of Trilogy LLC. The TISP 10.0% Notes are also secured on a first-priority basis by the collateral securing the TISP 8.875% Notes as described above.

The terms applicable to the TISP 10.0% Notes are generally consistent with the terms applicable to the TISP 8.875% Notes, including those described in the summary of the TISP 8.875% Notes above as to use of proceeds of any sale of NuevaTel or a 2degrees Liquidity Event, except that the terms of the TISP 8.875% Notes related to a Principal Increase Event do not apply to the TISP 10.0% Notes.

Additionally, the Note Purchase Agreement requires that $15.0 million in cash and cash equivalents be maintained free and clear of liens, other than specifically permitted liens, by Trilogy LLC and by TISPH and its subsidiaries, with the requirement that, for this purpose, cash and cash equivalents at 2degrees are measured based on TISP's indirect proportionate equity interest in 2degrees.

As noted above, concurrently with its conducting of the Exchange Offer, TISP solicited and received consents to amend the Note Purchase Agreement. The primary purpose of the amendments was to extend the maturity date of the TISP 10.0% Notes until May 15, 2023, to permit the consummation of the transactions contemplated by the Exchange Offer, to conform the terms and conditions of the Note Purchase Agreement to be consistent with the indenture governing the TISP 8.875% Notes and to remove a requirement that the consideration payable arising from a sale of NuevaTel be at least $75.0 million.

Holders of 100% of the aggregate principal amount of TISP 10.0% Notes consented to the amendments to the TISP 10.0% Notes and in exchange received an increase in their principal amount equal to $20.00 per $1,000 principal amount of TISP 10.0% Notes, resulting in an increase in the aggregate principal amount of the TISP 10.0% Notes by $1.0 million to $51.0 million.

In connection with the consummation of the Exchange Offer, TISP, Trilogy LLC and the other guarantors of the TISP 8.875% Notes and the TISP 10.0% Notes, and the collateral agents for each of the TISP 8.875% Notes and the TISP 10.0% Notes, entered into a first lien intercreditor agreement that provides, among other things, that liens on the collateral securing both the TISP 8.875% Notes and the TISP 10.0% Notes will be pari passu and that all distributions in respect of such collateral will be made first, to the holders of the TISP 10.0% Notes, and second, ratably among the holders of the TISP 8.875% Notes and any other permitted first lien indebtedness.

The amendments to the TISP 10.0% Notes were analyzed and accounted for in accordance with the applicable accounting guidance for evaluating modifications, extinguishments and new issuances of debt. Accordingly, $3.4 million of unamortized debt discount and deferred financing cost associated with the TISP 10.0% Notes continued to be deferred and the increase in principal of $1.0 million was recorded as a debt discount. The total deferred financing fees and discounts of $4.4 million were included as a reduction within long-term debt on the Consolidated Balance Sheets and are being amortized to interest expense using the effective interest method over the term of the TISP 10.0% Notes. The amendments did not result in a redemption of the TISP 10.0% Notes or issuance of new notes and, therefore, did not result in presentation of “Proceeds from debt” or “Payments of debt” in the Consolidated Statement of Cash Flows.

New Zealand EIP Receivables Financing Obligation:
2degrees is party to an EIP receivables secured borrowing arrangement that enables 2degrees to sell specified EIP receivables to the EIP Purchaser. The Company evaluated the structure and terms of this arrangement and determined we are required to consolidate the EIP Purchaser in our financial statements. See Note 4 – EIP Receivables for further information.

While 2degrees can, in part, determine the amount of cash it will receive from each sale of EIP receivables under the arrangement, the amount of cash available to 2degrees varies based on a number of factors and is limited to a predetermined portion of the total amount of the eligible EIP receivables sold to the EIP Purchaser.

Under the arrangement, the EIP Purchaser has access to funding of $45.5 million NZD ($31.1 million based on the exchange rate at December 31, 2021), which the EIP Purchaser can use to acquire EIP receivables from 2degrees. The amount outstanding under this arrangement was $39.2 million NZD ($26.8 million based on the exchange rate at December 31, 2021) and $20.9 million NZD ($15.1 million based on the exchange rate at December 31, 2020) as of December 31, 2021 and 2020, respectively. All proceeds received and repayments under this arrangement are included separately as Proceeds from EIP receivables financing obligation and Payments of debt, including sale-leaseback and EIP receivables financing obligations in financing activities in the Consolidated Statements of Cash Flows.

In 2019, this transaction was analyzed and accounted for in accordance with the applicable accounting guidance for consolidations and transfers and servicing arrangements. Accordingly, the $0.7 million NZD ($0.4 million based on the exchange rate in the month of payment) of incremental fees and expenses directly related to entering into the EIP receivables financing obligation was recorded as a deferred financing cost and is included as a reduction in debt in the Consolidated Balance Sheets. The unamortized balance of the deferred financing costs associated with the EIP receivables financing obligation is amortized ratably to Interest expense over the term of the EIP receivables financing obligation.

The Company determined the EIP Purchaser’s obligation to its lenders under the EIP receivables financing arrangement to have characteristics similar to a revolving secured borrowing debt arrangement, and the Company has classified the total amount of the outstanding obligation between the EIP Purchaser and its lenders as current in the Consolidated Balance Sheets. The obligation of the EIP Purchaser is presented as a component of debt due to the accounting consolidation of the EIP Purchaser with the Company; however, the obligation does not constitute indebtedness under the indenture for the TISP 8.875% Notes or under the TISP 10.0% Notes because the EIP Purchaser is a separate entity whose equity is not held by the Company or its subsidiaries. The EIP Purchaser pays principal and interest to its lenders on a monthly basis with proceeds that it receives from 2degrees, which collects EIP repayments from the 2degrees subscribers whose EIP receivables were sold to the EIP Purchaser and remits such amounts to the EIP Purchaser. The EIP receivables financing obligation was due to mature in June 2023; however, in December 2021, the arrangement was amended to mature in June 2024. The outstanding obligation drawn under the arrangement accrues interest monthly at the BKBM plus a margin of 3.55%. The interest rate on the outstanding balance of the drawn facility was approximately 4.57% as of December 31, 2021. Additionally, a line fee of 0.70% is payable by the EIP Purchaser annually on the total available commitment under the arrangement, which the EIP Purchaser pays from proceeds that it receives from 2degrees.

The EIP receivables financing obligation contains no financial covenants. The EIP receivables financing obligation contains customary representations, warranties, and events of default for an arrangement of this nature.

Bolivian Bond Debt:
In August 2020, NuevaTel commenced a debt issuance process in Bolivia seeking to raise up to $24.2 million during an initial 90-day open subscription process with certain Bolivian banks including BNB Valores S.A. and other financial institutions (the “Bolivian Bond Debt”). NuevaTel had raised $20.1 million through this issuance process.

The bond includes two series of indebtedness. Series A (“Series A”) was fully subscribed, has a principal balance at December 31, 2021 of $9.7 million, and bears interest at the rate of 5.8% per annum. Monthly principal repayments begin in February 2024 and Series A matures in August 2025. Series B (“Series B”) will have a principal balance of up to approximately $14.5 million and bears interest at the rate of 6.5% per annum. As of December 31, 2021, Series B had an outstanding principal balance of $10.4 million. Monthly principal repayments begin in September 2025 and Series B matures in August 2028. Interest on Series A and Series B are payable monthly.

A portion of the proceeds from the bond issuance were used to repay the then outstanding $8.3 million debt facility with Banco Nacional de Bolivia S.A., a Bolivian bank, along with a separate bank loan which had an outstanding balance of $3.4 million. The remaining proceeds were used to fund future capital expenditures.

The bonds are subject to certain financial covenants, including a debt to equity ratio and debt service ratio as calculated under local accounting standards. The debt to equity ratio was operative upon issuance of the bonds and the debt service ratio becomes operative commencing with the first quarter of 2022. The Company anticipates that the requirements under the debt service ratio covenant will not be met for the first quarter of 2022, the first period during which the covenant is operative. If the covenant is breached, NuevaTel will have a 90-day grace period in which to remedy the breach or seek a waiver from the bondholders. If NuevaTel is not able to remedy the breach or obtain a waiver, the bondholders will assemble following the 90-day grace period to determine the course of action regarding NuevaTel's future obligations under the bonds. None of TIP Inc. or its subsidiaries (other than NuevaTel) have any obligations under the bonds. The bonds are secured by certain sources of NuevaTel cash flows.

Bolivian 2023 Bank Loan:
In December 2018, NuevaTel entered into an $8.0 million debt facility (the "Bolivian 2023 Bank Loan") with Banco Nacional de Bolivia S.A. to fund capital expenditures. NuevaTel drew down the Bolivian 2023 Bank Loan in two $4.0 million advances that occurred in December 2018 and January 2019. The Bolivian 2023 Bank Loan is required to be repaid in quarterly installments which commenced in September 2019 through 2023, with 11% of the principal amount to be repaid during the first year and 22.25% of the principal amount to be repaid during each of the final four years. Interest on the Bolivian 2023 Bank Loan accrued at a fixed rate of 7.0% for the first 24 months and thereafter at a variable rate of 5.0% plus the rate established by the Central Bank in Bolivia, Tasa de Referencia, and is payable quarterly. The outstanding balance of the current and long-term portion of the Bolivian 2023 Bank Loan was $1.8 million and $2.7 million, respectively, as of December 31, 2021.

The Bolivian 2023 Bank Loan agreement contains no financial covenants and is unsecured.

Bolivian Tower Transaction Financing Obligation:
In February 2019, NuevaTel entered into an agreement, which has been subsequently amended, to sell and leaseback up to 651 network towers. As of December 31, 2019, NuevaTel had completed the sale of 574 towers. In July 2020, NuevaTel completed the fourth and final closing of 34 network towers under this agreement. For further information, see Note 2 – Property and Equipment.

Upon adoption of the new lease standard, we were required to reassess any previously unrecognized sale-leaseback transactions to determine if a sale has occurred and whether qualification for leaseback accounting existed under the new lease standard. The reassessment resulted in certain individual tower sale transactions qualifying for sale-leaseback accounting that were not previously recognized as sale-leaseback transactions and were historically recorded as financing obligations. At the adoption date for the new lease standard, we derecognized tower-related financing obligations of $12.1 million for these site lease locations and measured the related ROU assets and lease liabilities in accordance with the transition guidance.

As of December 31, 2021, the outstanding balance of the current and long-term portion of the financing obligation under the Bolivian sale-leaseback transaction was $0.2 million and $3.9 million, respectively.

