

Unaudited Interim Condensed Consolidated Financial
Statements

Cable Onda, S. A. and Subsidiaries

For the nine months ended September 30, 2020

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

(Figures stated in B/. balboas)

		September 30, 2020		December 31, 2019 (audited) (i)	
<i>Notes</i>	Assets				
	Current Assets				
	4 Cash	B/.	102,440,992	B/.	60,693,300
	5,14 Accounts receivable, net		88,548,992		72,693,472
	Other accounts receivable		14,561,522		12,520,846
	Contract assets		2,144,138		1,862,040
	6 Inventory		29,374,495		26,264,923
	Prepaid expenses		8,289,644		5,597,905
	Prepaid taxes		-		1,031,380
			<u>245,359,783</u>		<u>180,673,866</u>
	Non-current assets				
	Severance fund		2,869,932		2,034,259
	Guarantee deposits and other assets		660,570		655,682
	7 Intangible assets, net		165,829,116		194,096,015
	3 Goodwill		472,268,560		472,268,560
	8 Right of use assets, net		103,714,447		115,171,472
	9 Property, furniture, equipment and leasehold improvements, net		417,450,951		442,835,276
			<u>1,162,793,576</u>		<u>1,227,061,264</u>
	TOTAL ASSETS	B/.	<u>1,408,153,359</u>	B/.	<u>1,407,735,130</u>

(i) Restated for the finalization of the purchase accounting for Telefónica Móviles Panamá, S.A. acquisition (see note 3)

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

(Figures stated in B/. balboas)

<i>Notes</i>	September 30, 2020	December 31, 2019 (audited) (i)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
10, 14	B/. 68,767,180	B/. 74,850,804
	17,107,570	19,128,403
11	9,100,851	11,927,929
	4,180,558	4,313,951
13	13,033,445	13,062,214
	43,914,717	34,704,799
	9,572,816	-
	165,677,137	157,988,100
Non-current liabilities		
	90,530,710	99,029,375
12	150,000,000	150,000,000
14	769,170,923	768,015,543
13	20,883,135	20,850,559
20	34,587,241	45,790,507
	12,382,886	11,989,469
	1,077,554,895	1,095,675,453
Stockholders' equity		
	57,648,922	57,648,922
	1,366,908	746,000
	(1,946,463)	(614,227)
	108,128,148	96,537,316
	165,197,515	154,318,011
	(276,188)	(246,434)
	164,921,327	154,071,577
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		
	B/. 1,408,153,359	B/. 1,407,735,130

(i) Restated for the finalization of the purchase accounting for Telefónica Móviles Panamá, S.A. acquisition (see note 3)

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

(Figures stated in B/. balboas)

		Three months ended September 30, 2020		Nine months ended September 30, 2020		Three months ended September 30, 2019		Nine months ended September 30, 2019 (i)	
<i>Notes</i>	Revenue								
	TV subscriptions	B/.	31,572,057	B/.	98,277,401	B/.	38,719,645	B/.	114,430,596
	Data transmission, internet and data center		45,433,144		135,299,817		45,841,583		135,851,218
	Fixed-line services		8,903,489		28,705,846		10,328,226		33,883,228
	Mobile services		49,168,205		151,346,587		18,341,995		18,341,995
	Sales of mobile equipment		4,928,766		12,336,300		1,433,928		1,433,928
	Projects and solutions		944,719		3,932,625		3,057,269		8,347,889
15	Other services and revenue		<u>1,653,411</u>		<u>6,136,600</u>		<u>2,067,492</u>		<u>5,572,206</u>
			<u>142,603,791</u>		<u>436,035,176</u>		<u>119,790,138</u>		<u>317,861,060</u>
	Costs and expenses								
16	Programming and operating costs		36,584,331		107,583,138		25,059,912		67,004,374
17	Depreciation and amortization		42,978,316		132,937,240		26,481,565		70,769,394
18	Personnel expenses		17,357,243		50,997,202		15,917,173		43,261,390
19	General, sales and administrative expenses		<u>25,021,924</u>		<u>82,035,543</u>		<u>14,936,360</u>		<u>50,933,571</u>
			<u>121,941,814</u>		<u>373,553,123</u>		<u>82,395,010</u>		<u>231,968,729</u>
	Operating income		20,661,977		62,482,053		37,395,128		85,892,331
	Financial expense		<u>13,612,120</u>		<u>41,239,783</u>		<u>6,591,879</u>		<u>15,311,280</u>
	Income before tax		7,049,857		21,242,270		30,803,249		70,581,051
20	Income tax		<u>(3,096,345)</u>		<u>(9,820,313)</u>		<u>(6,685,962)</u>		<u>(15,268,384)</u>
	Net income (loss) / Total comprehensive income (loss)	B/.	<u>3,953,512</u>	B/.	<u>11,421,957</u>	B/.	<u>24,117,287</u>	B/.	<u>55,312,667</u>
	Attributable to:								
	Owners of the Company		4,019,651		11,517,851		24,111,003		55,307,661
	Non-controlling interest		<u>(66,139)</u>		<u>(95,894)</u>		<u>6,284</u>		<u>5,006</u>
	Net income (loss) / Total comprehensive income (loss)	B/.	<u>3,953,512</u>	B/.	<u>11,421,957</u>	B/.	<u>24,117,287</u>	B/.	<u>55,312,667</u>

