

Unaudited Interim Condensed Consolidated Financial  
Statements

**Cable Onda, S. A. and its subsidiaries**

For the three months ended March 31, 2021

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**Cable Onda, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Financial**  
**Position as of March 31, 2021**

*(Figures stated in B/. balboas)*

<i>Notes</i>		<b>March</b>	December
		<b>2021</b>	2020
	<b>Assets</b>		
	<b>Currents Assets</b>		
3	Cash	<b>B/. 64,263,109</b>	B/. 84,847,382
4	Accounts receivable - client, net	<b>77,196,746</b>	83,070,226
	Other accounts receivable	<b>7,546,214</b>	8,370,244
	Contract assets	<b>3,492,049</b>	2,930,918
5	Inventory	<b>27,024,662</b>	24,446,353
	Prepaid expenses	<b>11,667,106</b>	7,496,849
	Prepaid taxes	<b>2,911,538</b>	2,911,538
		<b><u>194,101,424</u></b>	<u>214,073,510</u>
	<b>Non-current assets</b>		
	Severance fund, net	<b>2,997,409</b>	630,477
	Guarantee deposits and other assets	<b>5,523,138</b>	5,604,535
6	Intangible assets, net	<b>170,736,814</b>	166,886,745
	Goodwill	<b>472,268,560</b>	472,268,560
7	Right of use assets, net	<b>119,818,132</b>	102,543,335
8	Property, furniture, equipment and leasehold improvements, net	<b>415,788,387</b>	431,866,424
		<b><u>1,187,132,440</u></b>	<u>1,179,800,076</u>
	<b>TOTAL ASSETS</b>	<b><u>B/. 1,381,233,864</u></b>	<u>B/. 1,393,873,586</u>

*The notes are an integral part of the consolidated financial statements.*

**Cable Onda, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Financial**  
**Position as of March 31, 2021**

*(Figures stated in B/. balboas)*

<i>Notes</i>	<b>March</b>	<b>December</b>
	<b>2021</b>	<b>2020</b>
<b>LIABILITIES AND STOCKHOLDERS'</b>		
<b>EQUITY</b>		
<b>Currents liabilities</b>		
9	<b>B/. 71,609,295</b>	B/. 96,843,201
	<b>16,994,207</b>	15,811,708
10	<b>7,915,257</b>	9,846,977
	<b>3,918,099</b>	4,172,840
12	<b>14,907,117</b>	13,520,489
	<b>43,295,565</b>	47,476,561
	<b>2,055,442</b>	1,923,423
	<b><u>160,694,982</u></b>	<u>189,595,199</u>
<b>Non-current liabilities</b>		
	<b>107,873,869</b>	91,162,544
11	<b>210,000,000</b>	185,000,000
13	<b>659,634,586</b>	684,247,414
12	<b>14,949,111</b>	20,895,762
19	<b>43,424,622</b>	40,614,370
	<b>9,733,293</b>	13,987,983
	<b><u>1,045,615,481</u></b>	<u>1,035,908,073</u>
	<b><u>1,206,310,463</u></b>	<u>1,225,503,272</u>
<b>Stockholders' equity</b>		
	<b>57,648,922</b>	57,648,922
	<b>2,098,242</b>	1,835,860
	<b>(1,946,463)</b>	(1,946,463)
	<b>117,463,342</b>	111,157,885
	<b>175,264,043</b>	168,696,204
	<b>(340,642)</b>	(325,890)
	<b>174,923,401</b>	168,370,314
<b>TOTAL LIABILITIES AND</b>		
<b>STOCKHOLDERS' EQUITY</b>		
	<b><u>B/. 1,381,233,864</u></b>	<u>B/. 1,393,873,586</u>

*The notes are an integral part of the consolidated financial statements.*

**Cable Onda, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Income /**  
**Comprehensive income**  
**For the three months ended March 31, 2021 and 2020**