Bolivian 2022 Bank Loan:
In December 2017, NuevaTel entered into a $7.0 million debt facility (the "Bolivian 2022 Bank Loan") with Banco BISA S.A., a Bolivian bank, to fund capital expenditures. The Bolivian 2022 Bank Loan is required to be repaid in quarterly installments which commenced in 2019 through 2022, with 25% of the principal amount to be repaid each year. Interest on the Bolivian 2022 Bank Loan accrues at a fixed rate of 6.0% and is payable quarterly. The outstanding balance of the current and long-term portion of the Bolivian 2022 Bank Loan was $1.8 million and $0.9 million, respectively, as of December 31, 2021.

The Bolivian 2022 Bank Loan agreement contains no financial covenants and is unsecured.

Interest Cost Incurred:
Consolidated interest cost incurred and expensed, prior to capitalization of interest, was $54.6 million, $47.3 million and $47.1 million for the years ended December 31, 2021, 2020 and 2019, respectively.

(US dollars in thousands unless otherwise noted)

Supplemental Cash Flow Disclosure:

	Years Ended December 31,		
	2021	2020	2019
Interest paid, net of capitalized interest	$ 46,495	$ 40,315	$ 42,623

Deferred Financing Costs:
Deferred financing costs represent incremental direct costs of debt financing and are included in Long-term debt. As of December 31, 2021 and 2020, the balances were $4.6 million and $6.7 million, respectively. These costs are amortized using the effective interest method over the term of the related credit facilities. Amortization of deferred financing costs is included in interest expense and totaled $3.9 million, $3.1 million and $2.1 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Covenants:
As of December 31, 2021, the Company was in compliance with all of its debt covenants. Subsequent to December 31, 2021, the Company anticipates that it will not be in compliance with a covenant under the Bolivian Bond Debt; however, as discussed above, if the covenant is breached, NuevaTel will have a 90-day grace period in which to remedy the breach or seek a waiver from the bondholders. If NuevaTel is not able to remedy the breach or obtain a waiver, the bondholders will assemble following the 90-day grace period to determine the course of action regarding NuevaTel's future obligations under the bonds.

NOTE 8 – DERIVATIVE FINANCIAL INSTRUMENTS

Interest Rate Swaps:
2degrees has entered into various interest rate swap agreements to fix its future interest payments under the New Zealand 2023 Senior Facilities Agreement and the New Zealand EIP receivables secured borrowing arrangement. Under these agreements, 2degrees principally receives a variable amount based on the BKBM and pays a fixed amount based on fixed rates ranging from 0.385% to 3.450%. Settlement in cash occurs quarterly until termination and the variable interest rate is reset on the first day of each calendar quarter. These derivative instruments have not been designated for hedge accounting; thus changes in the fair value are recognized in earnings in the period incurred. The fair value of these contracts, included in Other non-current liabilities, was $0.1 million and $3.8 million as of December 31, 2021 and December 31, 2020, respectively. As of December 31, 2021, the total notional amount of these agreements was $211.0 million NZD ($144.2 million based on the exchange rate as of December 31, 2021). The agreements have effective dates from June 30, 2018 through September 30, 2022 and termination dates from March 31, 2022 through March 31, 2025. During the year ended December 31, 2021, interest rate swap agreements with a total notional amount of $57.5 million NZD ($39.3 million based on the exchange rate as of December 31, 2021) matured.

Summarized financial information for all of the aforementioned derivative financial instruments is shown below:

	Years Ended December 31,		
	2021	2020	2019
Non-cash gain (loss) from change in fair value recorded in Other, net	$ 4,762	$ (2,531)	$ (1,538)
Net cash settlement	$ 1,700	$ 1,582	$ 1,054

Under the terms of the interest rate swaps, we are exposed to credit risk in the event of non-performance by the other parties; however, we do not anticipate the non-performance of any of our counterparties. For instruments in a liability position, we are also required to consider our own risk of non-performance; the impact of such risk is not material. Further, our interest rate swaps do not contain credit rating triggers that could affect our liquidity.

Forward Exchange Contracts:
At December 31, 2021, 2degrees had short-term forward exchange contracts to sell an aggregate of $4.2 million NZD and buy an aggregate of $3.0 million USD to manage exposure to fluctuations in foreign currency exchange rates. During the year ended December 31, 2021, short-term forward exchange contracts to sell an aggregate of $22.1 million NZD and buy an aggregate of $15.3 million USD matured. These derivative instruments are not designated for hedge accounting, thus changes in the fair value are recognized in earnings in the period incurred. A foreign exchange gain or (loss) of $0.6 million, ($0.4) million and

(US dollars in thousands unless otherwise noted)

($1.0) million was recognized in Other, net during the years ended December 31, 2021, 2020 and 2019, respectively. The estimated settlements under these forward exchange contracts were not material as of December 31, 2021 and 2020.

NOTE 9 – EQUITY-BASED COMPENSATION

TIP Inc. Restricted Share Units:

The Company awards restricted share units ("RSUs" or "Awards") to certain officers and employees under TIP Inc.'s restricted share unit plan ("RSU Plan") pursuant to which vesting is subject to meeting certain performance or time-based criteria. RSUs entitle the grantee to receive Common Shares.

Time-based RSUs granted to officers and employees vest annually on a straight-line basis either over a four-year service period or at the end of a three-year period, subject to continued service through the applicable vesting dates.

Portions of the RSU grants to certain officers consist of Awards that combine time-based elements with performance-based elements, which entitle the recipient to receive a number of Common Shares that varies based on the Company's performance against revenue or EBITDA performance goals for the fiscal year in which they were granted. The estimated equity-based compensation expense attributable to the performance-based RSUs is updated quarterly. The total number of RSUs granted includes these performance-based Awards and assumes that the performance goals will be achieved. The number of RSUs is updated upon the completion of each applicable fiscal year, when a final determination is made as to whether the performance goals have been achieved. These performance-based RSUs vest on a straight-line basis over a four-year period, subject to continued service through the applicable vesting dates.

The maximum number of Common Shares that may be issued under the RSU Plan as of December 31, 2021 was 6,484,611 shares, which is equal to 7.5% of the aggregate number of issued and outstanding Common Shares. The RSU Plan limits the number of Common Shares that may be issued to insiders under the plan and any other Security Based Compensation Arrangement (as defined in the RSU Plan) to 10% of the aggregate number of issued and outstanding Common Shares. As of December 31, 2021, 10% of the aggregate number of issued and outstanding Common Shares amounted to 8,646,148 shares and the number of Common Shares issued to insiders under the RSU Plan was 1,500,668.

The following table provides the outstanding RSUs as of December 31, 2021 and the changes in the period:

	RSUs
Outstanding at December 31, 2020	3,339,036
Granted	2,612,488
Vested	(1,127,852)
Forfeited/Cancelled	(7,132)
Outstanding at December 31, 2021	4,816,540

The Awards had a grant date fair value of $3.0 million, $1.4 million and $2.4 million based on a price per Common Share of $1.14, $0.84 and $1.57 on the dates of the grants in 2021, 2020 and 2019, respectively.

During the years ended 2021, 2020 and 2019, there were 1,028,661, 735,479 and 446,728 time-based RSU awards vested, respectively. As a result of such vesting, 781,118, 590,903 and 374,666 shares, net of the number of shares necessary to pay related taxes, were issued in those years, respectively. In 2021 and 2020, 99,191 and 99,181 performance-based RSU awards vested in those years, respectively, and in 2021 and 2020, 80,923 and 83,779 shares, net of the number of shares necessary to pay related taxes, were issued in those years, respectively, as a result of such vested RSUs.

As of December 31, 2021, 4,816,540 RSUs were unvested, and unrecognized compensation expense relating to RSUs was approximately $3.5 million, including $2.2 million relating to grants made in 2021. These amounts reflect time-based vesting. The Company expects to recognize the cost for unvested RSUs over a weighted-average period of 2.5 years. Equity-based compensation expense is generally recognized on a straight-line basis over the requisite service period; however, exceptions include awards with an accelerated vesting schedule and updated estimates of achievement against performance goals for performance-based awards.

(US dollars in thousands unless otherwise noted)

During 2021, 2020 and 2019, the Company recorded \$2.9 million, \$3.1 million and \$3.2 million in compensation expense related to RSUs in General and administrative expenses in the Consolidated Statements of Operations and Comprehensive (Loss) Income, respectively.

Restricted Class C Units:
At December 31, 2016, the Company granted the equivalent of 192,130 Class C Units to an employee of the Company (the "Restricted Class C Units"). As of December 31, 2021, there were no remaining unvested Class C Units. The value of the Restricted Class C Units was estimated to be \$1.5 million based on the fair value on the grant date. The Restricted Class C Units vested over 4 years, with one-fourth of the award vesting on the day following each anniversary date of the award based on the employee's continued service.

During each of 2020 and 2019, the Company recorded \$0.4 million in compensation expense related to the Restricted Class C Units recognized in General and administrative expenses in the Consolidated Statements of Operations and Comprehensive (Loss) Income. As of December 31, 2020, the Company had recognized all of the compensation costs related to this award.

2degrees Option Plans:
2degrees awards service-based share options (the "Options") to employees under various Option plans whose vesting is subject to meeting a required service period of up to three years. Approximately 25.7 million Options were outstanding as of December 31, 2021, of which 23.5 million Options were equity-classified awards and 2.2 million Options were liability-classified awards. The Options enable the holders to acquire non-voting ordinary shares of 2degrees common stock once exercised.

The following table summarizes the range of assumptions used in the Black-Scholes model for Options granted in the year ended December 31, 2019. There were no Options granted in the years ended December 31, 2021 and 2020.

	2019
Expected volatility	27.5%
Expected term (in years)	4.80
Risk free interest rate	1.03%
Expected dividend yield	0%

The expected term of the Options was determined based upon the historical experience of similar awards, giving consideration to the contractual terms, vesting schedules and expectations of future Option holder behavior. The risk-free interest rates used were based on the implied yield currently available in New Zealand Government bonds, adjusted for semi-annual coupons and converted to continuously compounded rates, with a term equivalent to the remaining life of the Options as of the date of the valuation. Expected volatility was based on average volatilities of publicly traded peer companies over the expected term.

In June 2020, 2degrees modified approximately 20.1 million of its outstanding Options that were held by employees and former employees by extending the expiration date of those Options to May 31, 2023. The Options previously had expiration dates ranging from 2020 to 2023. No other terms of the Options were modified and all of the options were fully vested at the modification date. As a result of this modification, 2degrees recognized approximately \$1.7 million of additional equity-based compensation expense, included within General and administrative expenses in the Consolidated Statement of Operations, in accordance with the guidance for modifications of equity awards within Accounting Standards Codification ("ASC") 718 "Stock Compensation".

