

Unaudited Interim Condensed Consolidated Financial  
Statements

**Cable Onda, S. A. and Subsidiaries**

For the six months ended June 30, 2020

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**Cable Onda, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Financial**  
**Position as of June 30, 2020**

(Figures stated in B/. balboas)

		June 30, 2020		December 31, 2019 (audited)	
<i>Notes</i>	<b>Assets</b>				
	<b>Current Assets</b>				
<b>4</b>	Cash	B/.	101,558,167	B/.	60,693,300
<b>5,14</b>	Accounts receivable, net		82,687,592		72,693,472
	Other accounts receivable		22,656,989		5,630,846
	Contract assets		1,882,554		1,862,040
<b>6</b>	Inventory		25,172,782		26,264,923
	Prepaid expenses		9,208,615		5,597,905
	Prepaid taxes		-		1,031,380
			<u>243,166,699</u>		<u>173,773,866</u>
	<b>Non-current assets</b>				
	Severance fund		2,483,116		2,034,259
	Guarantee deposits and other assets		666,982		655,682
<b>7</b>	Intangible assets, net		171,057,123		190,579,015
<b>3</b>	Goodwill		497,140,060		497,140,060
<b>8</b>	Right of use assets, net		103,847,704		111,490,472
<b>9</b>	Property, furniture, equipment and leasehold improvements, net		407,632,723		426,071,276
			<u>1,182,827,708</u>		<u>1,227,970,764</u>
	<b>TOTAL ASSETS</b>	B/.	<u>1,425,994,407</u>	B/.	<u>1,401,744,630</u>

**Cable Onda, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Financial**  
**Position as of June 30, 2020**

*(Figures stated in B/. balboas)*

<i>Notes</i>	<b>June 30, 2020</b>	December 31, 2019 (audited)
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
<b>10, 14</b>	<b>B/. 61,357,179</b>	<b>B/. 74,850,804</b>
	<b>18,397,653</b>	<b>19,128,403</b>
<b>11</b>	<b>8,491,859</b>	<b>11,927,929</b>
	<b>4,209,835</b>	<b>4,313,951</b>
<b>13</b>	<b>11,941,463</b>	<b>13,062,214</b>
	<b>51,130,311</b>	<b>34,704,799</b>
	<b>29,809,623</b>	<b>-</b>
	<b>185,337,923</b>	<b>157,988,100</b>
<b>Non-current liabilities</b>		
	<b>94,045,871</b>	<b>99,029,375</b>
<b>12</b>	<b>150,000,000</b>	<b>150,000,000</b>
<b>14</b>	<b>768,947,641</b>	<b>768,015,543</b>
<b>13</b>	<b>21,054,233</b>	<b>20,850,559</b>
<b>20</b>	<b>31,991,933</b>	<b>39,800,007</b>
	<b>12,328,002</b>	<b>11,989,469</b>
	<b>1,078,367,680</b>	<b>1,089,684,953</b>
<b>Stockholders' equity</b>		
	<b>57,648,922</b>	<b>57,648,922</b>
	<b>1,114,000</b>	<b>746,000</b>
	<b>(614,227)</b>	<b>(614,227)</b>
	<b>104,416,297</b>	<b>96,537,316</b>
	<b>162,564,992</b>	<b>154,318,011</b>
	<b>(276,188)</b>	<b>(246,434)</b>
	<b>162,288,804</b>	<b>154,071,577</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>B/. 1,425,994,407</b>	<b>B/. 1,401,744,630</b>

**Cable Onda, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Income / Comprehensive income**  
**For the three-and six-month periods ended June 30, 2020 and 2019**

(Figures stated in B/. balboas)