*(Figures stated in B/. balboas)*

<i>Notes</i>	<b>2021</b>	<b>2020</b>
	<b>Revenue</b>	
	<b>B/. 31,546,351</b>	B/. 34,197,121
	<b>48,509,338</b>	45,478,426
	<b>8,984,323</b>	10,337,509
	<b>55,938,464</b>	51,411,465
	<b>5,703,562</b>	4,131,666
	<b>388,673</b>	1,988,464
14	<b>1,309,869</b>	2,472,613
	<b><u>152,380,580</u></b>	<b><u>150,017,264</u></b>
	<b>Costs and expenses</b>	
15	<b>37,357,853</b>	35,721,809
16	<b>37,659,091</b>	37,820,869
17	<b>17,547,875</b>	17,011,698
18	<b>37,046,855</b>	27,127,901
	<b><u>129,611,674</u></b>	<b><u>117,682,277</u></b>
	<b>22,768,906</b>	32,334,987
	<b><u>11,572,830</u></b>	<b><u>13,300,441</u></b>
	<b>11,196,076</b>	19,034,546
19	<b><u>(4,071,255)</u></b>	<b><u>(3,744,149)</u></b>
	<b><u>B/. 7,124,821</u></b>	<b><u>B/. 15,290,397</u></b>
	<b>Attributable to:</b>	
	<b>B/. 7,139,573</b>	B/. 15,272,827
	<b><u>(14,752)</u></b>	<b><u>17,570</u></b>
	<b><u>B/. 7,124,821</u></b>	<b><u>B/. 15,290,397</u></b>

**Cable Onda, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Changes in Stockholders' Equity**  
**For the three months ended March 31, 2021 and 2020**

(Figures stated in B/. balboas)

	<i>Attributable to the Controlling Interest</i>					<i>Non-controlling interest</i>	<i>Total stockholders' equity</i>
	<i>Issued Capital</i>	<i>Additional paid in capital</i>	<i>Supplemental tax</i>	<i>Retained earnings</i>	<i>Total</i>		
January 1, 2020	B/. 57,648,922	B/. 746,000	B/. (614,227)	B/. 96,537,316	B/. 154,318,011	B/. (246,434)	B/. 154,071,577
Share-based compensation	-	150,000	-	-	150,000	-	150,000
Supplemental tax	-	-	-	140,105	140,105	-	140,105
Net Income	-	-	-	15,272,827	15,272,827	17,570	15,290,397
March 31, 2020	B/. 57,648,922	B/. 896,000	B/. (614,227)	B/. 111,950,248	B/. 169,880,943	B/. (228,864)	B/. 169,652,079
<b>January 1, 2021</b>	<b>B/. 57,648,922</b>	<b>B/. 1,835,860</b>	<b>B/. (1,946,463)</b>	<b>B/. 111,157,885</b>	<b>B/. 168,696,204</b>	<b>B/. (325,890)</b>	<b>B/. 168,370,314</b>
<b>Share-based compensation</b>	-	<b>262,382</b>	-	-	<b>262,382</b>	-	<b>262,382</b>
<b>Supplemental tax</b>	-	-	-	<b>(834,116)</b>	<b>(834,116)</b>	-	<b>(834,116)</b>
<b>Net Income</b>	-	-	-	<b>7,139,573</b>	<b>7,139,573</b>	<b>(14,752)</b>	<b>7,124,821</b>
<b>March 31, 2021</b>	<b><u>B/. 57,648,922</u></b>	<b><u>B/. 2,098,242</u></b>	<b><u>B/. (1,946,463)</u></b>	<b><u>B/. 117,463,342</u></b>	<b><u>B/. 175,264,043</u></b>	<b><u>B/. (340,642)</u></b>	<b><u>B/. 174,923,401</u></b>

**Cable Onda, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Cash Flows**  
**For the three months ended March 31, 2021 and 2020**