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

(Figures stated in B/. balboas)

- (i) The statement of income of Telefónica Móviles Panamá, S.A. was consolidated as from its acquisition date (i.e. on August 29, 2019 - see note 3) and the 2019 figures above therefore do not include a full nine-month period statement of income but approximately B/. 20 million income and B/. 8 million net profit, for the nine-month period ended September 30, 2019.

Cable Onda, S.A. and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Changes in Stockholders' Equity
For the nine months ended September 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)		-		-		-		55,307,661		55,307,661		5,006		55,312,667
September 30, 2019	B/.	57,648,922	B/.	-	B/.	(577,952)	B/.	96,334,930	B/.	153,405,900	B/.	(262,232)	B/.	153,143,668
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		-		620,908		-		-		620,908		-		620,908
Supplemental tax						(1,332,236)		72,981		(1,259,255)		-		(1,259,255)
Net income		-		-		-		11,517,851		11,517,851		(29,754)		11,488,097
September 30, 2020	B/.	57,648,922	B/.	1,366,908	B/.	(1,946,463)	B/.	108,128,148	B/.	165,197,515	B/.	(276,188)	B/.	164,921,327

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

(Figures stated in B/. balboas)

<i>Notes</i>	September 30, 2020	September 30, 2019
Cash flows from operating activities		
Income before income tax	B/. 21,242,270	B/. 70,581,051
Adjustments for:		
9 Depreciation and amortization	85,200,309	64,508,499
8 Depreciation on right of use assets	16,197,619	6,260,945
7 Amortization of intangible assets	31,539,312	110,060
Provision for seniority premium	491,806	(170,359)
19 Allowance for doubtful accounts	9,324,754	2,278,201
Amortization of deferred financing cost	1,155,380	-
Interest	41,239,783	15,311,280
Share-based compensation	620,908	-
Cash flows before changes in working capital	207,012,141	158,879,627
Accounts receivables	(25,180,274)	(13,336,525)
Other accounts receivable	(2,030,676)	(5,660,480)
Contract assets	(282,098)	(117,645)
Inventory	(3,109,572)	5,249,709
Prepaid expenses	(2,691,739)	(5,917,316)
Guarantee deposits and other assets	(4,888)	1,846,023
Accounts payable	10,606,119	(31,609,858)
Employee benefits	(2,827,078)	(6,617,246)
Contracts liabilities	-	4,751,207
Accrued expenses and other liabilities	(13,313,670)	29,562,418
Client deposits	(133,393)	(1,424,559)
Deferred income	3,807	(11,171,912)
Obligations for retirement of assets and other liabilities	393,417	1,401,278
Cash generated from operations	168,442,096	125,834,721
Income tax paid	(26,970,005)	(2,435,720)
Supplemental tax	(1,332,236)	-
Interest paid on bonds and debt	(18,716,195)	(13,697,869)
Interest paid on lease liabilities	(2,946,222)	(1,822,613)
Seniority premium and severance paid	(491,806)	(999,773)
Net cash flows provided by operating activities	117,985,632	106,878,746
Cash flows from investing activities		
Contributions to severance fund, net	(835,673)	(375,011)
Acquisition of intangible assets, net	(3,272,413)	(11,898,599)
Consideration paid in acquisition of subsidiary, Net of cash acquired	-	(584,572,563)
Disposal of tangible assets	-	2,567,168
Acquisition of tangible assets	(59,815,984)	(48,477,902)
Net cash flows used in investing activities	(63,924,070)	(642,756,907)
Cash flows from financing activities		
Issuance of new bonds and loans	-	651,409,929
Repayment of bonds and loans	-	(87,328,943)
Lease capital repayments	(12,313,870)	(8,482,024)
Net cash flows (used in) provided by financing activities	(12,313,870)	555,598,962
Net increase in cash	41,747,692	19,720,801