		Three months ended June 30, 2020		Six months ended June 30, 2020		Three months ended June 30, 2019		Six months ended June 30, 2019	
<i>Notes</i>	<b>Revenue</b>								
	TV subscriptions	B/.	32,508,223	B/.	66,705,344	B/.	37,503,196	B/.	75,710,951
	Data transmission, internet and data center		44,388,247		89,866,673		45,752,191		90,009,635
	Fixed-line services		9,464,848		19,802,357		11,764,225		23,555,002
	Mobile services		50,766,917		102,178,382		-		-
	Sales of mobile equipment		3,275,868		7,407,534		-		-
	Projects and solutions		999,442		2,987,906		1,768,855		5,290,620
<b>15</b>	Other services and revenue		2,010,576		4,483,189		2,815,585		3,504,714
			<u>143,414,121</u>		<u>293,431,385</u>		<u>99,604,052</u>		<u>198,070,922</u>
	<b>Costs and expenses</b>								
<b>16</b>	Programming and operating costs		35,276,998		70,998,807		20,465,818		41,944,462
<b>17</b>	Depreciation and amortization		52,138,055		89,958,924		20,512,781		44,287,829
<b>18</b>	Personnel expenses		16,628,261		33,639,959		13,554,957		27,344,217
<b>19</b>	General, sales and administrative expenses		29,885,718		57,013,619		15,925,667		35,997,211
			<u>133,929,032</u>		<u>251,611,309</u>		<u>70,459,223</u>		<u>149,573,719</u>
	<b>Operating income</b>		9,485,089		41,820,076		29,144,829		48,497,203
	Financial expense		<u>14,327,222</u>		<u>27,627,663</u>		<u>5,041,529</u>		<u>8,719,401</u>
	<b>Income before tax</b>		(4,842,133)		14,192,413		24,103,300		39,777,802
<b>20</b>	Income tax		<u>(2,979,819)</u>		<u>(6,723,968)</u>		<u>(4,548,540)</u>		<u>(8,582,422)</u>
	<b>Net income (loss) / Total comprehensive income (loss)</b>	B/.	<u>(7,821,952)</u>	B/.	<u>7,468,445</u>	B/.	<u>19,554,760</u>	B/.	<u>31,195,380</u>
	<b>Attributable to:</b>								
	Owners of the Company		(7,774,627)		7,498,200		19,534,962		31,196,658
	Non-controlling interest		<u>(47,325)</u>		<u>(29,755)</u>		<u>19,798</u>		<u>(1,278)</u>
	<b>Net income (loss) / Total comprehensive income (loss)</b>	B/.	<u>(7,821,952)</u>	B/.	<u>7,468,445</u>	B/.	<u>19,554,760</u>	B/.	<u>31,195,380</u>

**Cable Onda, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Changes in Stockholders' Equity**  
**For the six months ended June 30, 2020 and 2019**

*(Figures stated in B/. balboas)*

<i>Attributable to the Controlling Interest</i>																			
		Issued Capital			Additional paid-in capital			Supplemental tax			Retained Earnings			Total		Non-controlling interest			Total stockholder's equity
January 1, 2019	B/.	57,648,922	B/.	-	B/.	(577,952)	B/.	41,027,269	B/.	98,098,239	B/.	(267,238)	B/.	97,831,001					
Net income (loss)		-		-		-		31,196,658		31,196,658		(1,278)		31,195,380					
June 30, 2019	B/.	57,648,922	B/.	-	B/.	(577,952)	B/.	72,223,927	B/.	129,294,897	B/.	(268,516)	B/.	129,026,381					
January 1, 2020	B/.	57,648,922		746,000	B/.	(614,227)	B/.	96,537,316	B/.	154,318,011	B/.	(246,434)	B/.	154,071,577					
Share-based compensation		-		368,000		-		-		368,000		-		368,000					
Supplemental tax						-		380,781		380,781		-		-					
Net income		-		-		-		7,498,200		7,498,200		(29,755)		7,468,445					
<b>June 30, 2020</b>	<b>B/.</b>	<b>57,648,922</b>	<b>B/.</b>	<b>1,114,000</b>	<b>B/.</b>	<b>(614,227)</b>	<b>B/.</b>	<b>104,416,297</b>	<b>B/.</b>	<b>162,564,992</b>	<b>B/.</b>	<b>(276,188)</b>	<b>B/.</b>	<b>162,288,804</b>					

**Cable Onda, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Cash Flows**  
**For the six month period ended June 30, 2020 and 2019**

(Figures stated in B/. balboas)