*(Figures stated in B/. balboas)*

<i>Notes</i>	2021	2020
<b>Cash flows from operating activities</b>		
Income before income tax	B/. 11,196,076	B/. 19,034,546
Adjustments to reconcile income before tax to net cash flows:		
8 Depreciation and amortization of fixed assets	26,558,916	24,244,578
7 Depreciation on right of use assets	5,237,002	6,919,792
6 Amortization of intangible assets	5,863,173	6,656,499
Reversal of provision for seniority premium	(1,199,445)	-
4 Allowance of doubtful accounts	1,158,361	2,041,718
Amortization of deferred financing cost	415,077	500,079
Interest	11,572,830	13,300,441
Share-based compensation	<u>262,382</u>	<u>150,000</u>
<b>Cash flows before changes in working capital</b>	<b>61,064,372</b>	<b>72,847,653</b>
Accounts receivables - client	4,715,119	(5,961,407)
Other accounts receivables	824,030	(7,714,067)
Contract assets	(561,131)	(130,843)
Inventory	(2,578,309)	524,320
Prepaid expenses	(4,170,257)	(3,307,792)
Guarantee deposits and other assets	81,397	(7,800)
Accounts payable	(25,233,906)	(5,302,487)
Employee benefits	(1,931,720)	(2,630,658)
Accrued expenses and other liabilities	912,651	2,076,993
Customer deposits	(254,741)	(63,918)
Deferred income	(4,560,023)	(290,236)
Other long term liabilities	<u>(4,254,690)</u>	<u>215,304</u>
	<b>24,052,792</b>	<b>50,255,062</b>
Income tax paid	(1,963,100)	-
Interest paid for bonds and loans	(16,666,477)	(11,117,986)
Interest paid for leases	<u>(1,284,197)</u>	<u>(1,376,881)</u>
<b>Net cash flow from operating activities</b>	<b><u>4,139,018</u></b>	<b><u>37,760,195</u></b>
<b>Continued...</b>	<b><u>B/. 4,139,018</u></b>	<b><u>B/. 37,760,195</u></b>

**Cable Onda, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Cash Flows**  
**For the three months ended March 31, 2021 and 2020**

*(Figures stated in B/. balboas)*

	Continued...	<u>B/. 4,139,018</u>	<u>B/. 37,760,195</u>
Notes			
<b>Cash flows from investing activities</b>			
Contribution to severance fund, net		(1,167,487)	(14,093)
Acquisition of intangible assets, net		(9,713,242)	(1,170,942)
8 Acquisition of tangible assets		<u>(10,480,879)</u>	<u>(18,817,108)</u>
<b>Net cash flows used in investing activities</b>		<u>(21,361,608)</u>	<u>(20,002,143)</u>
<b>Cash flows from financing activities</b>			
Issuance of new bonds and loans		25,000,000	-
Repayment of bonds and loans		(25,000,000)	-
Financing cost		(27,905)	-
Payment of lease liabilities		<u>(3,333,778)</u>	<u>(4,092,377)</u>
<b>Net cash flows (used in) provided by financing activities</b>		<u>(3,361,683)</u>	<u>(4,092,377)</u>
Net increase in cash		(20,584,273)	13,665,675
Cash at beginning of year		<u>84,847,382</u>	<u>60,693,300</u>
<b>Cash at end of period</b>		<u><u>B/. 64,263,109</u></u>	<u><u>B/. 74,358,975</u></u>



**Cable Onda, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**March 31, 2021**

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*(Figures stated in B/. balboas)*

**1. Corporate information**

Cable Onda, S.A. (“Cable Onda” or the “Group”) was incorporated under the laws of the Republic of Panama, beginning operations in April 1991. The Group’s main offices are located at Costa del Este, Business Park Complex, East Building, 3th floor.

Cable Onda, S.A. and Subsidiaries is primarily engaged in providing cable television services, mobile telecommunication services, 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. 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 March 31, 2021 were authorized for issuance by Management on May 25th, 2021.

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

The interim condensed consolidated financial statements as of March 31, 2021 and for the three months ended March 31, 2021 and 2020 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, 2020.

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

In March 2020, the World Health Organization (OMS) raised the public health emergency situation caused by the coronavirus (COVID-19) outbreak to a pandemic and during 2020 to date, strong impacts have been generated on the world economy and in the health systems of the countries. Likewise, the Government of Panama has applied various additional health measures to reduce, mitigate and control the spread of the pandemic.