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

(Figures stated in B/. balboas)

Continued...			
Cash at beginning of year		<u>60,693,300</u>	<u>6,485,666</u>
Cash at end of period	B/.	<u>102,440,992</u>	B/. <u>26,206,467</u>

Cable Onda, S.A. and Subsidiaries

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

September 30, 2020

(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 and basic residential and corporate telephone service with both national and international long distance service and mobile services. 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 September 30, 2020 were authorized for issuance by Management on November 25th, 2020.

2. Basis for Preparation and accounting policies

The interim condensed consolidated financial statements as of September 30, 2020 and for the nine-month period ended September 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 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
September 30, 2020

(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 September 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, as government has been mandating the 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 or later in the year and have been adopted by the Group. They 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.
- Amendments to IAS 1, "Presentation of the financial statements" and IAS 8, "Accounting policies, changes in accounting estimates and errors."

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

(Figures stated in B/. balboas)

2. Basis for Preparation and accounting policies (Continued)

- 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.

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

- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform - Phase 2 - effective for annual periods starting on January 1, 2021. The amendments address issues that arise during the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. The amendments are still subject to EU endorsement.
- 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, 2023- 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.
- 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 September 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
September 30, 2020

(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. During Q2 and Q3 2020, the Group completed the policy alignment and evaluation in respect of the right-of use assets and lease liabilities, and the property plant and equipment, as well as their related effect on the final valuation of the fixed assets. The related effects of these adjustments are shown in the table below.

The final purchase accounting and differences compared to the provisional fair values reported as at December 31, 2019 are shown below:

		Provisional Fair Values (100%)		Final Fair Values (100%)		Differences
ASSETS						
Current Assets						
Cash	B/.	9,651,626	B/.	9,651,626	B/.	-
Accounts receivable - customers, net		20,672,828		20,672,828		-
Other accounts receivable		15,772,283		15,772,283		-
Contract assets		1,265,910		1,265,910		-
Inventory		4,175,991		4,175,991		-
Prepaid expenses		1,308,142		1,308,142		-
		52,846,780		52,846,780		-
Non-Current Assets						
Severance fund		2,041,953		2,041,953		-
Other non-current assets		844,256		844,256		-
Intangible assets, net	a)	177,940,874		181,457,874		3,517,000
Right of use assets	b)	46,638,060		81,060,060		34,422,000
Property, furniture, equipment and leasehold improvements, net	c)	110,475,749		127,239,749		16,764,000

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

(Figures stated in B/. balboas)