<i>Notes</i>	June 30, 2020	June 30, 2019
<b>Cash flows from operating activities</b>		
Income before income tax	B/. 14,192,413	B/. 39,777,802
Adjustments for:		
9 Depreciation and amortization	56,840,814	40,534,916
8 Depreciation on right of use assets	11,715,305	3,460,550
7 Amortization of intangible assets	21,402,805	127,011
Provision for seniority premium	491,806	703,895
19 Allowance for doubtful accounts	8,324,787	2,951,312
Amortization of deferred financing cost	932,098	-
Interest	27,627,663	8,719,401
Share-based compensation	368,000	-
<b>Cash flows before changes in working capital</b>	<b>141,895,691</b>	<b>96,274,887</b>
Accounts receivables	(18,318,907)	(12,453,002)
Other accounts receivable	(17,026,143)	(227,435)
Contract assets	(20,514)	-
Inventory	1,092,141	7,436,578
Prepaid expenses	(3,610,710)	(7,697,728)
Guarantee deposits and other assets	(11,300)	(8,692)
Accounts payable	3,196,118	1,779,910
Employee benefits	(3,436,070)	(7,157,286)
Accrued expenses and other liabilities	7,514,044	(14,026,442)
Client deposits	(104,116)	(261,121)
Deferred income	(917,077)	(2,732,233)
Obligations for retirement of assets and other liabilities	338,533	-
<b>Cash generated from operations</b>	<b>110,591,690</b>	<b>60,927,436</b>
Income tax paid	-	(2,435,720)
Interest paid long term and other long term debt	(18,716,195)	(2,629,826)
Interest paid lease liabilities	(2,946,222)	(1,232,694)
Seniority premium and severance paid	(491,806)	(1,967,154)
<b>Net cash flows provided by operating activities</b>	<b>88,437,467</b>	<b>52,662,042</b>
<b>Cash flows from investing activities</b>		
Contributions to severance fund, net	(448,857)	(350,735)
Acquisition of intangible assets, net	(1,880,913)	-
Acquisition of tangible assets	(38,402,261)	(37,988,560)
<b>Net cash flows used in investing activities</b>	<b>(40,732,031)</b>	<b>(38,339,295)</b>
<b>Cash flows from financing activities</b>		
Issuance of new bonds and loans	-	19,500,000
Repayment of bonds and loans	-	(18,409,093)
Lease capital repayments	(6,840,569)	(1,757,256)
<b>Net cash flows (used in) provided by financing activities</b>	<b>(6,840,569)</b>	<b>(666,349)</b>
Net increase in cash	40,864,867	13,656,398
Cash at beginning of year	60,693,300	6,485,666
<b>Cash at end of period</b>	<b>B/. 101,558,167</b>	<b>B/. 20,142,064</b>

# **Cable Onda, S.A. and Subsidiaries**

## **Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

### **June 30, 2020**

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*(Figures stated in B/. balboas)*

#### **1. Corporate information**

Cable Onda, S.A. ("Cable Onda" or the "Company") was incorporated under the laws of the Republic of Panama, beginning operations in April 1991. The Company's main offices are located at Boulevard Costa del Este, Edificio Mapfre, 4th floor.

Cable Onda is primarily engaged in providing cable television service, high-tech telecommunication services that include the transmission, storage and hosting of data, information backup and retrieval, internet access, application and e-commerce services, cable modem, mobile services and basic residential and corporate telephone service with both national and international long distance service. These services are under the supervision of the National Public Services Authorities of the Republic of Panama (ASEP).

The interim condensed consolidated financial statements of the Group for the three months ended June 30, 2020 were authorized for issuance by Management on August 25th, 2020.

#### **2. Basis for Preparation and accounting policies**

The interim condensed consolidated financial statements as of June 30, 2020 and for the three-month period ended June 30, 2020 and 2019 have been prepared in accordance with IAS 34 Interim Financial Information. In management's opinion, these interim condensed consolidated financial statements reflect all the adjustments necessary for an adequate presentation of results in interim periods. The Group's operations are not affected by significant cyclical or temporary patterns.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and must be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2019.