Additionally, as a result of the modification, 2.2 million of the total modified Options that were held by former employees were deemed to represent a liability for accounting purposes because the exercise prices are not denominated in the functional currency of the Option issuer. At the modification date, the Company remeasured this portion of the awards at fair value and reclassified amounts previously classified as equity to liability in the amount of \$1.4 million and recognized incremental expense of \$0.4 million recorded to Other, net in the Consolidated Statement of Operations. These Options will continue to be remeasured to reflect the fair value at the end of each reporting period until the Options are exercised or expire. Accordingly, subsequent to the modification date, \$0.7 million related to the change in fair value of the 2.2 million Options was recorded to Other, net in the Consolidated Statement of Operations in 2020. These 2.2 million Options continue to be presented as outstanding in the table below. The fair value of these Options, included in Other current liabilities and accrued expenses, was \$2.6 million as of December 31, 2021.

(US dollars in thousands unless otherwise noted)

The following table provides the outstanding Options as of December 31, 2021 and the changes in the period:

	Options	Weighted-Average Exercise Price per Unit[(1)]	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2020	25,725,000	$ 1.47		
Redeemed	(50,000)	1.44		
Outstanding at December 31, 2021	25,675,000	1.47	1.6	$ 18,431
Exercisable at December 31, 2021	24,375,000	$ 1.46	1.4	$ 17,978

(1)Exercise price of certain Options are denominated in NZD and were translated into USD at the exchange rate on the grant date of the related Options, which exceeds the weighted-average exercise price calculated based upon the exchange rate as of December 31, 2021 that was used to determine the aggregate intrinsic value.

There were no Options granted during the years ended December 31, 2021 and 2020. The weighted-average grant date fair value of Options granted during the year ended December 31, 2019 was $0.42. The total intrinsic value of Options redeemed during the year ended December 31, 2021 was not significant. The total intrinsic value of Options redeemed or exercised during the years ended December 31, 2020 and 2019 was $0.4 million and $0.5 million, respectively.

Total equity-based compensation expenses under the 2degrees Option plans, net of forfeitures, of $0.2 million, $1.9 million and $0.2 million were recognized in General and administrative expenses in the Consolidated Statements of Operations for the years ended December 31, 2021, 2020 and 2019, respectively.

As of December 31, 2021, the Company had total unrecognized compensation costs related to the 2degrees Option plans of $0.1 million. The Company expects to recognize this cost in 2022.

In connection with the pending sale of the 2degrees business, as discussed further in Note 20 – Subsequent Events, in January 2022 a notice was issued to all 2degrees option holders informing them that all outstanding options would be deemed to be exercised upon receipt of the notice and would be sold to the purchaser of 2degrees upon successful close of a sale of the 2degrees business as contemplated under the purchase agreement that was entered into in December 2021. The notice will be nullified and the deemed exercise will not occur if the 2degrees sale transaction does not close. As of December 31, 2021, the 2degrees options had not been exercised and, accordingly, the related issuance of common shares of 2degrees had not occurred. The assessment of the accounting and financial reporting impact related to the exercise notice will be performed in the first quarter of 2022.

NOTE 10 – EQUITY

TIP Inc. Capital Structure

TIP Inc.'s authorized share structure consisted of two classes of shares, namely Common Shares and one special voting share (the "Special Voting Share") as follows:

TIP Inc. Common Shares:
TIP Inc. is authorized to issue an unlimited number of Common Shares with no par value. As of December 31, 2021, TIP Inc. had 86,461,484 Common Shares outstanding, reflecting an increase of 27,334,871 Common Shares issued during the year ended December 31, 2021 as a result of the issuance of 26,472,830 Common Shares pursuant to the redemption of Class C Units and the issuance of 862,041 Common Shares in connection with the vested RSUs. Holders of Common Shares are entitled to one vote for each share held on matters submitted to a vote of shareholders. Holders of Common Shares voted together as a single class with the Special Voting Share, described below, while the Special Voting Share was outstanding, except as provided in the *Business Corporation Act* (British Columbia), by law or by stock exchange rules.

Holders of Common Shares are entitled to receive dividends as and when declared by the board of directors of TIP Inc. In 2021, the board of directors determined that it is in the best interests of TIP Inc. not to pay a dividend until further notice. In the event of the dissolution, liquidation or winding-up of TIP Inc., whether voluntary or involuntary, or any other distribution of assets of TIP Inc. among its shareholders for the purpose of winding up its affairs, the holders of Common Shares shall be entitled to receive the remaining property and assets of TIP Inc. after satisfaction of all liabilities and obligations to creditors of TIP Inc. and after $1.00 Canadian dollar ("C$") is distributed to the holder of the Special Voting Share.

As of December 31, 2021, TIP Inc. held a 100% economic ownership interest in Trilogy LLC through its wholly owned subsidiary, Trilogy International Partners Intermediate Holdings Inc. ("Trilogy Intermediate Holdings"). The 30.9% increase in TIP Inc.'s economic ownership interest in Trilogy LLC during the year ended December 31, 2021 is primarily attributable to the issuance of Common Shares upon redemption of all remaining outstanding Class C Units and the issuance of Common Shares in connection with the vested RSUs.

Forfeitable Founders Shares:
At December 31, 2021, there were 1,675,336 Common Shares issued and outstanding as forfeitable founders shares ("Forfeitable Founders Shares"), all of which were forfeited on February 7, 2022 pursuant to the terms of contractual arrangements and are in the process of being formally cancelled.

Special Voting Share of TIP Inc.:
TIP Inc. had one issued Special Voting Share held by a trustee. Holders of Class C Units, as described below, were entitled to exercise voting rights in TIP Inc. through the Special Voting Share on a basis of one vote per Class C Unit held while the Class C Units were outstanding. As of December 31, 2021, as there were no Class C Units outstanding, the Special Voting Share was redeemed and cancelled.

Warrants:
At December 31, 2021, TIP Inc. had 13,402,685 warrants outstanding. Each warrant entitles the holder to purchase one Common Share at an exercise price of C$11.50, subject to normal anti-dilution adjustments. The warrants expired on February 7, 2022.

As of February 7, 2017, the date of consummation of the Arrangement, TIP Inc.'s issued and outstanding warrants were reclassified from equity to liability, as the warrants are written options that are not indexed to Common Shares. The fair value of the warrants is based on the number of warrants and the closing quoted public market prices of the warrants. The offsetting impact is reflected in Accumulated deficit as a result of the reduction of Additional paid in capital to zero with the allocation of opening equity due to the Arrangement. The warrant liability is recorded in Other current liabilities and accrued expenses in the Consolidated Balance Sheets. The amount of the warrant liability was $0.1 million, $0.2 million and $0.1 as of December 31, 2021, 2020 and 2019, respectively. The warrant liability was marked-to-market each reporting period with the changes in fair value recorded as a gain or loss in the Consolidated Statements of Operations and Comprehensive (Loss) Income.

Dividend Paid:
No dividends were paid in 2021 and 2020. In 2019, TIP Inc. paid dividends of C$0.02 per Common Share. The dividend paid in May 2019 was declared on April 2, 2019 and paid to holders of Common Shares of record as of April 16, 2019. Eligible Canadian holders of Common Shares who participated in the Company's dividend reinvestment plan had the right to acquire additional Common Shares at 95% of the volume-weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days immediately preceding the dividend payment date, by reinvesting their cash dividends, net of applicable taxes. As a result of shareholder participation in the dividend reinvestment plan, 72,557 Common Shares were issued in 2019. A total cash dividend of $0.8 million was paid to shareholders that did not participate in the dividend reinvestment plan in 2019, and the cash payment was recorded as financing activities in the Consolidated Statements of Cash Flows for the year ended December 31, 2019.

Concurrently with the issuance of the TIP Inc. dividend, in accordance with the Trilogy LLC amended and restated Limited Liability Company Agreement (the "Trilogy LLC Agreement"), a dividend in the form of 259,760 additional Class C Units was issued on equitably equivalent terms to the holders of the Class C Units in 2019.

Trilogy LLC Capital Structure
The equity interests in Trilogy LLC consisted of three classes of units; as of December 31, 2021, all Class C Units had been redeemed and TIP Inc. was the indirect owner of all of the equity interests in Trilogy LLC:

Class A Units:
The Class A Units of Trilogy LLC ("Class A Units") possessed all the voting rights under the Trilogy LLC Agreement prior to the redemption of all of the Class C Units described below, but had only nominal economic value and no right to participate in

the appreciation of the economic value of Trilogy LLC. As a result of such redemption of all Class C Units, Trilogy Intermediate Holdings became the holder of all of the issued and outstanding equity interests in Trilogy LLC and the Class A Units ceased to be outstanding. All of the Class A Units were indirectly held by TIP Inc., through a wholly owned subsidiary, Trilogy International Partners Holdings (US) Inc. ("Trilogy Holdings"). Trilogy Holdings, the managing member of Trilogy LLC, acting through its TIP Inc. appointed directors, had full and complete authority, power and discretion to manage and control the business, affairs and properties of Trilogy LLC, subject to applicable law and restrictions per the Trilogy LLC Agreement.

Class B Units:
TIP Inc. indirectly held the Class B Units of Trilogy LLC (the "Class B Units") through Trilogy Intermediate Holdings. As a result of the redemption of all Class C Units described below, Trilogy Intermediate Holdings became the holder of all of the issued and outstanding equity interests in Trilogy LLC. The Class B Units represented TIP Inc.'s indirect economic interest in Trilogy LLC under the Trilogy LLC Agreement while the Class C Units were outstanding and were required at all times to be equal to the number of outstanding Common Shares. As of December 31, 2021, 2020 and 2019, there were 86,461,484, 59,126,613 and 58,451,931 Class B Units outstanding, respectively, reflecting an increase of 27,334,871, 674,682 and 738,095 Class B Units issued during the years ended December 31, 2021, 2020 and 2019, respectively. The increase in 2021 was a result of redemptions of Class C Units and vested RSUs, the increase in 2020 was primarily attributable to vested RSUs and the increase in 2019 was as a result of Class C Unit redemptions for Common Shares, the issuance of Common Shares for vested RSUs and issuances pursuant to TIP Inc.'s dividend reinvestment plan.