		<u>337,940,892</u>		<u>392,643,892</u>		<u>54,703,000</u>
TOTAL ASSETS		B/. <u>390,787,672</u>	B/.	<u>445,490,672</u>	B/.	<u>54,703,000</u>
	Pass down...	B/. <u>390,787,672</u>	B/.	<u>445,490,672</u>	B/.	<u>54,703,000</u>
		Provisional Fair Values (100%)		Final Fair Values (100%)		Differences
		<u> </u>		<u> </u>		<u> </u>
	Continued...	B/. <u>390,787,672</u>	B/.	<u>445,490,672</u>	B/.	<u>54,703,000</u>
LIABILITIES						
Current Liabilities						
Accounts payable		B/. 57,124,452	B/.	57,124,452	B/.	-
Short term lease liability	b)	19,265,502		28,874,000		9,608,498
Employee benefits payable		2,349,157		2,349,157		-
Short term loan payable		17,000,000		17,000,000		-
Short term deferred income		3,943,994		3,943,994		-
Accrued expenses and other accounts payable		10,026,086		10,026,086		-
Income tax payable		<u>3,825,395</u>		<u>3,825,395</u>		<u>-</u>
		<u>113,534,586</u>		<u>123,143,084</u>		<u>9,608,498</u>
Non-Current Liabilities						
Long term loans payable		57,180,000		57,180,000		-
Long term lease liability	b)	28,997,489		52,175,991		23,178,502
Other long-term liabilities		10,695,176		10,695,176		-
Deferred income tax	d)	<u>16,155,922</u>		<u>22,146,422</u>		<u>5,990,500</u>
		<u>113,028,587</u>		<u>142,197,589</u>		<u>29,169,002</u>
TOTAL LIABILITIES		B/. <u>226,563,173</u>	B/.	<u>265,340,673</u>	B/.	<u>38,777,500</u>

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

(Figures stated in B/. balboas)

Value of net assets and liabilities acquired as of			
July 31, 2019	164,224,499	180,149,999	15,925,500
Result for the month of August 2019	3,191,383	3,191,383	-
Value paid in excess of the cost of the assets acquired	426,217,157	410,291,657	(15,925,500)
Acquisition price adjustment e)	<u>-</u>	<u>(6,900,000)</u>	<u>(6,900,000)</u>
Value paid in excess of the cost of the assets acquired after acquisition price adjustment	<u>426,217,157</u>	<u>403,391,657</u>	<u>(22,825,500)</u>
Payment value of the transaction	B/. 593,633,039	B/. 586,733,039	B/. (6,900,000)

a) *Intangible assets not previously recognized at the date of acquisition, are mainly customer lists for an amount of B/.55,120,000, with estimated useful lives ranging from 3 to 17 years. In addition, a fair value step-up of B/.6,970,000 on the spectrum held by Panama has been recognized, with a remaining useful life of 17 years. Finally, a fair value step-up of B/.3,265,000 has been recognised on certain software.*

b) *The accounting policy alignment resulted in an increase in the right-of-use assets and lease liabilities of approximately B/.30,741,000. Subsequently, the right-of-use assets have been adjusted by B/.3,681,000 to be measured at the same amount as the lease liabilities.*

c) *A fair value step-up of B/.16,764,000 has been recognized on property, plant and equipment mainly on the core network (B/.11,406,000); owned land and buildings (B/.3,878,000) and other equipment (B/.1,480,000). The expected remaining useful lives were estimated at 3 to 8 years.*

d) *Deferred income tax of B/.5,990,500 resulting from the above adjustments*

e) *Acquisition price adjustment by B/.6,900,000*

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4. Cash

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

	September 2020		December 2019	
Cash on hand	B/.	115,426	B/.	115,901
Banco General		13,718,259		21,205,752
The Bank of Nova Scotia		3,430,360		19,574,968
Citibank		43,364,843		11,445,810
Banco Panamá		1,057,698		4,616,673
Bac Panamá		1,130,335		1,768,732
Banistmo		1,245,658		800,321
Global Bank		469,598		399,779
Banco Nacional de Panamá		879,483		298,437
JP Morgan		33,831,696		175,903
Banesco		328,950		123,789
Caja de Ahorros		2,016,672		113,235
St Georges Bank		852,014		54,000
	B/.	<u>102,440,992</u>	B/.	<u>60,693,300</u>

5. Accounts receivable, Net

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

	September 2020		December 2019	
Cable, telephone and other services	B/.	98,302,930	B/.	76,761,515
Operators		1,195,386		1,236,562
		99,498,316		77,998,077
Less: allowance for doubtful accounts		(10,949,324)		(5,304,605)
Accounts receivable, net	B/.	<u>88,548,992</u>	B/.	<u>72,693,472</u>