#### **COVID-19 - Qualitative and quantitative assessment on business activities, financial situation and economic performance**

##### **Impact on our markets and business**

As a telecom company, our business is at the core of the contingency plans for the thousands of individuals and companies who rely on us to connect them to their family and friends, business partners, and to the world. As a result, we have observed an increase in traffic on our fixed networks since the onset of the pandemic, whilst the impact on our mobile networks have been more modest. However, we have also seen the negative impact of the disruption to our sales and distribution channels caused by the mandatory mobility restrictions and by the closure or reduced operating activities of some of our stores and points of sale. These disruptions impact our ability to sell products and services, including postpaid mobile and residential cable subscriptions and prepaid SIM cards and top-ups. As well, our collection activities have been impacted by these restrictions.

Government has mandated that company such as ours avoid disconnecting clients for non-payment, that we waive fees for late payments, and/or that we defer late payments over an extended period, among other measures.

We are working closely with the government to ensure our full compliance with the measures and additionally we have gradually rolled out "lifeline products" to support and retain customers who are temporarily unable to pay for our services, while also providing an incentive for other customers to continue to pay fully and in a timely manner.

Finally, our supply chain continues to function without any meaningful interruption, and we have taken steps to continue to secure sufficient inventory, supplies and liquidity levels

**Cable Onda, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**June 30, 2020**

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*(Figures stated in B/. balboas)*

**2. Basis for Preparation and accounting policies (Continued)**

**Management action**

It is difficult to predict whether the challenges we had been facing since mid-March will continue for the remainder of 2020 or 2021 and beyond, meanwhile we have implemented severe cost control measures with the aim of preserving our strong cash flow and liquidity in 2020.

Despite the difficulties caused by COVID-19, we remain in compliance with the covenants required by our financial instruments.

**Impact on accounting matters**

As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Nevertheless, we have identified potential significant accounting implications in the following areas:

*Impairment of trade receivables / Revenue recognition*

Despite the reduced economic activity due to the pandemic, our collections levels are returning to normal as of June 30 2020. However, this area is monitored very closely by management. As such, IFRS 9 provision matrix and bad debt provisions are being updated on a regular basis to reflect the probability of collecting receivables.

In addition, we continue to monitor and review revenue recognition in accordance with the requirements of IFRS 15, in particular with respect to the probability of collectability, particularly due to government is mandating continuity of service.

Finally, as of the date of this report, we have determined there are no material uncertainties that might cast significant doubt upon the Combined Group's ability to continue as a going concern.

**2.1. New standards, interpretation and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with that followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but has not yet entered into force.

The following changes to standards effective for annual periods starting on January 1, 2020 have been adopted by the Group and did not have any significant impact on the Group's accounting policies or disclosures and did not require retroactive adjustment:

- Amendments to the conceptual framework. The IASB has revised its conceptual framework. The Group does not expect that these amendments will have a substantial impact on the consolidated financial statements.
- Amendments of IFRS 9, IAS39 and IFRS 7 – Interest Rate Benchmark Reform.
- Amendments to IFRS 3 - definition of a business. This amendment revises the definition of a business.

**Cable Onda, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**June 30, 2020**

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*(Figures stated in B/. balboas)*

**2. Basis for Preparation and accounting policies (Continued)**

- Amendments to IAS 1, "Presentation of the financial statements" and IAS 8, "Accounting policies, changes in accounting estimates and errors."

The following changes to standards not yet effective are not expected to materially affect the Group:

- IFRS 17, 'Insurance contracts' - effective for annual periods starting on January 1, 2023- IFRS 17 will not have an impact for the Group.
- Amendments to IAS 1, 'Presentation of Financial Statements' - effective for annual periods starting on January 1, 2022- This amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
- Amendment to IFRS 16, 'Leases' - COVID 19 Rent Concessions - effective for annual periods starting on June 1, 2020. This amendment provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- Amendments to
  - IFRS 3 'Business Combinations' - Reference to Conceptual Framework
  - IAS 16 'Property, Plant and Equipment' - Proceeds before intended use
  - IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Cost of fulfilling a contract
  - Annual improvements to IFRS Standards 2018-2020, affecting IFRS 1, IFRS 9, IFRS 16 and IAS 41

All of these amendments are effective for annual periods starting on January 1, 2022.