Class C Units:
As of December 31, 2021, all Class C Units have been redeemed. The Class C Units were held by persons who were members of Trilogy LLC immediately prior to consummation of the Arrangement. The economic interests of the Class C Units were pro rata with the Class B Units held by a Trilogy Intermediate Holdings. Holders of Class C Units had the right to require Trilogy LLC to redeem any or all Class C Units held by such holder for either Common Shares or a cash amount equal to the fair market value of such Common Shares, the form of consideration to be determined by Trilogy LLC. The redemptions were settled primarily in the form of Common Shares. Class C Units had voting rights in TIP Inc. through the Special Voting Share on a basis of one vote per Class C Unit held. In August 2021, the Company announced that Trilogy LLC requested that holders of Class C Units consider exercising their contractual right to redeem such Class C Units. Substantially all of the Class C Unit holders elected to redeem their Class C Units and the Class C Units that were not redeemed by the holders were redeemed by Trilogy LLC in accordance with the terms of the Trilogy LLC Agreement. Accordingly, as of December 31, 2021, there were no Class C Units outstanding. As of December 31, 2020 and 2019, there were 26,426,191 and 26,381,206 Class C Units outstanding, respectively, reflecting a decrease of 26,426,191, an increase of 44,985 and an increase of 37,298 Class C Units outstanding in 2021, 2020 and 2019, respectively. The decrease in 2021 was primarily attributable to the redemption of Class C Units, the increase in 2020 was primarily attributable to vested Restricted Class C Units, and the increase in 2019 was primarily attributable to the issuance of Class C Units in May 2019 pursuant to a dividend declared and paid to holders of Class C Units, partially offset by redemptions of Class C Units. As of December 31, 2021, there were no Restricted Class C Units outstanding and there were 48,033 and 96,065 remaining unvested Restricted Class C Units as of December 31, 2020 and 2019, respectively, which were originally granted to an employee on December 31, 2016. These Restricted Class C Units vested over a four-year period, with one-fourth of the award vesting on the day following each anniversary date of the award based on the employee's continued service.

(US dollars in thousands unless otherwise noted)

NOTE 11 – ACCUMULATED OTHER COMPREHENSIVE INCOME

A summary of the components of Accumulated other comprehensive income is presented below:

	Total	Cumulative Foreign Currency Translation Adjustment	Unrealized Gains and Losses on Derivatives and Short-term Investments
December 31, 2019	**$ 4,415**	**$ 4,415**	**$ -**
Other comprehensive income	5,520	5,520	-
Unrealized net gain related to short-term investments	1	-	1
Net current period other comprehensive income	5,521	5,520	1
December 31, 2020	**$ 9,936**	**$ 9,935**	**$ 1**
Other comprehensive loss	(3,075)	(3,075)	-
Unrealized net loss related to short-term investments	(1)	-	(1)
Net current period other comprehensive loss	(3,076)	(3,075)	(1)
December 31, 2021	**$ 6,860**	**$ 6,860**	**$ -**

NOTE 12 – NONCONTROLLING INTERESTS IN CONSOLIDATED SUBSIDIARIES

Noncontrolling interests represent the equity ownership interests in consolidated subsidiaries not owned by the Company. Noncontrolling interests are adjusted for contributions, distributions, and income and loss attributable to the noncontrolling interest partners of the consolidated entities. Income and losses are allocated to the noncontrolling interests based on the respective governing documents.

There are noncontrolling interests in certain of the Company's consolidated subsidiaries. The noncontrolling interests are summarized as follows:

	As of December 31, 2021	As of December 31, 2020
2degrees	$ 39,393	$ 39,903
NuevaTel	(3,630)	39,744
Trilogy International Partners LLC	-	(36,288)
Salamanca Solutions International LLC	(908)	(793)
Noncontrolling interests	$ 34,855	$ 42,566

Supplemental Cash Flow Disclosure:
During the years ended December 31, 2021 and 2020, 2degrees declared and paid dividends to noncontrolling interests of $5.7 million and $6.6 million, respectively. There were no dividends declared by 2degrees during the year ended December 31, 2019. There were no dividends declared by NuevaTel during the year ended December 31, 2021. During the years ended December 31, 2020 and 2019, NuevaTel declared and paid dividends to a noncontrolling interest of $5.1 million and $7.7 million, respectively. The dividends were recorded as a financing activity in the Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019.

(US dollars in thousands unless otherwise noted)

NOTE 13 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue:
We operate and manage our business in two reportable segments based on geographic region: New Zealand and Bolivia. We disaggregate revenue into categories to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors, including the type of product offering provided, the type of customer and the expected timing of payment for goods and services. See Note 18 – Segment Information for additional information on revenue by segment.

The following table presents the disaggregated reported revenue by category:

	Year Ended December 31, 2021			
	New Zealand	Bolivia	Other	Total
Postpaid wireless service revenues	$ 199,403	$ 54,019	$ -	$ 253,422
Prepaid wireless service revenues	102,547	58,870	-	161,417
Fixed broadband service revenues[1]	106,478	5,064	-	111,542
Equipment sales	112,555	317	-	112,872
Other wireless service and other revenues[1]	7,633	6,361	317	14,311
Total revenues	$ 528,616	$ 124,631	$ 317	$ 653,564

	Year Ended December 31, 2020			
	New Zealand	Bolivia	Other	Total
Postpaid wireless service revenues	$ 174,000	$ 69,835	$ -	$ 243,835
Prepaid wireless service revenues	91,528	66,644	-	158,172
Fixed broadband service revenues[1]	83,545	3,085	-	86,630
Equipment sales	101,860	4,399	-	106,259
Other wireless service and other revenues[1]	7,925	7,038	440	15,403
Total revenues	$ 458,858	$ 151,001	$ 440	$ 610,299

	Year Ended December 31, 2019			
	New Zealand	Bolivia	Other	Total
Postpaid wireless service revenues	$ 170,371	$ 81,383	$ -	$ 251,754
Prepaid wireless service revenues	88,771	102,830	-	191,601
Fixed broadband service revenues[1]	69,317	1,513	-	70,830
Equipment sales	149,103	8,403	-	157,506
Other wireless service and other revenues[1]	8,818	12,675	743	22,236
Total revenues	$ 486,380	$ 206,804	$ 743	$ 693,927

[1]Beginning in 2021, we replaced "Wireline" with "Fixed broadband" to describe the revenues associated with the Company's fixed broadband product in New Zealand and Bolivia. As a result, fixed LTE service revenues were reclassified from Other wireless service and other revenues and are now included as a component of Fixed broadband service revenues.

Contract Balances:
The timing of revenue recognition may differ from the time of billing to our customers. Receivables presented in our Consolidated Balance Sheets represent an unconditional right to consideration. Contract balances represent amounts from an arrangement when either the Company has performed, by providing goods or services to the customer in advance of receiving all or partial consideration for such goods and services from the customer, or the customer has made payment to us in advance of obtaining control of the goods and/or services promised to the customer in the contract.

(US dollars in thousands unless otherwise noted)

Contract assets primarily relate to our rights to consideration for goods or services provided to the customers but for which we do not have an unconditional right at the reporting date. Under a fixed-term plan, the total contract revenue is allocated between wireless services and equipment revenues. In conjunction with these arrangements, a contract asset may be created, which represents the difference between the amount of equipment revenue recognized upon sale and the amount of consideration received from the customer. The contract asset is reclassified as an account receivable as wireless services are provided and amounts are billed to the customer. We have the right to bill the customer as service is provided over time, which results in our right to the payment being unconditional. Contract asset balances are presented in our Consolidated Balance Sheets as Prepaid expenses and other current assets and Other assets. We assess our contract assets for impairment on a quarterly basis and will recognize an impairment charge to the extent their carrying amount is not recoverable. For the years ended December 31, 2021 and 2020, the impairment charges related to contract assets were insignificant.

The following table represents changes in the contract assets balance:

	Contract Assets	
	2021	2020
Balance at January 1	$ 1,494	$ 3,044
Increase resulting from new contracts	1,747	1,790
Contract assets reclassified to a receivable or collected in cash	(1,780)	(3,397)
Foreign currency translation	(48)	57
Balance at December 31	$ 1,413	$ 1,494

Deferred revenue arises when we bill our customers and receive consideration in advance of providing the goods or services promised in the contract. For prepaid wireless services and fixed broadband services, we typically receive consideration in advance of providing the services, which is the most significant component of the contract liability deferred revenue balance. Deferred revenue is recognized as revenue when services are provided to the customer.

The following table represents changes in the contract liabilities deferred revenue balance:

	Deferred Revenue	
	2021	2020
Balance at January 1	$ 27,386	$ 20,237
Net increase in deferred revenue	24,725	24,101
Revenue recognized related to the balance existing at January 1	(25,002)	(18,554)
Foreign currency translation	(1,258)	1,602
Balance at December 31	$ 25,851	$ 27,386

Remaining Performance Obligations:
As of December 31, 2021, the aggregate amount of transaction price allocated to remaining performance obligations was approximately $3.3 million, which is primarily composed of expected revenues allocated to service performance obligations related to our fixed-term wireless plans. We expect to recognize approximately 70% of the revenue related to these remaining performance obligations over the next 12 months and the remainder thereafter. We have elected to apply the practical expedient option available under Topic 606 that permits us to exclude the expected revenues arising from unsatisfied performance obligations related to contracts that have an original expected duration of one year or less.

Contract Costs:
Topic 606 requires the recognition of an asset for incremental costs to obtain a customer contract. These costs are then amortized to expense over the respective periods of expected benefit. We recognize an asset for direct and incremental commission expenses paid to external and certain internal sales personnel and agents in conjunction with obtaining customer contracts. These costs are amortized and recorded ratably as commission expense over the expected period of benefit, which typically ranges from 1 to 3 years. Further, we have elected to apply the practical expedient available under Topic 606 that permits us to expense incremental costs immediately for costs with an estimated amortization period of less than one year. Contract costs balances are presented in the Consolidated Balance Sheets as Prepaid expenses and other current assets and Other assets.

(US dollars in thousands unless otherwise noted)

Capitalized contract costs are assessed for impairment on a periodic basis. For the year ended December 31, 2021, we recognized $1.5 million of impairment charges related to contract costs in connection with disconnections of prepaid subscribers in Bolivia. For the year ended December 31, 2020, we recognized $1.0 million of impairment charges related to contract costs in connection with disconnections of postpaid and prepaid subscribers in Bolivia. There were no impairment losses recognized on capitalized contract costs for the year ended December 31, 2019.