**Cable Onda, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**March 31, 2021**

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*(Figures stated in B/. balboas)*

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

**Impact on our markets and businesses**

As a telecommunication Group, our business is at the center of contingency planning for thousands of people and companies who trust us to connect them with their family and friends, business partners, and the world. As a result of our participation in the local market, we have seen an increase in traffic on our fixed networks since the beginning of the pandemic, while the impact on our mobile networks has been more modest. However, we have also seen the negative impact of the interruption of our sales and distribution channels caused by mandatory mobility restrictions and by the closure or reduction of the operational activities of some of our stores and points of sale. These disruptions affect our ability to sell products and services, including postpaid mobile and residential cable subscriptions and prepaid and top-up SIM cards. Additionally, our collection activities have been affected by these restrictions.

The government has ordered a Group like ours to avoid disconnecting customers for non-payment, to waive late fees, and / or to postpone late payments for an extended period, among other measures.

We are working closely with the government to ensure our full compliance with the measures and have gradually implemented "lifeline products" to support and retain clients who are temporarily unable to pay for our services, while providing an incentive for other customers to continue pay in full and on time.

Finally, our supply chain continues to function without any significant disruption, and we have taken steps to continue to ensure sufficient levels of inventory, supplies, and liquidity.

**Management action**

It is difficult to predict whether the challenges we have faced since March 2020 will continue into 2021 and beyond; however, due to the reduction in the number of COVID-19 cases and the relaxation of mobility restrictions in the first months of 2021, our income flows are gradually improving as a result of higher sales of products and services, but still. Thus, we maintain cost-saving initiatives and prioritization of investments in order to preserve our strong generation of cash flow and liquidity in the event that the situation could worsen.

Despite the difficulties caused by COVID-19, we continue to comply with the covenants required by our financial instruments.

**Cable Onda, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**March 31, 2021**

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*(Figures stated in B/. balboas)*

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

**Impact on accounting matters**

As a consequence of this crisis, the Group identified possible significant accounting implications in the following areas:

- *Impairment of accounts receivable / Revenue recognition*

Despite the reduction in economic activity due to the pandemic, our collection levels are returning to normal as of March 31, 2021. However, this area is closely monitored by management. As such, the IFRS 9 provision matrix and loan loss provisions are periodically updated to reflect the probability of collecting accounts receivable.

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 collection, as the government has been requiring continuity of service.

Finally, as of the date of this report, we have determined that there are no material uncertainties that could cast significant doubts on the 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, 2020. 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 new or changed standards became applicable for the current reporting period and had no significant impact on the Group's accounting policies or disclosures and did not require retroactive adjustment:

**Cable Onda, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**March 31, 2021**

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*(Figures stated in B/. balboas)*

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

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

The following changes to standards 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 retrospective adjustments:

- Amendment to IFRS 16, 'Leases' - COVID 19 Rent Concessions - effective for annual periods starting on June 1, 2020. While the Group has implemented this amendment already in 2020, the IASB (in March 2021) extended its initial application beyond June 30, 2021, by one additional year.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 - effective for annual periods starting on January 1, 2021. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate.

Main reliefs provided by the Phase 2 amendments relate to:

- Changes to contractual cash flows: That is, when changing the basis for determining contractual cash flows for financial assets and liabilities required by the reform this will not result in an immediate gain or loss in the income statement but in an update of the effective interest rate (or an update in the discount rate to remeasure the lease liability as a result of the IBOR reform), and;
- Hedge accounting: That is, allowing hedge relationships that are directly affected by the reform to continue, though additional ineffectiveness might need to be recorded.

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

- Amendments effective for annual periods starting on January 1, 2022 (not yet endorsed by the EU):
  - 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.

**Cable Onda, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**March 31, 2021**

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*(Figures stated in B/. balboas)*

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

- Amendments effective for annual periods starting on January 1, 2023 (not yet endorsed by the EU):
  - Amendments to IAS 1, 'Presentation of Financial Statements' : These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The IASB also issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.
  - IFRS 17, 'Insurance contracts', including amendments.
  - IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates.

**2.3. Valuation basis and reporting currency**

- The interim condensed consolidated financial statements of Cable Onda, S. A. and Subsidiaries as of March 31, 2021 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.