**2.2. Valuation basis and reporting currency**

- The interim condensed consolidated financial statements of Cable Onda, S. A. and Subsidiaries as of June 30, 2020 have been prepared on a historical cost basis of accounting.
- The interim condensed consolidated financial statements are stated in balboas (B/.), the legal tender of the Republic of Panama, which is at par with the US dollar. The Republic of Panama does not issue its own paper money and, instead, the US dollar is used as the functional currency and legal tender.

**2.3. Judgements, estimations and assumptions**

- Preparation of the interim condensed consolidated financial statements in accordance with IFRS requires that Management make judgments, estimations and assumptions that affect the amounts reported for revenues, expenses, assets, liabilities, and the disclosures of contingent liabilities at the date of the interim condensed consolidated financial statements.
- Due to the uncertainty implicit in these estimations and assumptions, significant adjustments could arise that could affect the amounts recorded or disclosed of future assets and liabilities.

**Cable Onda, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**June 30, 2020**

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*(Figures stated in B/. balboas)*

**3. Business Combination Telefonica Panama**

On August 29, 2019, Cable Onda acquired 100% of the share capital of Telefónica Panamá, S.A. (44,687,308 shares) for \$593.6 million from Telefónica Centroamérica Inversiones, S.L. (“Telefónica Centroamérica”), which was owned, directly and indirectly by Telefónica S.A. (“Telefónica Panamá Acquisition”). The consummation of the Telefónica Panamá Acquisition was approved by the appropriate regulator “Autoridad de Protección al Consumidor y Defensa de la Competencia (ACODECO) on August 29, 2019, when Cable Onda acquired the entire share capital of Telefónica Panamá, S.A.

For the purchase accounting, management determined the fair value of Telefonica’s identifiable assets and liabilities based on transaction and relative fair values. The purchase accounting is still provisional at June 30, 2020, particularly in respect of the evaluation of property, plant and equipment, right-of-use assets and lease liabilities, final price adjustment and their resulting impact on the current valuation of intangible assets, and it has not materially changed since December 31, 2019. Management will finalize the purchase accounting not later than Q3 2020. Refer to the Cable Onda’s audited consolidated financial statements for the year ended December 31, 2019 for further details.

**Cable Onda, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**June 30, 2020**

*(Figures stated in B/. balboas)*

**4. Cash**

As of June 30, 2020, cash on hand and banks are broken down as follows:

	<b>June 2020</b>		December 2019	
Cash on hand	<b>B/.</b>	<b>115,577</b>	B/.	115,901
Banco General		<b>29,543,148</b>		21,205,752
The Bank of Nova Scotia		<b>4,269,221</b>		19,574,968
Citibank		<b>29,454,503</b>		11,445,810
Banco Panamá		<b>1,052,384</b>		4,616,673
Bac Panamá		<b>2,033,367</b>		1,768,732
Banistmo		<b>1,185,549</b>		800,321
Global Bank		<b>871,157</b>		399,779
Banco Nacional de Panamá		<b>1,511,872</b>		298,437
JP Morgan		<b>30,178,019</b>		175,903
Banesco		<b>393,450</b>		123,789
Caja de Ahorros		<b>949,920</b>		113,235
St Georges Bank		<b>-</b>		54,000
	<b>B/.</b>	<b><u>101,558,167</u></b>	B/.	<b><u>60,693,300</u></b>

**5. Accounts receivable, Net**

As of June 30, 2020, accounts receivable, net are broken down as follows:

	<b>June 2020</b>		December 2019	
Cable, telephone and other services	<b>B/.</b>	<b>92,215,914</b>	B/.	76,761,515
Operators		<b>1,374,962</b>		1,236,562
		<b>93,590,876</b>		77,998,077
Less: allowance for doubtful accounts		<b>(10,903,284)</b>		(5,304,605)
Accounts receivable, net	<b>B/.</b>	<b><u>82,687,592</u></b>	B/.	<b><u>72,693,472</u></b>

**Cable Onda, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**June 30, 2020**

*(Figures stated in B/. balboas)*

**6. Inventory**

As of June 30, 2020, the breakdown of inventory is as following.