The following table represents changes in the contract costs balance:

	Contract Costs	
	2021	2020
Balance at January 1	$ 19,586	$ 15,798
Incremental costs of obtaining and contract fulfillment costs	17,284	15,969
Amortization and impairment included in operating costs	(17,373)	(13,372)
Foreign currency translation	(869)	1,191
Balance at December 31	$ 18,628	$ 19,586

NOTE 14 – EARNINGS PER SHARE

Basic and diluted earnings per share are computed using the two-class method, which is an earnings allocation method that determines earnings per share for Common Shares and participating securities. The undistributed earnings are allocated between Common Shares and participating securities as if all earnings had been distributed during the period. Participating securities and Common Shares have equal rights to undistributed earnings. Basic earnings per share is calculated by dividing net earnings, less earnings available to participating securities, by the basic weighted average Common Shares outstanding. Diluted earnings per share is calculated by dividing attributable net earnings by the weighted average number of Common Shares plus the effect of potential dilutive Common Shares outstanding during the period using the treasury stock method.

In calculating diluted net (loss) income per share, if the change in fair value of the warrant liability is dilutive, the numerator and denominator are adjusted for such change and the number of potentially dilutive Common Shares assumed to be outstanding during the period using the treasury stock method. No adjustments are made when the warrants are out of the money.

For the years ended December 31, 2021, 2020 and 2019, the warrants were out of the money and no adjustment was made to exclude the (loss) gain recognized by TIP Inc. for the change in fair value of the warrant liability. The impact of the change in the warrant liability was insignificant for the years ended December 31, 2021, 2020 and 2019. For the years ended December 31, 2021, 2020 and 2019, the Class C Units were anti-dilutive. The insignificant gain or loss from the warrant liability, when considered along with other TIP Inc. expenses for the years ended December 31, 2021, 2020 and 2019, increased the net loss attributable to TIP Inc. along with the resulting basic loss per share and, therefore, resulted in the Class C Units being antidilutive when included on a weighted average basis as if redeemed.

The components of basic and diluted earnings per share were as follows:

	Years Ended December 31,		
(in thousands, except per share amounts)	**2021**	**2020**	**2019**
Basic EPS:			
Numerator:			
Net (loss) income attributable to TIP Inc.	$ (144,689)	$ (47,787)	$ 2,878
Denominator:			
Basic weighted average Common Shares outstanding	67,412,546	57,671,818	56,629,405
Net (loss) income per share:			
Basic	$ (2.15)	$ (0.83)	$ 0.05
Diluted EPS:			
Numerator:			
Net (loss) income attributable to TIP Inc.	$ (144,689)	$ (47,787)	$ 2,878
Denominator:			
Basic weighted average Common Shares outstanding	67,412,546	57,671,818	56,629,405
Effect of dilutive securities:			
Unvested RSUs	-	-	157,940
Diluted weighted average Common Shares outstanding	67,412,546	57,671,818	56,787,345
Net (loss) income per share:			
Diluted	$ (2.15)	$ (0.83)	$ 0.05

The following table indicates the weighted average dilutive effect of Common Shares that may be issued in the future. These Common Shares were not included in the computation of diluted earnings per share for the year ended December 31, 2021, 2020 and 2019 because the effect was either anti-dilutive or the conditions for vesting were not met:

	Years Ended December 31,		
	2021	**2020**	**2019**
Class C Units	17,928,140	26,429,030	26,439,817
Warrants	13,402,685	13,402,685	13,402,685
Forfeitable Founders Shares	1,675,336	1,675,336	1,675,336
Unvested RSUs	4,236,995	2,922,854	1,074,144
Unvested Class C Units	-	48,033	96,065
Weighted average Common Shares excluded from calculation of diluted net (loss) income per share	37,243,156	44,477,938	42,688,047

(US dollars in thousands unless otherwise noted)

NOTE 15 – LEASES

We lease cell sites, retail stores, offices, vehicles, equipment and other assets from third parties under operating and finance leases. Our typical lease arrangement includes a non-cancellable term with renewal options for varying terms depending on the nature of the lease. We include the renewal options that are reasonably certain to be exercised as part of the lease term, and this assessment is an area of judgment. For cell site locations, optional renewals are included in the lease term based on the date the sites were placed in service and to the extent that renewals are reasonably certain based on the age and duration of the sites. For other leases, renewal options are typically not considered to be reasonably certain to be exercised.

The components of total lease cost, net consisted of the following:

		Year Ended December 31,	
	Classification	**2021**	**2020**
Operating lease cost:[1]			
	Cost of service	$ 32,202	$ 30,397
	Sales and marketing	2,697	2,555
	General and administrative	4,785	3,748
		$ 39,684	$ 36,700
Financing lease cost:			
Amortization of ROU assets	Depreciation, amortization and accretion	1,366	1,190
Interest on lease liabilities	Interest expense	455	435
Total net lease cost		$ 41,505	$ 38,325

[1]Operating lease costs include short-term lease costs and variable costs. Short-term lease costs for the years ended December 31, 2021 and 2020 were $7.1 million and $5.9 million, respectively. Variable costs were immaterial for the periods presented.

Sublease income was not significant for the periods presented.

Balance sheet information related to leases as of December 31, 2021 and 2020 consisted of the following:

	Classification	**As of December 31, 2021**	**As of December 31, 2020**
Assets			
Operating	Operating lease ROU assets, net	$ 120,414	$ 155,996
Financing	Property and equipment, net	2,390	4,473
Total lease assets		$ 122,804	$ 160,469
Liabilities			
Current liabilities			
Operating	Short-term operating lease liabilities	$ 19,315	$ 17,900
Financing	Current portion of debt and financing lease liabilities	1,049	1,542
Long-term			
Operating	Non-current operating lease liabilities	168,437	138,478
Financing	Long-term debt and financing lease liabilities	2,756	3,607
Total lease		$ 191,557	$ 161,527

In 2021, the Company recorded an impairment to Operating lease ROU assets, net of $48.5 million. See Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies for additional information.

(US dollars in thousands unless otherwise noted)

The following table presents cash flow information for leases for the years ended December 31, 2021 and 2020:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases[1]	$ 13,707	$ 26,848
Operating cash flows for finance leases	$ 454	$ 435
Financing cash flows for finance leases	$ 1,526	$ 1,349
Supplemental lease cash flow disclosures		
Operating lease ROU assets obtained in exchange for new operating lease liabilities	$ 35,118	$ 10,018
ROU assets obtained in exchange for new finance lease liabilities	$ 319	$ 1,822

[1]Amount for the year ended December 31, 2021 includes receipt of certain lease incentives.

During the second quarter of 2021, 2degrees commenced a lease for its new corporate headquarters in a commercial building in the final stages of construction. 2degrees gained physical access to the building in April 2021. Upon completion of construction during the third quarter of 2021, 2degrees executed a twelve-year lease with total expected rent payments over the lease term, including rent increases, of approximately $68 million NZD ($46 million based on the exchange rate at December 31, 2021).

During the third quarter of 2021, 2degrees executed a twenty-year data center lease with total expected rent payments over the lease term, including contractual rent increases, of approximately $16.6 million NZD ($11.3 million based on the exchange rate at December 31, 2021). 2degrees gained physical access to the building in July 2021 and recognized the related ROU asset and lease liability at commencement in the third quarter of 2021.

The weighted-average remaining lease term and the weighted-average discount rate of our leases at December 31, 2021 and 2020 are as follows:

	As of December 31, 2021	As of December 31, 2020
Weighted-average remaining lease term (years)		
Operating leases	9	9
Finance leases	6	5
Weighted-average discount rate		
Operating leases	7.3%	7.0%
Finance leases	10.5%	9.7%

The Company's maturity analysis of operating and finance lease liabilities as of December 31, 2021 are as follows:

	Operating Leases	Finance Leases
2022	$ 31,950	$ 1,384
2023	30,948	778
2024	30,126	592
2025	29,325	570
2026	27,941	423
Thereafter	107,293	1,488
Total lease payments	257,583	5,235
Less interest	(69,831)	(1,430)
Present value of lease liabilities	187,752	3,805
Less current obligation	(19,315)	(1,049)
Long-term obligation at December 31, 2021	$ 168,437	$ 2,756

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Commitments:

New Zealand

The purchase commitments described below are presented in the remaining purchase commitments table following such descriptions.

2degrees has outstanding commitments with Ericsson Communications Limited ("Ericsson") through 2025, under which Ericsson will provide software, hardware and professional services for certain core network projects and for the supply of Radio Access Network ("RAN") equipment and professional services in connection with 2degrees' 5G deployment. The commitments with Ericsson also include provision of all relevant technical support services (including software updates and upgrades for purchased core and RAN products) and other related support services such as spare parts maintenance for the RAN program.

In September 2020, 2degrees signed a three-year purchase agreement, effective as of September 1, 2020, with a handset manufacturer that requires 2degrees to purchase a minimum number of handsets per quarter for three years (beginning with the third quarter of 2020). As part of the purchase agreement, 2degrees committed to allocate a certain portion of its advertising budget per contract year to related marketing.

In November 2019, 2degrees entered into a RAN sharing agreement with a New Zealand telecommunications provider (the "RAN Sharing Partner") under which the RAN Sharing Partner supplies 2degrees with managed capacity service for a specified number of network sites under an indefeasible right to use arrangement. This arrangement allows 2degrees to utilize the third party's network equipment to serve 2degrees customers on 2degrees' own spectrum and replaces certain roaming arrangements with the RAN Sharing Partner. The agreement expires in January 2030 and specifies a series of payments over the term of the agreement. The cost of the RAN sharing arrangement is recognized within Cost of service in the Consolidated Statement of Operations on a straight-line basis over the term of the agreement although the payment amounts vary with more significant amounts due in the earlier years. After a specified number of sites have been completed and are available for service, additional payments will be due and 2degrees will begin to make quarterly payments over the remainder of the agreement term. 2degrees will pay the ongoing quarterly payments commencing in 2022 through 2024. On or prior to August 1, 2023, 2degrees has the right to terminate this agreement effective February 1, 2025. In March 2021 and May 2021, 2degrees paid amounts due under this agreement upon completion and availability of a specified number of sites. In December 2021, 2degrees and the RAN Sharing Partner agreed to include a certain number of additional sites under the RAN sharing agreement, the impact of which was not significant.