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6. Inventory

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

	September 2020		December 2019	
Materials and equipment	B/	30,361,192	B/	27,191,891
Inventory in transit		364,020		1,016,936
Provision for inventory obsolescence		(1,350,717)		(1,943,904)
	B/	<u>29,374,495</u>	B/	<u>26,264,923</u>

7. Intangible assets, net

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

	September 2020		December 2019 (i)	
At the beginning of the period, net of accumulated amortization	B/	194,096,015	B/	3,421,798
Additions		3,354,846		15,236,638
Intangible asset reclassification		253,346		16,699,519
Acquisition of subsidiary, net (see note 3)		-		181,457,874
Disposals		-		(914,829)
Transfer		-		672,528
Adjustments and reclassifications		(335,779)		(7,329,547)
Amortization		(31,539,312)		(15,147,966)
At the end of the period, net of accumulated amortization	B/	<u>165,829,116</u>	B/	<u>194,096,015</u>
At the beginning of the period				
At Cost	B/	244,489,231	B/	38,666,922
Accumulated amortization		(50,393,216)		(35,245,124)
Net Balance	B/	<u>194,096,015</u>	B/	<u>3,421,798</u>
At the end of the period				
At Cost	B/	247,761,645	B/	244,489,231
Accumulated amortization		(81,932,529)		(50,393,216)
Net Balance	B/	<u>165,829,116</u>	B/	<u>194,096,015</u>

(i) Restated for the finalization of the purchase accounting for Telefónica Móviles Panamá, S.A. acquisition (see note 3)

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8. Right of use assets

Following are the movements of right of use assets:

	September 2020		December 2019 (i)	
Cost				
At the beginning of the period	B/.	127,837,164	B/.	45,220,095
New contracts		4,434,867		2,799,210
Expired contracts		(394,365)		-
Adjustments and reclassifications		86,879		(1,242,201)
Acquisition of subsidiaries		-		81,060,060
At the end of the period	B/.	<u>131,964,545</u>	B/.	<u>127,837,164</u>
Accumulated Depreciation				
At the beginning of the period		(12,665,692)	B/.	-
Adjustments and reclassifications		613,213		(1,589,687)
Depreciation of assets for right of use		(16,197,619)		(11,076,005)
At the end of the period	B/.	<u>(28,250,098)</u>	B/.	<u>(12,665,692)</u>
Net balance	B/.	<u>103,714,447</u>	B/.	<u>115,171,472</u>

- (i) Restated for the finalization of the purchase accounting for Telefónica Móviles Panamá, S.A. acquisition (see note 3)

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9. Property, furniture, equipment and leasehold improvements, net

	September 2020		December 2019 (i)	
At the beginning of the period, net of				
Accumulated depreciation and amortization	B/.	442,835,276	B/.	318,210,521
Capitalized additions		45,019,928		79,020,443
Merger through absorption		-		26,865
Acquisition of subsidiaries		-		127,239,749
Construction in progress		14,796,056		9,977,992
Impairment		-		(5,432,849)
Disposal, net		-		(816,913)
Transfers		-		(672,528)
Adjustments and reclassifications		-		7,988,693
Depreciation and amortization		(85,200,309)		(92,706,697)
At the end of the period, net of accumulated depreciation and amortization	B/.	417,450,951	B/.	442,835,276
At the beginning of the period				
At cost		1,061,606,873		832,836,030
Accumulated depreciation and amortization		(618,771,597)		(514,625,509)
Net balance	B/.	442,835,276	B/.	318,210,521
At the end of the period		1,121,422,857		1,061,606,873
Accumulated depreciation and amortization		(703,971,906)		(618,771,597)
Net balance	B/.	417,450,951	B/.	442,835,276

- (i) Restated for the finalization of the purchase accounting for Telefónica Móviles Panamá, S.A. acquisition (see note 3)

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10. Accounts payable

At September 30, 2020, the accounts payable balance amounts to B/.68,767,180 (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:

	September 2020		December 2019	
Employee benefits	B/.	4,292,557	B/.	5,711,215
Labor reserves		4,808,294		6,216,714
	B/.	9,100,851	B/.	11,927,929