	<b>June 2020</b>		December 2019	
Materials and equipment	<b>B/.</b>	<b>26,290,350</b>	B/.	27,191,891
Inventory in transit		<b>233,823</b>		1,016,936
Provision for inventory obsolescence		<b>(1,351,391)</b>		(1,943,904)
	<b>B/.</b>	<b><u>25,172,782</u></b>	B/.	<b><u>26,264,923</u></b>

**7. Intangible assets, Net**

As of June 30, 2020, intangible assets are summarized as follows

	<b>June 2020</b>		December 2019	
At the beginning of the period, net of accumulated amortization	<b>B/.</b>	<b>190,579,015</b>	B/.	3,421,798
Additions		<b>1,663,346</b>		15,236,638
Intangible asset reclassification		<b>253,346</b>		16,699,519
Acquisition of subsidiary, net (see note 3)		-		170,740,874
Disposals		-		(914,829)
Transfer		-		672,528
Adjustments and reclassifications		<b>(35,779)</b>		(129,547)
Amortization		<b>(21,402,805)</b>		(15,147,966)
At the end of the period, net of accumulated amortization	<b>B/.</b>	<b><u>171,057,123</u></b>	B/.	<u>190,579,015</u>
<b>At the beginning of the period</b>				
At Cost	<b>B/.</b>	<b>240,972,231</b>	B/.	38,666,922
Accumulated amortization		<b>(50,393,216)</b>		(35,245,124)
Net Balance	<b>B/.</b>	<b><u>190,579,015</u></b>	B/.	<u>3,421,798</u>
<b>At the end of the period</b>				
At Cost	<b>B/.</b>	<b>242,553,144</b>	B/.	240,972,231
Accumulated amortization		<b>(71,496,021)</b>		(50,393,216)
Net Balance	<b>B/.</b>	<b><u>171,057,123</u></b>	B/.	<u>190,579,015</u>

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**8. Right of use assets**

Following are the movements of right of use assets:

	<b>June 2020</b>		December 2019	
<b>Cost</b>				
At the beginning of the period	<b>B/.</b>	<b>124,156,164</b>	B/.	45,220,095
New contracts		<b>3,598,513</b>		2,799,210
Expired contracts		<b>(83,771)</b>		-
Adjustments and reclassifications		<b>86,879</b>		-
Acquisition of subsidiaries		-		76,136,859
At the end of the period	<b>B/.</b>	<b><u>127,757,785</u></b>	B/.	<b><u>124,156,164</u></b>
<b>Accumulated Depreciation</b>				
At the beginning of the period		<b>(12,665,692)</b>	B/.	-
Adjustments and reclassifications		<b>470,916</b>		(1,589,687)
Depreciation of assets for right of use		<b>(11,715,305)</b>		(11,076,005)
At the end of the period	<b>B/.</b>	<b><u>(23,910,081)</u></b>	B/.	<b><u>(12,665,692)</u></b>
<b>Net balance</b>	<b>B/.</b>	<b><u>103,847,704</u></b>	B/.	<b><u>111,490,472</u></b>

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

**9. Property, furniture, equipment and leasehold improvements. Net**

	<b>June 2020</b>		December 2019	
At the beginning of the period, net of				
Accumulated depreciation and amortization	<b>B/.</b>	<b>426,071,276</b>	B/.	318,210,521
Capitalized additions		<b>24,539,208</b>		79,020,443
Merger through absorption		-		26,865
Acquisition of subsidiaries		-		117,675,749
Construction in progress		<b>13,863,053</b>		9,977,992
Impairment		-		(5,432,849)
Disposal, net		-		(816,913)
Transfers		-		(672,528)
Adjustments and reclassifications		-		788,693
Depreciation and amortization		<b>(56,840,814)</b>		(92,706,697)
At the end of the period, net of accumulated depreciation and amortization	<b>B/.</b>	<b>407,632,723</b>	B/.	426,071,276
At the beginning of the period				
At cost		<b>1,044,842,873</b>		832,836,030
Accumulated depreciation and amortization		<b>(618,771,597)</b>		(514,625,509)
Net balance	<b>B/.</b>	<b>426,071,276</b>	B/.	318,210,521
At the end of the period		<b>1,318,129,509</b>		1,044,842,873
Accumulated depreciation and amortization		<b>(910,496,786)</b>		(618,771,597)
<b>Net balance</b>	<b>B/.</b>	<b>407,632,723</b>	B/.	426,071,276