In October and November 2020, the New Zealand Ministry of Business, Innovation and Employment (the "MBIE") issued offers to renew licenses for spectrum used by 2degrees in the 1800 MHz and 2100 MHz spectrum bands. The offers were made with respect to 2x20 MHz in the 1800 MHz band and 2x15 MHz in the 2100 MHz band for renewal periods totaling 20 years commencing April 2021. 2degrees accepted the offers with an initial term of two years and paid the purchase price for these renewals in January 2021. The offers for the remaining 18-year renewal terms are open for acceptance until November 2022 and will not be accepted until closer to that time. The cost of the spectrum for each of the 18-year terms is permitted to be paid in four annual installments beginning January 2023. Although the purchase amounts are not legally committed until final terms for the 18-year renewal offers are accepted, we have included the expected amounts of all renewal installment payments (inclusive of estimated interest) in the total purchase commitments table below.

In November 2011, 2degrees accepted an offer from the New Zealand Ministry of Economic Development (now part of the MBIE) to renew its 800/900 MHz spectrum licenses effective November 25, 2022 through November 28, 2031. The price will be calculated at the time payment is due in the second quarter of 2022 based on changes to the New Zealand Consumer Price Index and other variables.

2degrees has outstanding commitments with Huawei Technologies (New Zealand) Company Limited ("Huawei") and Tech Mahindra through 2025 for ongoing network infrastructure support and maintenance, technical support and spare parts maintenance, software upgrades, products, professional services, information technology services, and other equipment and services. The significant majority of the commitment relates to existing network technology and includes amounts that will be reflected within both capital expenditures and operating expenses. In February 2021, effective December 2020, 2degrees and Huawei amended the payment terms for the purchase of existing software licenses to provide for installment payments by 2degrees for this commitment. Quarterly payments commenced in the first quarter of 2021 and will continue through 2022.

(US dollars in thousands unless otherwise noted)

In August 2017, the New Zealand government signed an agreement with a New Zealand wireless carriers' joint venture group, consisting of 2degrees, Vodafone and Spark New Zealand Limited, to fund a portion of the country's rural broadband infrastructure project (the "RBI2 Agreement"). 2degrees paid $4.3 million and $5.4 million under the RBI2 Agreement during the year ended December 31, 2021 and 2020, respectively, and such payments were included in investing activities in the Consolidated Statements of Cash Flows. As of December 31, 2021 and December 31, 2020, investment in this joint venture was $13.2 million and $9.9 million, respectively, and was included in Other assets in the Consolidated Balance Sheets. 2degrees' estimated outstanding obligation for investments under the RBI2 Agreement does not include potential operating expenses or capital expenditure upgrades associated with the RBI2 Agreement.

As of December 31, 2021, 2degrees had other purchase commitments through 2025 with various vendors to acquire hardware and software related to ongoing network and Information Technology ("IT") projects, as well as for IT support services, IT development, consulting, advertising and marketing costs. None of these commitments is significant individually.

Total purchase commitments for each of the next five years for New Zealand as of December 31, 2021, based on exchange rates as of that date, are as follows:

Years Ending December 31,		
2022	$	110,912
2023		24,831
2024		17,297
2025		10,499
2026		8,209

Bolivia

In December 2016, NuevaTel signed an agreement with Telefónica Celular de Bolivia S.A. ("Telecel") pursuant to which Telecel provides NuevaTel the right to use Telecel's existing and future capacity to transport national telecommunications data. This purchase commitment expires in 2031.

NuevaTel also has purchase commitments through 2028 with various vendors primarily to acquire telecommunications equipment, capacity to transport telecommunications data, support services and advertising costs which are not significant individually.

Total purchase commitments for each of the next five years for Bolivia as of December 31, 2021 are as follows:

Years Ending December 31,		
2022	$	12,043
2023		2,110
2024		2,110
2025		2,110
2026		2,110

The Bolivian regulatory authority, the Autoridad de Regulación y Fiscalización de Telecomunicaciones y Transportes of Bolivia ("ATT"), has conditioned the 4G license awarded to NuevaTel on meeting service deployment standards, requiring that the availability of 4G service expand over a 96-month period from urban to rural areas. Although NuevaTel has met its 4G launch commitments thus far, it is required to build 4G LTE sites in all of the 339 municipalities of Bolivia by October 2022. Although these commitments have been met to date, NuevaTel anticipates that it will be delinquent in meeting this obligation and as a result could be fined approximately $0.2 million by the ATT. The ATT also has the authority to institute license revocation proceedings in connection with a failure to initiate LTE service in a timely fashion. NuevaTel has received no indication regarding the likelihood that the ATT would pursue a license revocation. NuevaTel is evaluating these requirements and related plans in light of the liquidity and cash challenges experienced by the business as discussed above. See Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies – Impact of COVID-19 on our Business.

Contingencies:
General

The financial statements reflect certain assumptions based on telecommunications laws, regulations and customary practices currently in effect in the countries in which the Company's subsidiaries operate. These laws and regulations can have a significant influence on the Company's results of operations and are subject to change by the responsible governmental agencies. The Company assesses the impact of significant changes in laws, regulations and political stability on a regular basis and updates the assumptions and estimates used to prepare its financial statements when deemed necessary. However, the Company cannot predict what future laws and regulations might be passed or what other events might occur that could have a material effect on its investments or results of operations. In particular, Bolivia has experienced, or may experience, political and social instability.

In addition to issues specifically discussed elsewhere in these Notes to our Consolidated Financial Statements, the Company is a party to various lawsuits, regulatory proceedings and other matters arising in the ordinary course of business. Management believes that although the outcomes of these proceedings are uncertain, any liability ultimately arising from these actions should not have a material adverse impact on the Company's financial condition, results of operations or cash flows. The Company has accrued for any material contingencies where the Company's management believes the loss is probable and estimable.

Bolivian Regulatory Matters

NuevaTel's network has experienced several network outages affecting voice and 3G and 4G data services both locally and nationally over the past several years, and outages continue to occur from time to time due to a variety of causes; some of these outages relate to equipment failures or malfunctions within NuevaTel's network and some outages are the result of failures or service interruptions on communications facilities (e.g. fiber optics lines) leased by NuevaTel from other carriers. As to many of these outages, the Bolivian regulatory authority, the ATT is investigating if the outages were unforeseen or were events that could have been avoided by NuevaTel, and, if avoidable, whether penalties should be imposed. The ATT investigated an August 2015 outage (in the town of San José de Chiquitos) and imposed a fine of $4.5 million against NuevaTel in 2016. Following numerous appeals, resulting in the rescission and the subsequent reinstatement of the fine by Ministry of Public Works, Services and Housing (the "Ministry"), NuevaTel accrued $4.5 million in the third quarter of 2018 in Other current liabilities and accrued expenses as presented in the Consolidated Balance Sheets as of December 31, 2021 and December 31, 2020. NuevaTel has prosecuted numerous appeals regarding the imposition of this fine. In June 2021, the Bolivian Supreme Tribunal of Justice (the "Tribunal") annulled the fine and remanded the matter to the Ministry and the ATT to reconsider evidence concerning the outage (which may include evidence submitted by NuevaTel that the outage was due to circumstances beyond its reasonable control). In October 2021, the Ministry reinstated the $4.5 million fine relating to the 2015 service outage and in January 2022 NuevaTel filed a new appeal before the Tribunal. In September 2021, NuevaTel was notified that the ATT would proceed with collection of the fine, notwithstanding NuevaTel's appeal; however, a notice to remit payment has not been issued, and although the ATT could attempt to seek certain remedies, such as freezing NuevaTel's bank accounts or placing liens on NuevaTel's assets, no such measures have yet been pursued. Due to the uncertainty regarding the timing and reduction of the fine, the previously recorded amount of $4.5 million continued to be accrued as of December 31, 2021.

In April 2013, the ATT notified NuevaTel that it proposed to assess a fine of $2.2 million against NuevaTel for delays in making repairs to public telephone equipment in several Bolivian cities in 2010. NuevaTel accrued the full amount of the fine plus interest of approximately $0.1 million but also filed an appeal with the Tribunal in regard to the manner in which the fine was calculated. In December 2017, the Tribunal rescinded the fine on procedural grounds but permitted the ATT to impose a new fine. If the ATT does so, NuevaTel will have the right to discharge the fine by paying half of the stated amount of the penalty on condition that NuevaTel foregoes any right of appeal. NuevaTel has not decided what action it may take in such event.

Due to liquidity issues, as discussed in Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies, NuevaTel has taken a number of actions to conserve cash. Several of these actions could increase NuevaTel's exposure to regulatory enforcement actions or claims by contractual counterparties should it be in default in meeting its obligations under relevant lease, service and supply agreements. Specifically, NuevaTel was obligated to prepay an annual spectrum usage fee of approximately $9.5 million to the ATT in January 2022. NuevaTel paid 1/12 of the amount due, advising the ATT that it would pay the balance in monthly installments over the course of 2022. The ATT objected to the prorated payment and may require that NuevaTel be subject to 6% interest and a 10% penalty with respect to late payment of the spectrum fee. However, the ATT did not indicate that it would bring any enforcement action against NuevaTel with respect to delinquent payments in 2022. NuevaTel is also obligated to deploy 4G LTE services by October 2022 in numerous municipalities where it does not yet have network infrastructure. NuevaTel anticipates that it will be delinquent in meeting this obligation and as a result could be fined approximately $0.2 million by the ATT. The ATT also has the authority to institute license revocation proceedings in connection with a failure to initiate LTE service in a timely fashion. NuevaTel has received no indication regarding the likelihood that the ATT would pursue a license revocation. Additionally, since November 2021, NuevaTel has deferred payments due under other contracts with various suppliers and vendors. To date, none of the counterparties to these contracts has asserted that NuevaTel is in breach of its payment obligations. Finally, should NuevaTel need to reduce staff in order to manage ongoing operating expenses, it will be required to pay certain retirement, severance and accrued leave benefits to employees who are terminated. NuevaTel has reserved funds to cover these costs in the event that such termination liabilities are incurred. Although no claims have arisen to date and no contingency reserves have been recorded related to these topics since losses are not considered probable, management will continue to monitor for potential claims.