12. Long term debt

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

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

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13. Deferred income

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

	September 2020		December 2019	
Current portion				
Early cash collections from monthly payments (a)	B/.	13,033,445	B/.	13,062,214
Non-Current portion				
Adaptation projects (b)		2,925,872		2,833,020
Deferred income from installation services		6,120,077		6,353,289
Deferred income (c)		11,837,186		11,664,250
	B/.	20,883,135	B/.	20,850,559

- 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. Bonds payable, net

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

Bonds are broken as follows:

	September 2020		December 2019	
Bonds - Serie A – Interest rate 5.75%	B/.	185,000,000	B/.	185,000,000
Financial costs		(1,080,050)		(1,238,459)
Bonds – Senior Notes – Interest rate 4.50%		600,000,000		600,000,000
Financial costs		(14,749,027)		(15,745,998)
	B/.	769,170,923	B/.	768,015,543

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15. Other services and revenue

	Period ended September 30,	
	September 2020	September 2019
Installations	B/. 264,580	B/. 26,191
Other income	5,438,484	5,087,116
Advertising	307,629	375,000
Additional services	125,907	83,899
	B/. 6,136,600	B/. 5,572,206

16. Programming and operating costs

	Period ended September 30,	
	September 2020	September 2019
Programming costs	B/. 39,199,890	B/. 40,488,961
Telephony costs	42,250,052	11,200,658
Projects costs	3,690,870	8,694,370
Selling costs of mobile equipment and accessories	14,490,511	-
Data transmission costs	5,597,901	4,736,024
Sundry costs	842,887	910,593
Internet costs	1,511,027	973,768
	B/. 107,583,138	B/. 67,004,374

17. Depreciation and amortization

	Period ended September 30,	
	September 2020	September 2019
Depreciation and amortization	B/. 85,200,309	B/. 64,508,449
Depreciation for right of use	16,197,619	6,260,945
Amortization of intangible assets	31,539,312	110,060
	B/. 132,937,240	B/. 70,879,454

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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 September 30,			
		September 2020		September 2019
Salaries, commissions and other	B/.	31,789,381	B/.	26,205,415
Social security and employer education insurance		5,820,511		4,611,550
Vacation		3,158,471		2,718,981
Bonuses		3,242,957		3,168,940
Net profit sharing		1,597,569		3,103,994
Travel and representation expenses		2,909,230		2,403,328
Professional risk		674,831		654,501
Seniority premium and indemnities		1,106,556		-
Other expenses		697,696		394,681
	B/.	<u>50,997,202</u>	B/.	<u>43,261,390</u>

19. General sales and administrative expenses

General sales and administrative expenses are as follows:

	Period ended September 30,			
		September 2020		September 2019
Rent	B/.	3,731,125	B/.	2,151,005
Professional services fees		30,997,793		20,143,472
Service expenses		8,651,724		4,888,437
Repairs and maintenance support		1,659,020		2,269,586
Marketing and advertising		6,528,195		3,618,493
Electricity		4,550,058		4,771,958
Local and municipal taxes		6,793,488		4,650,272
Bad debts		9,361,440		2,278,201
Repairs, maintenance and other operating expenses		5,047,180		2,399,875
Office expenses		422,736		765,954
Insurance and bond		472,206		222,593
Amortizations		937,940		110,060
Other expenses		2,882,638		2,663,665
	B/.	<u>82,035,543</u>	B/.	<u>50,933,571</u>

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20. Income tax

Following is a summary of the income tax expense:

	Period ended September 30,			
	September 2020		September 2019	
Current	B/.	20,472,092	B/.	15,384,388
Deferred tax, net		(10,651,779)		(116,004)
	B/.	<u>9,820,313</u>	B/.	<u>15,268,384</u>

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	
	September 2020	December 2019	September 2020	December 2019
Financial Liabilities				
Notes and other long-term liabilities	B/. <u>919,170,923</u>	B/. <u>918,015,543</u>	B/. <u>913,110,923</u>	B/. <u>912,015,543</u>

22. Subsequent events

In November 2020, it was agreed to request a long-term loan from Scotiabank for the partial redemption of B/.85,000,000 on the Serie A 5.75% local bond of B/.185,000,000.