**2.4. 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**  
**March 31, 2021**

*(Figures stated in B/. balboas)*

**3. Cash**

As of March 31, 2021, cash on hand and banks are broken down as follows:

	<b>March 2021</b>	December 2020
Cash on hand	<b>B/. 99,514</b>	B/. 114,214
Banco General	<b>14,279,590</b>	19,262,699
Citibank	<b>24,399,846</b>	32,830,604
Banco Panamá	<b>1,117,792</b>	1,112,335
Banesco	<b>80,781</b>	233,830
Banistmo	<b>872,018</b>	959,820
Bac Panamá	<b>1,848,185</b>	1,717,785
Banco Nacional de Panamá	<b>1,195,703</b>	793,179
Global Bank	<b>275,016</b>	688,016
Caja de Ahorros	<b>295,746</b>	948,695
JP Morgan	<b>17,122,593</b>	22,731,113
The Bank of Nova Scotia	<b>1,749,001</b>	2,562,394
St Georges Bank	<b>927,324</b>	892,698
	<b><u>B/. 64,263,109</u></b>	<b><u>B/. 84,847,382</u></b>

**4. Accounts receivable, Net**

As of March 31, 2021, accounts receivable, net are broken down as follows:

	<b>March 2021</b>	December 2020
Cable, telephone and other services	<b>B/. 86,752,843</b>	B/. 92,355,466
Operators	<b>618,085</b>	690,832
	<b>87,370,928</b>	93,046,298
Less: allowance for doubtful accounts	<b>(10,174,182)</b>	(9,976,072)
	<b><u>B/. 77,196,746</u></b>	<b><u>B/. 83,070,226</u></b>

**Cable Onda, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**March 31, 2021**

*(Figures stated in B/. balboas)*

**5. Inventory**

As of March 31, 2021, the breakdown of inventory is as following.

	<b>March 2021</b>	December 2020
Materials and equipment	<b>B/. 26,228,114</b>	B/. 27,191,891
Inventory in transit	<b>894,432</b>	1,016,936
Provision for inventory obsolescence	<b>(97,884)</b>	(1,943,904)
	<b><u>B/. 27,024,662</u></b>	<b><u>B/. 26,264,923</u></b>

**6. Intangible assets**

Following are the movements of intangible assets, net:

	<b>March 2021</b>	December 2020
At the beginning of the period, net of accumulated amortization	<b>B/. 166,886,745</b>	B/. 194,096,015
Additions	<b>15,545,372</b>	7,749,668
Disposals, net	<b>(5,832,130)</b>	-
Transfer	-	2,225,302
Amortization	<b>(5,863,173)</b>	(37,184,240)
At the end of the period, net of accumulated amortization	<b><u>B/. 170,736,814</u></b>	<b><u>B/. 166,886,745</u></b>
At the beginning of the period		
At Cost	<b>B/. 475,372,430</b>	B/. 244,489,231
Accumulated amortization	<b>(308,485,685)</b>	(50,393,216)
Net Balance	<b><u>B/. 166,886,745</u></b>	<b><u>B/. 194,096,015</u></b>
At the end of the period		
At Cost	<b>B/. 485,085,672</b>	B/. 475,372,430
Accumulated amortization	<b>(314,348,858)</b>	(308,485,685)
Net Balance	<b><u>B/. 170,736,814</u></b>	<b><u>B/. 166,886,745</u></b>

**Cable Onda, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**March 31, 2021**

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*(Figures stated in B/. balboas)*

**7. Right of use assets**

Following are the movements of right of use assets:

	<b>March 2021</b>	December 2020
<b>Cost</b>		
At the beginning of the period	<b>B/. 134,794,118</b>	B/. 127,837,164
New contracts	<b>20,125,774</b>	8,252,694
Expired contracts	<b>(2,087,265)</b>	(1,670,055)
Adjustments and reclassifications	<b>-</b>	374,315
At the end of the period	<b><u>B/. 152,832,627</u></b>	<u>B/. 134,794,118</u>
<b>Accumulated Depreciation</b>		
At the beginning of the period	<b>(32,250,783)</b>	(12,665,692)
Adjustments and reclassifications	<b>4,473,290</b>	1,071,651
Depreciation of assets for right of use	<b>(5,237,002)</b>	(20,656,742)
At the end of the period	<b><u>B/. (33,014,495)</u></b>	<u>B/. (32,250,783)</u>
<b>Net balance</b>	<b><u><u>B/. 119,818,132</u></u></b>	<u><u>B/. 102,543,335</u></u>