(US dollars in thousands unless otherwise noted)

NOTE 17 – INCOME TAXES

For financial reporting purposes, loss before income taxes includes the following components:

	Years Ended December 31,		
	2021	2020	2019
Canada	$ (870)	$ (514)	$ (578)
United States	(76,154)	(45,834)	(42,578)
Foreign	(106,806)	(10,247)	26,382
Loss before income taxes	$ (183,830)	$ (56,595)	$ (16,774)

Income tax expense (benefit) includes income and withholding taxes incurred in the following jurisdictions:

	Years Ended December 31,		
	2021	2020	2019
Current:			
Canada	$ -	$ -	$ -
United States	286	275	125
Foreign	5,945	7,520	23,734
	6,231	7,795	23,859
Deferred:			
Canada	$ -	$ -	$ -
United States	-	-	-
Foreign	4,311	15,297	(64,655)
	4,311	15,297	(64,655)
Total income tax expense (benefit)	$ 10,542	$ 23,092	$ (40,796)

TIP Inc.'s portion of taxable income or loss is subject to corporate taxation in both the U.S. and Canada as a result of the structure of the Arrangement. The federal statutory rates applicable for the U.S. and Canada for the year ended December 31, 2021 are 21% and 25%, respectively. The Company has historically incurred taxable losses which have resulted in Net Operating Loss ("NOL") carryforwards that may be used by the Company to offset future income taxable in the U.S. and Canada. The Company's subsidiaries file income tax returns in their respective countries. The statutory tax rates for 2degrees and NuevaTel for the year ended December 31, 2021 are 28% and 25%, respectively.

(US dollars in thousands unless otherwise noted)

The reconciliation between income tax expense (benefit) from continuing operations and the income tax expense (benefit) that results from applying the Canadian federal statutory rate of 25% to consolidated pre-tax earnings is as follows:

	Years Ended December 31, 2021	2020	2019
Income tax benefit at Canadian federal rate	$ (45,958)	$ (14,149)	$ (4,194)
Earnings attributable to non-tax paying entities	3,438	3,650	3,502
Foreign rate differential	3,814	2,032	1,878
Change in valuation allowance	32,265	24,336	(45,037)
Effect of redemption of all outstanding Class C Units	18,825	-	-
Foreign withholding tax incurred	1,384	3,377	1,316
Withholding taxes on unrepatriated foreign earnings	(7,664)	(6,149)	(2,281)
Inflation adjustment	(2,374)	(1,285)	(1,824)
Permanent adjustments	4,154	2,959	3,322
Other - net	2,658	8,321	2,522
Total	$ 10,542	$ 23,092	$ (40,796)

The components of deferred tax assets and liabilities are as follows:

	December 31, 2021	December 31, 2020
Intangible assets	$ 11,346	$ 8,272
Fixed assets	19,510	12,980
Bad debt allowance	9,067	7,601
NOL, foreign tax credit and capital loss carryforwards	41,423	30,790
Accrued liabilities	11,147	11,661
Excess business interest expense	1,322	12,282
Equity-based compensation	4,324	3,484
Tower sale financing obligation	1,067	1,155
Operating lease liability	49,435	40,444
Other	5,787	4,206
Subtotal	$ 154,428	$ 132,875
Less: valuation allowance	(89,155)	(49,706)
Total net deferred tax assets	$ 65,273	$ 83,169
Contract asset	$ (5,284)	$ (5,631)
Right-of-use asset	(36,099)	(39,964)
Withholding taxes on unrepatriated foreign earnings	(298)	(7,967)
Total deferred tax liabilities	$ (41,681)	$ (53,562)
Net deferred tax asset	$ 23,592	$ 29,607

Classified on the balance sheet as:

Deferred tax asset	$ 23,890	$ 37,573
Deferred tax liability	$ (298)	$ (7,966)
	$ 23,592	$ 29,607

As of December 31, 2021, the Company had NOL carryforwards related to our operations in Bolivia of approximately $56 million which carry forward for three years and begin to expire in 2024. Additionally, as of December 31, 2021, TIP Inc. (and its wholly owned U.S. subsidiary) had NOL carryforwards of $72 million and $14 million in the U.S. and Canada, respectively, and a U.S. capital loss carryforward of $7 million. The U.S. NOL carryforwards generated prior to December 31, 2017 carry forward for a period of 20 years while the U.S. NOL carryforwards generated after December 31, 2017 carry forward indefinitely. The Canadian NOL carries forward for a period of 20 years. The U.S. capital loss carries forward for a period of 5 years. The future utilization of certain loss carryforwards is contingent upon shareholder continuity and other requirements being met. As of December 31, 2021, these NOL carryforwards continue to be retained.

(US dollars in thousands unless otherwise noted)

Management assesses the need for a valuation allowance in each tax paying component or jurisdiction based upon the available positive and negative evidence to estimate whether sufficient taxable income will exist to permit realization of the deferred tax assets.

On the basis of this evaluation, as of December 31, 2021 our valuation allowance was $89 million of which $58 million relates to net deferred tax assets in Bolivia while the remainder relates to deferred tax assets for TIP Inc. and its U.S. corporate subsidiaries. The change from December 31, 2020 to December 31, 2021 was primarily driven by NuevaTel's 2021 pre-tax losses and U.S. capital loss carryforwards which are not expected to give rise to a tax benefit. The amount of the Company's deferred tax assets considered realizable could be adjusted if estimates of future taxable income during the carryforward periods are reduced or increased. Management expects that if the proposed 2degrees transaction is consummated (see Note 20 – Subsequent Events), a portion of the Company's U.S. deferred tax assets may be utilized. However, since the required shareholder approval of the transaction had not been obtained as of the balance sheet date, the valuation allowance has been retained as of December 31, 2021.

We are subject to taxation in Bolivia, New Zealand, the United States and Canada. As of December 31, 2021, the following are the open tax years by jurisdiction:

New Zealand	2016-2021
Bolivia	2015-2021
United States	2018-2021
Canada	2017-2021

Bolivia Tax Matter

During 2019, NuevaTel's 2017 tax filings were selected for examination by the Bolivian tax authorities. The exam team concluded aspects of their audit and provided an assessment in June 2021, which challenged certain tax positions, including the deductibility of certain withholding taxes. The assessment totaled $2.9 million for 2017, with the potential for penalties and interest of up to approximately double the assessed amount. The potential tax effect of these positions could be in the range of approximately $2.0 million for each of the years not barred by the statute of limitations (years 2015 - 2021). NuevaTel intends to contest the adjustments proposed in the assessment if necessary and has engaged external counsel to assist with the examination process and with defending its position. In September 2021, the Bolivian tax authorities issued a resolution nullifying the original tax assessment, and a replacement assessment is expected to be issued. Although the outcome of this process cannot be predicted with certainty, we believe it is more likely than not that we will be successful in defending our tax positions based on legal and technical arguments. Accordingly, no reserve has been recorded related to this matter.

Supplemental Cash Flow Disclosure:

	Years Ended December 31,		
	2021	**2020**	**2019**
Income and withholding tax paid	$ 12,027	$ 16,019	$ 11,874

NOTE 18 – SEGMENT INFORMATION

We determine our reportable segments based on the manner in which our Chief Executive Officer, considered to be the chief operating decision maker ("CODM"), regularly reviews our operations and performance. Segment information is prepared on the same basis that our CODM manages the segments, evaluates financial results, allocates resources, and makes key operating decisions.

We operate two reportable segments identified by their geographic regions:

- New Zealand – 2degrees offers wireless voice and data communication services through both prepaid and postpaid payment plans. 2degrees also provides fixed broadband communications services to business and residential customers in New Zealand.

- Bolivia – NuevaTel offers voice and data services through both prepaid cards and postpaid payment plans to its mobile customers in Bolivia. In addition, NuevaTel offers fixed broadband services and public telephony services.

Our CODM evaluates and measures segment performance primarily based on revenues and Segment Adjusted EBITDA. Segment Adjusted EBITDA represents loss before income taxes excluding amounts for (1) interest expense (benefit); (2) depreciation, amortization and accretion; (3) equity-based compensation (recorded as a component of General and administrative expenses); (4) loss (gain) on disposal of assets and sale-leaseback transaction; and (5) all other non-operating income and expenses. Adjusted EBITDA is a common measure of operating performance in the capital-intensive telecommunications industry. We believe Segment Adjusted EBITDA is a key measure for internal reporting; it is used by management to evaluate profitability and operating performance of our segments and to allocate resources because it allows us to evaluate performance absent non-operational factors that affect net (loss) income. Adjusted EBITDA is not defined in the same manner by all companies and may not be comparable to other similarly titled measures of other companies unless the definition is the same.

Revenue is attributed to regions based on where services are provided. Segment results do not include any intercompany revenues. The identifiable assets by segment disclosed in this Note are those assets specifically identifiable within each segment and include cash and cash equivalents, net property and equipment, goodwill, and other intangible assets. Assets and capital expenditures not identified by reportable segment below are associated with corporate assets. Corporate assets consist primarily of cash and cash equivalents available for general corporate purposes, investments and assets of the corporate headquarters. Expense and income items excluded from segment earnings are managed at the corporate level. The accounting policies of the reportable segments are the same as those described in Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies.

No customer accounted for more than 10% of the Company’s consolidated total revenues in 2021, 2020 or 2019.

(US dollars in thousands unless otherwise noted)

The table below presents financial information for our reportable segments and reconciles total Segment Adjusted EBITDA to Loss before income taxes:

	Year ended December 31,		
	2021	2020	2019
Revenues			
New Zealand	$ 528,616	$ 458,858	$ 486,380
Bolivia	124,631	151,001	206,804
Unallocated Corporate & Eliminations	317	440	743
Total revenues	$ 653,564	$ 610,299	$ 693,927
Segment Adjusted EBITDA			
New Zealand	$ 127,624	$ 111,446	$ 106,308
Bolivia	(72)	6,613	42,475
Equity-based compensation	(3,407)	(5,637)	(4,041)
Transaction and other nonrecurring costs	(9,389)	(2,360)	(6,946)
Depreciation, amortization and accretion	(107,241)	(106,971)	(109,845)
Impairment of long-lived assets	(113,844)	-	-
(Loss) gain on disposal of assets and sale-leaseback transaction	(1,094)	2,525	11,169
Interest expense	(53,713)	(46,517)	(45,988)
Change in fair value of warrant liability	55	(49)	1
Debt issuance and modification costs	(7,016)	-	-
Other, net	(3,299)	(4,611)	555
Unallocated Corporate & Eliminations	(12,434)	(11,034)	(10,462)
Loss before income taxes	$ (183,830)	$ (56,595)	$ (16,774)
Depreciation, amortization and accretion			
New Zealand	$ 73,909	$ 64,635	$ 64,197
Bolivia	33,313	41,907	44,944
Unallocated Corporate & Eliminations	19	429	704
Total depreciation, amortization and accretion	$ 107,241	$ 106,971	$ 109,845
Capital expenditures			
New Zealand	$ 81,059	$ 65,060	$ 59,555
Bolivia	11,761	12,251	25,636
Unallocated Corporate & Eliminations	18	20	21
Total capital expenditures	$ 92,838	$ 77,331	$ 85,212
Total assets			
New Zealand	$ 618,037	$ 602,568	
Bolivia	183,403	340,436	
Unallocated Corporate & Eliminations	2,427	46,027	
Total assets	$ 803,867	$ 989,031	