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**10. Accounts payable**

At June 30, 2020, the accounts payable balance amounts to B/.61,357,179 (December 2019 - B/.74,850.804). The terms for payment of accounts payable to commercial suppliers are extended up to 120 days, as from the date of issuance of the respective notes or invoice, are not subject to discount for prompt payment and do not generate interest and are recoverable in the functional currency of the interim condensed consolidated financial statements.

**11. Employee benefits payable**

Employee benefits are broken down as follows:

	<b>June 2020</b>		December 2019	
Employee benefits	<b>B/.</b>	<b>4,253,329</b>	<b>B/.</b>	5,711,215
Labor reserves		<b>4,238,530</b>		6,216,714
	<b>B/.</b>	<b>8,491,859</b>	<b>B/.</b>	<b>11,927,929</b>

**12. Notes payable**

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

	<u>Interest rate</u>	<u>Expiration</u>	<b>June 2020</b>	December 2019
Scotiabank	3.98%-4.38%	2024	<b>B/. 75,000,000</b>	B/. 75,000,000
Banco Nacional	4%-4.45%	2024	<b>75,000,000</b>	75,000,000
			<b>B/. 150,000,000</b>	<b>B/. 150,000,000</b>

**Cable Onda, S.A. and Subsidiaries**  
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**13. Deferred income**

As of June 30, 2020, deferred income is broken down as follows:

	<b>June 2020</b>		December 2019	
<b>Current portion</b>				
Early cash collections from monthly payments (a)	<b>B/.</b>	<b>11,941,463</b>	<b>B/.</b>	13,062,214
<b>Non-Current portion</b>				
Adaptation projects (b)		<b>11,917,472</b>		11,664,250
Deferred income from installation services		<b>2,917,527</b>		2,833,020
Deferred income (c)		<b>6,219,234</b>		6,353,289
	<b>B/.</b>	<b>21,054,233</b>	<b>B/.</b>	<b>20,850,559</b>

- a. Deferred income corresponding to early collection on monthly payments from clients, which are classified as business, residential and corporate.
- b. Adaptation and relocation of wiring and telephony, which includes changes, burying of cables in areas where network changes are made. Once concluded, works are amortized over 180 months.
- c. These are obligations arising from large-scale contracts, which are executed in phases as per the terms and conditions of said contracts

**14. Other long-term liabilities**

As of June 30, 2020, the Group's Management is complying with the financial conditions established in the bond purchase-sale contract.

Bonds are broken as follows:

	<b>June 2020</b>		December 2019	
Bonds - Banco General	<b>B/.</b>	<b>185,000,000</b>	<b>B/.</b>	185,000,000
Financial costs		<b>(1,140,108)</b>		(1,238,459)
Bonds - Citibank N.A.		<b>600,000,000</b>		600,000,000
Financial costs		<b>(14,912,251)</b>		(15,745,998)
	<b>B/.</b>	<b>768,947,641</b>	<b>B/.</b>	<b>768,015,543</b>

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

**15. Other services and revenue**

	Period ended June 30,			
	June 2020		June 2019	
Installations	B/.	169,307	B/.	441,783
Other income		4,027,776		2,555,793
Advertising		205,379		250,000
Additional services		80727		258,138
	B/.	<u>4,483,189</u>	B/.	<u>3,505,714</u>

**16. Programming and operating costs**

	Period ended June 30,			
	June 2020		June 2019	
Programming costs	B/.	25,686,091	B/.	27,058,130
Telephony costs		5,120,020		4,755,669
Projects costs		2,682,148		5,969,802
Selling costs of mobile equipment and accessories		31,656,634		-
Data transmission costs		3,769,585		3,173,358
Sundry costs		887,362		278,298
Internet costs		1,196,967		709,205
	B/.	<u>70,998,807</u>	B/.	<u>41,944,462</u>