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*(Figures stated in B/. balboas)*

**8. Property, furniture, equipment and leasehold improvements, net**

Following are the movements of property, furniture, equipment and leasehold improvements, net:

	<b>March 2021</b>	December 2020
At the beginning of the period, net of		
Accumulated depreciation and amortization	<b>B/.431,866,424</b>	B/.442,835,276
Capitalized additions	<b>22,584,227</b>	79,394,134
Construction in progress	<b>544,183</b>	30,816,868
Disposal, net	<b>(12,647,531)</b>	-
Transfers	-	(47,022)
Depreciation and amortization	<b>(26,558,916)</b>	(121,132,832)
At the end of the period, net of accumulated depreciation and amortization	<b><u>B/.415,788,387</u></b>	<b><u>B/.431,866,424</u></b>
At the beginning of the period		
At cost	<b>1,166,581,224</b>	1,056,417,244
Accumulated depreciation and amortization	<b><u>(734,714,800)</u></b>	<b><u>(613,581,968)</u></b>
Net balance	<b><u>B/.431,866,424</u></b>	<b><u>B/.442,835,276</u></b>
At the end of the period		
Accumulated depreciation and amortization	<b>1,177,062,103</b>	1,166,581,224
	<b><u>(761,273,716)</u></b>	<b><u>(734,714,800)</u></b>
Net balance	<b><u>B/.415,788,387</u></b>	<b><u>B/.431,866,424</u></b>

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**9. Accounts payable**

At March 31, 2021, the accounts payable balance amounts to B/.71,609,295 (December 2020 - B/.96,843,201). 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.

**10. Employee benefits payable**

Employee benefits are broken down as follows:

	<b>March 2021</b>	December 2020
Employee benefits	<b>B/. 1,284,959</b>	B/. 2,637,850
Labor reserves	<b><u>6,630,298</u></b>	<u>7,209,127</u>
	<b><u><u>B/. 7,915,257</u></u></b>	<b><u><u>B/. 9,846,977</u></u></b>

**11. Notes payable**

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

	<u>Interest rate</u>	<u>Expiration</u>	<b>March 2021</b>	December 2020
Scotiabank	2.96%-4.38%	2024 - 2025	<b>B/. 185,000,000</b>	B/. 160,000,000
Banco Nacional	4%-4.45%	2024	<b><u>25,000,000</u></b>	<u>25,000,000</u>
			<b><u><u>B/. 210,000,000</u></u></b>	<b><u><u>B/. 185,000,000</u></u></b>

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**12. Deferred income**

As of March 31, 2021, deferred income is broken down as follows:

	<b>March 2021</b>	December 2020
<b>Current portion</b>		
Early cash collections from monthly payments (a)	<b><u>B/. 14,907,117</u></b>	<u>B/. 13,520,489</u>
<b>Non-Current portion</b>		
Adaption projects (b)	<b>B/. 11,831,514</b>	B/. 11,825,442
Deferred income from installation services	<b>2,676,873</b>	2,768,988
Deferred income (c)	<b><u>440,724</u></b>	<u>6,301,332</u>
	<b><u>B/. 14,949,111</u></b>	<u>B/. 20,895,762</u>

- 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

**13. Other long-term liabilities**

As of March 31, 2021, the Group's Management is complying with the financial conditions established in the bond purchase-sale contract.