(US dollars in thousands unless otherwise noted)

The table below presents total revenues by product or service type for the years ended December 31, 2021, 2020 and 2019:

	New Zealand	Bolivia	Unallocated Corporate & Eliminations	Total
Year ended December 31, 2021				
Wireless service revenues [(1)]	$ 302,704	$ 117,571	$ -	$ 420,275
Fixed broadband service revenues [(1)]	106,478	5,064	-	111,542
Equipment sales	112,555	317	-	112,872
Non-subscriber ILD and other revenues	6,879	1,679	317	8,875
Total revenues	**$ 528,616**	**$ 124,631**	**$ 317**	**$ 653,564**
Year ended December 31, 2020				
Wireless service revenues [(1)]	$ 266,630	$ 141,735	$ -	$ 408,365
Fixed broadband service revenues [(1)]	83,545	3,085	-	86,630
Equipment sales	101,860	4,399	-	106,259
Non-subscriber ILD and other revenues	6,823	1,782	440	9,045
Total revenues	**$ 458,858**	**$ 151,001**	**$ 440**	**$ 610,299**
Year ended December 31, 2019				
Wireless service revenues [(1)]	$ 261,218	$ 194,461	$ -	$ 455,679
Fixed broadband service revenues [(1)]	69,317	1,513	-	70,830
Equipment sales	149,103	8,403	-	157,506
Non-subscriber ILD and other revenues	6,742	2,427	743	9,912
Total revenues	**$ 486,380**	**$ 206,804**	**$ 743**	**$ 693,927**

[(1)]Beginning in 2021, we replaced "Wireline" with "Fixed broadband" to describe the revenues associated with the Company's fixed broadband product in New Zealand and Bolivia. As a result, fixed LTE service revenues were reclassified from Other wireless service and other revenues and are now included as a component of Fixed broadband service revenues.

NOTE 19 – RELATED PARTY TRANSACTIONS

The TISP 10.0% Notes were purchased by certain beneficial owners of the Trilogy LLC 2022 Notes. The purchasers of the TISP 10.0% Notes included SG Enterprises II, LLC, which purchased $7.0 million of TISP 10.0% Notes. SG Enterprises II, LLC is a Washington limited liability company owned by John W. Stanton and Theresa E. Gillespie. John W. Stanton is the Chairman of the Board of TIP Inc. and Theresa E. Gillespie is a Director of TIP Inc.

NuevaTel engages in certain service-related transactions with its noncontrolling interest in the ordinary course of business, which are included in our consolidated financial statements. During the years ended December 31, 2021, 2020 and 2019, NuevaTel incurred interconnection and other expenses of $0.5 million, $0.6 million and $0.6 million, respectively, with its noncontrolling interest. During the years ended December 31, 2021, 2020 and 2019, NuevaTel received interconnection and other revenues of $0.3 million, $0.4 million and $0.5 million, respectively, from its noncontrolling interest. In February 2013, NuevaTel signed an agreement with its noncontrolling interest to share a portion of international data telecommunications service capacity under an agreement with a third party service provider ("Capacity Agreement"). During the years ended December 31, 2021, 2020 and 2019, NuevaTel earned $0.8 million, $1.2 million and $1.3 million, respectively, from its noncontrolling interest under the Capacity Agreement which is recorded as a reduction of cost of service. As of December 31, 2021 and 2020, NuevaTel has a net receivable due from its noncontrolling interest of $0.2 million and $0.8 million, respectively, and this amount is expected to be received according to an installment plan agreement.

In August 2019, 2degrees entered into an EIP receivables secured borrowing arrangement with the EIP Purchaser and financial institutions that lend capital to the EIP Purchaser. The Company evaluated the structure and terms of the arrangement and determined that the EIP Purchaser is a VIE because it lacks sufficient equity to finance its activities and its equity holder, which is one of the financial lending institutions, lacks the attributes of a controlling financial interest. The Company determined that

2degrees is the primary beneficiary of the EIP Purchaser and thus the EIP Purchaser is required to be consolidated in our financial statements. For additional information, see Note 4 – EIP Receivables.

On July 31, 2013, Trilogy LLC entered into an agreement (the "Agreement") with Salamanca Holding Company ("SHC"), a Delaware limited liability company, and three former Trilogy LLC executives. Pursuant to the Agreement, Trilogy LLC transferred to SHC 80% of Trilogy LLC's interest in its wholly owned subsidiary, Salamanca Solutions International LLC ("SSI"), in exchange for 2,140 Class C Units held by the three individuals. Pursuant to a subsequent agreement among the owners of SHC, one of these individuals transferred his ownership interest to the other two owners of SHC.

Since 2008, SSI has licensed billing and customer relations management intellectual property that it owned, known as Omega (the "Omega IP"), and associated software support and development services, to NuevaTel. NuevaTel paid maintenance fees to SSI that covered most of the operating costs of SSI. The Company believes that SHC, as the majority owner of SSI, is seeking to identify new sources of revenue from third party customers for the software services that SSI can provide. Trilogy LLC, through a wholly owned subsidiary, holds an option to acquire the Omega IP at nominal cost if SSI ceases business operations in the future. Trilogy LLC has the right to appoint one of the members of the SSI board of directors and has certain veto rights over significant SSI business decisions. The impact on our consolidated results related to SSI was an increase to net loss of $132 thousand and $40 thousand, and an increase to net income of $49 thousand, for the years ended December 31, 2021, 2020 and 2019, respectively.

Subsequent to December 31, 2021, TIP Inc. agreed to loan $80 thousand to SSI and funded the loan in January 2022. The loan bears interest at a rate of 0.44% per annum, compounding annually. The loan is repayable monthly beginning April 1, 2022 and matures on July 1, 2023.

The Company and its officers have used, and may continue to use, jet airplanes owned by certain of the Trilogy LLC founders. The Company reimburses the Trilogy LLC founders at fair market value and on terms no less favorable to the Company than the Company believes it could obtain in comparable transactions with a third party for the use of these airplanes. There were no such reimbursements made during the years ended December 31, 2021 and 2020. For the year ended December 31, 2019, the Company reimbursed the Trilogy LLC founders approximately $49 thousand for the use of their airplanes.

Trilogy LLC had a non-interest bearing loan outstanding to New Island Cellular, LLC ("New Island"), an entity with which a former member and manager of Trilogy LLC is affiliated, in an aggregate principal amount of approximately $6.2 million (the "New Island Loan"), the proceeds of which were used to cover additional taxes owed by New Island as a result of Trilogy LLC's 2006 election to treat its former subsidiary, ComCEL, as a U.S. partnership for tax purposes. In connection with the redemption of the Class C Units owned by New Island, the New Island Loan was forgiven and the related Common Shares issued to New Island in connection with such redemption will be cancelled prior to the closing of the transaction described below in Note 20 – Subsequent Events. The New Island Loan was unsecured at the time of cancellation and the value of the Common Shares at the time of cancellation was less than the outstanding balance of the loan.

NOTE 20 – SUBSEQUENT EVENTS

Pending Sale of 2degrees:

On March 15, 2022, the sale of 2degrees to Voyage Digital (NZ) Limited ("Voyage Digital") was approved by special resolution at a meeting of our shareholders. We anticipate that closing of the sale will take place in the second quarter of 2022. Under the terms of the purchase agreement, Voyage Digital will acquire all of the equity interests in 2degrees. On a cash free debt free basis, the purchase price for 100% of the 2degrees shares (including employee options that will convert into shares in connection with the sale) represents an equity value of $1.315 billion NZD, subject to potential adjustments at closing for specific costs or payments by 2degrees between signing and closing. At the closing of the sale of 2degrees, after settlement of 2degrees' options and reductions for certain costs, the Company expects to receive approximately $930 million NZD. At an assumed NZD to USD exchange rate of 0.67, these proceeds would equal approximately $625 million, inclusive of an escrow amount of approximately $15 million that will be held in a trust account maintained by Voyage Digital's solicitors for one year following the closing date of the sale. In addition to final regulatory approval, which is expected to be received in the second quarter of 2022 in the ordinary course, the closing of the transaction is subject to the receipt of certain third-party consents as well as other customary conditions, all of which are expected to be satisfied.

In connection with the shareholder approval of the 2degrees sale, the Company will complete an evaluation regarding classifying our 2degrees business as held for sale and will assess related discontinued operations topics pursuant to ASC 205-20 "Presentation of Financial Statements – Discontinued Operations", with our reporting for the first quarter of 2022. The

Company will additionally assess any requirement to record severance or other compensation items related to the transaction which, if recorded, could be material.

The Company entered into a forward exchange contract in March 2022 to mitigate exposure to fluctuations in the NZD to USD exchange rate for a portion of the proceeds we expect to receive from the sale of 2degrees. The forward exchange contract has a notional amount equal to $450 million, which approximates the amount of the USD denominated debt related obligations of TISP that will be paid upon closing, and a maturity date of June 30, 2022. The foreign exchange rate was priced inclusive of a deal contingent feature such that if the 2degrees sale transaction does not close, the hedge contract will expire and terminate.

Bridge Loans:
In order to fund its operations, pending the closing of the sale of 2degrees, the Company entered into short-term loan agreements in January 2022 with three of its principal shareholders totaling up to $10 million in commitments (the "Bridge Loans"). The Bridge Loans are unsecured and accrue interest at the rate of 13.5% per annum, payable on May 16, 2022, November 15, 2022, and the maturity date, provided that the Company may elect not to pay interest on any of such dates prior to the maturity date, in which case all accrued but unpaid interest will be added to the outstanding principal amount of the Bridge Loans. The Bridge Loans mature on the earlier of May 15, 2023, or the date of a change of control of the Company. The closing of the sale of 2degrees to Voyage Digital would constitute a change of control as defined under the terms of the Bridge Loans. In the first quarter of 2022, $10.0 million was received by the Company under the terms of the Bridge Loans.

Pending NuevaTel Transaction:
On March 28, 2022, the Company entered into an agreement to transfer to Balesia Technologies, Inc. ("Balesia") certain wholly owned subsidiaries that collectively hold a majority of the equity interests in NuevaTel. Closing is subject to Bolivian regulatory approval, unless such condition is waived by Balesia. The purchase and sale agreement carries a nominal purchase price and there is no certainty that the transaction will close. The Company will assess the accounting and reporting impact resulting from entering into the agreement in connection with the Company's report for the first quarter of 2022.