**17. Depreciation and amortization**

	Period ended June 30,			
	June 2020		June 2019	
Depreciation and amortization	B/.	56,840,814	B/.	40,534,916
Depreciation for right of use		11,715,305		3,460,550
Amortization of intangible assets		21,402,805		292,363
	B/.	<u>89,958,924</u>	B/.	<u>44,287,829</u>

**Cable Onda, S.A. and Subsidiaries**  
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**18. Employee benefits**

Employee benefits form part of general expenses, sales and administrative expenses for the period, as shown in the following breakdown:

	Period ended June 30,	
	June 2020	June 2019
Salaries, commissions and other	<b>B/. 21,396,047</b>	B/. 16,852,824
Social security and employer education insurance	<b>3,090,767</b>	2,935,166
Vacation	<b>2,508,532</b>	1,720,316
Bonuses	<b>2,480,319</b>	2,095,231
Net profit sharing	<b>1,004,500</b>	1,916,284
Travel and representation expenses	<b>1,713,298</b>	1,581,175
Professional risk	<b>443,669</b>	433,845
Share-based compensation	-	-
Seniority premium and indemnities	<b>1,002,827</b>	(1,015,999)
Other expenses	-	825,375
	<b>B/. 33,639,959</b>	B/. 27,344,217

**19. General sales and administrative expenses**

General sales and administrative expenses are as follows:

	Period ended June 30,	
	June 2020	June 2019
Rent	<b>B/. 2,664,278</b>	B/. 1,182,712
Professional services fees	<b>19,924,512</b>	14,473,617
Service expenses	<b>5,286,838</b>	3,341,430
Repairs and maintenance support	<b>5,462,247</b>	1,470,463
Marketing and advertising	<b>3,549,245</b>	2,490,781
Electricity	<b>3,271,421</b>	3,112,656
Local and municipal taxes	<b>3,180,220</b>	2,972,535
Bad debts	<b>8,324,787</b>	2,955,652
Repairs, maintenance and other operating expenses	<b>817,582</b>	1,788,579
Office expenses	<b>403,936</b>	513,933
Insurance and bond	<b>348,478</b>	134,705
Amortizations	<b>98,351</b>	72,008
Other expenses	<b>3,681,724</b>	1,488,140
	<b>B/. 57,013,619</b>	B/. 35,997,211

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**20. Income tax**

Following is a summary of the income tax expense:

	Period ended June 30,			
	June 2020		June 2019	
Current	B/.	<b>13,980,556</b>	B/.	8,934,755
Deferred tax, net		<b>(7,256,588)</b>		(352,333)
	B/.	<b>6,723,968</b>	B/.	<b>8,582,422</b>

**21. Fair value of financial instruments**

Fair value estimations are conducted at the date of the interim condensed consolidated financial statements, based on the relevant market and other information related to the financial instruments. Those estimations reflect no prize or discount that could result from holding the financial instruments as available for sale, due to the fact that none of them is held for that purpose.

The nature of these estimations is objective and involves uncertain aspects and management's judgment, as a result of which, the amounts thereof cannot be determined with absolute accuracy. Consequently, changes, if any, in the assumptions on which the estimations are based could differ from the final results.

The assumptions used by the Group Management to establish the fair market value of the financial instruments are as follows:

- a. The values of cash and bank, accounts receivable, net clients, other accounts receivable, accounts payable, leases and documents and loans payable approximate their fair market value, as they are financial instruments maturing in the short term.

The table below states the comparison between the book values and fair values of the financial instruments for which carrying values do not approximate their fair values:

	Book Value		Fair Value	
	June 2020	December 2019	June 2020	December 2019
<b>Financial Liabilities</b>				
Notes and other				
long-term liabilities	B/. <b>918,947,641</b>	B/. 918,015,543	B/. <b>912,887,641</b>	B/. 912,015,543

**22. Subsequent events**

There are no significant subsequent events.