Bonds are broken as follows:

	<b>March 2021</b>	December 2020
Bonds – Serie A – Interest rate 5.75%	<b>B/. 75,000,000</b>	B/. 100,000,000
Financial costs	<b>(1,388,878)</b>	(1,389,677)
Bonds – Note Senior – Interest rate 4.50%	<b>600,000,000</b>	600,000,000
Financial costs	<b><u>(13,976,536)</u></b>	<u>(14,362,909)</u>
	<b><u>B/. 659,634,586</u></b>	<u>B/. 684,247,414</u>

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**14. Other services and revenue**

	Period ended	
	<u>March 31,</u>	
	<b>2021</b>	2020
Installations	<b>B/. 102,293</b>	B/. 89,670
IT solutions sales	<b>593,197</b>	582,247
Adaptions project	<b>348,848</b>	355,213
Other income	<b>132,045</b>	1,210,851
Advertising	<b>41,667</b>	102,250
Additional services	<b>91,819</b>	132,382
	<b><u>B/. 1,309,869</u></b>	<b><u>B/. 2,472,613</u></b>

**15. Programming and operating costs**

	Period ended	
	<u>March 31,</u>	
	<b>2021</b>	2020
Programming costs	<b>B/. 13,465,928</b>	B/. 13,347,279
Telephony costs	<b>11,883,317</b>	12,340,238
Projects costs	<b>1,719,474</b>	1,910,834
Selling costs of mobile equipment and accesories	<b>7,626,185</b>	4,574,994
Data transmission and internet costs	<b>2,351,970</b>	2,801,405
Sundry costs	<b>310,979</b>	747,059
	<b><u>B/. 37,357,853</u></b>	<b><u>B/. 35,721,809</u></b>

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**16. Depreciation, amortization and impairment**

	Period ended <u>March 31,</u>	
	2021	2020
Depreciation and amortization of fixed asset	<b>B/. 26,558,916</b>	B/. 24,244,578
Depreciation for right of use	<b>5,237,002</b>	6,919,792
Amortization of intangibles assets	<b><u>5,863,173</u></b>	<u>6,656,499</u>
	<b><u>B/. 37,659,091</u></b>	<u>B/. 37,820,869</u>

**17. Employee benefits**

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

	Period ended <u>March 31,</u>	
	2021	2020
Salaries, commissions and other	<b>B/. 10,549,753</b>	B/. 10,449,677
Social security and employer education insurance	<b>2,073,497</b>	1,475,829
Vacation	<b>1,097,529</b>	1,501,783
Bonuses	<b>1,118,178</b>	1,212,181
Net profit sharing	<b>1,858,417</b>	611,340
Travel and representation expenses	<b>973,254</b>	850,017
Professional risk	<b>229,258</b>	224,429
Shared-based compensations	<b>262,382</b>	150,000
Seniority premium and indemnities	<b>(1,199,445)</b>	360,828
Other expenses	<b><u>585,052</u></b>	<u>175,614</u>
	<b><u>B/. 17,547,875</u></b>	<u>B/. 17,011,698</u>

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**18. General sales and administrative expenses**

General sales and administrative expenses are as follows:

	Period ended	
	<u>March 31,</u>	
	2021	2020
Rent	B/. 1,122,401	B/. 1,317,771
Professional services fees	13,513,271	10,079,231
Services expenses	8,453,562	2,386,707
Repairs and maintenance support	1,563,179	3,283,518
Marketing and advertising	2,242,178	2,268,764
Electricity	2,437,411	1,624,115
Local and municipal taxes	2,743,199	1,658,078
Bad debts	1,158,361	2,041,718
Repairs, maintenance and other operating expenses	1,590,091	229,762
Office expenses	329,766	385,237
Insurance and bond	93,608	214,005
Other expenses	<u>1,799,828</u>	<u>1,638,995</u>
	<u>B/. 37,046,855</u>	<u>B/. 27,127,901</u>

**19. Income tax**

Following is a summary of the income tax expense:

	Period ended	
	<u>March 31,</u>	
	2021	2020
Current	B/. 2,044,732	B/. 4,377,494
Deferred tax	<u>2,026,523</u>	<u>(633,345)</u>
	<u>B/. 4,071,255</u>	<u>B/. 3,744,149</u>

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*(Figures stated in B/. balboas)*

**20. 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:

	<u>Book Value</u>		<u>Fair Value</u>	
	<b>March 2021</b>	December 2020	<b>March 2021</b>	December 2020
Notes and other long term liabilities	<b><u>B/. 869,634,586</u></b>	<u>B/. 869,247,414</u>	<b><u>B/. 865,067,086</u></b>	<u>B/. 864,437,414</u>