

Unaudited Interim Condensed Consolidated Financial
Statements

Cable Onda, S. A. and its subsidiaries

For the six months ended June 30, 2021

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Cable Onda, S.A. and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Financial
Position as of June 30, 2021

(Figures stated in B/. balboas)

<i>Notes</i>		June		December
		2021		2020
	Assets			
	Currents Assets			
3	Cash	B/. 83,402,101	B/.	84,847,382
4	Accounts receivable - client, net	77,350,342		83,070,226
	Other accounts receivable	6,150,451		8,370,244
	Contract assets	3,769,909		2,930,918
5	Inventory	29,640,461		24,446,353
	Prepaid expenses	13,613,009		7,496,849
	Prepaid taxes	2,152,278		2,911,538
		<u>216,078,551</u>		<u>214,073,510</u>
	Non-current assets			
	Severance fund, net	3,097,360		630,477
	Guarantee deposits and other assets	5,524,438		5,604,535
6	Intangible assets, net	167,876,230		166,886,745
	Goodwill	472,268,560		472,268,560
7	Right of use assets, net	116,951,108		102,543,335
8	Property, furniture, equipment and leasehold improvements, net	413,124,801		431,866,424
		<u>1,178,842,497</u>		<u>1,179,800,076</u>
	TOTAL ASSETS	<u>B/. 1,394,921,048</u>	B/.	<u>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 June 30, 2021

(Figures stated in B/. balboas)

<i>Notes</i>	June 2021	December 2020
LIABILITIES AND STOCKHOLDERS'		
EQUITY		
Currents liabilities		
9	B/. 63,211,016	B/. 96,843,201
	17,449,642	15,811,708
10	10,507,835	9,846,977
	3,714,537	4,172,840
12	13,875,149	13,520,489
	50,593,222	47,476,561
	2,827,033	1,923,423
	<u>162,178,434</u>	<u>189,595,199</u>
Non-current liabilities		
	105,941,354	91,162,544
11	210,000,000	185,000,000
13	659,922,510	684,247,414
12	15,306,322	20,895,762
19	44,173,366	40,614,370
	10,939,488	13,987,983
	<u>1,046,283,040</u>	<u>1,035,908,073</u>
	<u>1,208,461,474</u>	<u>1,225,503,272</u>
Stockholders' equity		
	57,648,922	57,648,922
	2,306,638	1,835,860
	(3,032,322)	(1,946,463)
	129,931,508	111,157,885
	186,854,746	168,696,204
	(395,172)	(325,890)
	186,459,574	168,370,314
	186,459,574	168,370,314
TOTAL LIABILITIES AND		
STOCKHOLDERS' EQUITY		
	<u>B/. 1,394,921,048</u>	<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
For the six months ended June 30, 2021 and 2020

(Figures stated in B/. balboas)

Notes	Three moths ended June 30, 2021	Six months ended June 30, 2021	Three moths ended June 30, 2020	Six months ended June 30, 2020
	Revenue			
	B/. 31,355,458	B/. 62,901,809	B/. 32,508,223	B/. 66,705,344
	49,084,256	97,593,594	44,388,247	89,866,673
	8,967,942	17,952,265	9,464,848	19,802,357
	60,466,667	116,405,131	50,766,917	102,178,382
	7,182,338	12,885,900	3,275,868	7,407,534
	195,901	584,574	999,442	2,987,906
14	986,985	2,296,854	2,010,576	4,483,189
	<u>158,239,547</u>	<u>310,620,127</u>	<u>143,414,121</u>	<u>293,431,385</u>
	Costs and expenses			
15	38,069,267	75,427,120	35,276,998	70,998,807
16	40,333,952	77,993,043	52,138,055	89,958,924
17	19,918,019	37,465,894	16,628,261	33,639,959
18	28,436,552	65,483,407	29,885,718	57,013,619
	<u>126,757,790</u>	<u>256,369,464</u>	<u>133,929,032</u>	<u>251,611,309</u>
	31,481,757	54,250,663	9,485,089	41,820,076
	<u>11,843,324</u>	<u>23,416,154</u>	<u>14,327,222</u>	<u>27,627,663</u>
	19,638,433	30,834,509	(4,842,133)	14,192,413
19	(7,224,739)	(11,295,994)	(2,979,819)	(6,723,968)
	<u>B/. 12,413,694</u>	<u>B/. 19,538,515</u>	<u>B/. (7,821,952)</u>	<u>B/. 7,468,445</u>
	Attributable to:			
	B/. 12,468,201	B/. 19,607,774	B/. (7,774,627)	B/. 7,498,200
	(54,507)	(69,259)	(47,325)	(29,755)
	<u>B/. 12,413,694</u>	<u>B/. 19,538,515</u>	<u>B/. (7,821,952)</u>	<u>B/. 7,468,445</u>

Cable Onda, S.A. and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Changes in Stockholders' Equity
For the six months ended June 30, 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	-	368,000	-	-	368,000	-	368,000
Supplemental tax	-	-	-	380,781	380,781	-	380,781
Net Income	-	-	-	7,498,200	7,498,200	(29,755)	7,468,445
June 30, 2020	B/. 57,648,922	B/. 1,114,000	B/. (614,227)	B/. 104,416,297	B/. 162,564,992	B/. (276,189)	B/. 162,288,803
January 1, 2021	B/. 57,648,922	B/. 1,835,860	B/. (1,946,463)	B/. 111,157,885	B/. 168,696,204	B/. (325,890)	B/. 168,370,314
Share-based compensation	-	470,778	-	-	470,778	-	470,778
Supplemental tax	-	-	(1,085,859)	(834,151)	(1,920,010)	(23)	(1,920,033)
Net Income	-	-	-	19,607,774	19,607,774	(69,259)	19,538,515
June 30, 2021	B/. 57,648,922	B/. 2,306,638	B/. (3,032,322)	B/. 129,931,508	B/. 186,854,746	B/. (395,172)	B/. 186,459,574

Cable Onda, S.A. and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Cash Flows
For the six months ended June 30, 2021 and 2020

(Figures stated in B/. balboas)

	2021	2020
<i>Notes</i>		
Cash flows from operating activities		
Income before income tax	B/. 30,834,509	B/. 14,192,413
Adjustments to reconcile income before tax to net cash flows:		
8 Depreciation and amortization of fixed assets	53,664,426	56,840,814
7 Depreciation on right of use assets	10,477,781	11,715,305
6 Amortization of intangible assets	13,850,836	21,402,805
Reversal of provision for seniority premium	(393,943)	-
4 Provisions for expected credit losses	2,374,318	8,324,787
Amortization of deferred financing cost	833,204	932,098
Interest	23,416,154	27,627,663
Share-based compensation	470,778	368,000
Cash flows before changes in working capital	135,528,063	141,403,885
Accounts receivables - client	3,345,566	(18,318,907)
Other accounts receivables	2,219,793	(17,026,143)
Contract assets	(838,991)	(20,514)
Inventory	(5,194,108)	1,092,141
Prepaid expenses	(6,116,160)	(3,610,710)
Guarantee deposits and other assets	80,097	(11,300)
Accounts payable	(33,632,185)	3,196,118
Employee benefits	660,858	(3,436,070)
Accrued expenses and other liabilities	(3,633,016)	7,514,044
Customer deposits	(458,303)	(104,116)
Deferred income	(5,234,780)	(917,077)
Other long term liabilities	(3,048,495)	338,533
	83,678,339	110,099,884
Income tax paid	(6,908,302)	-
Interest paid for bonds and loans	(16,666,477)	(18,716,195)
Interest paid for leases	(1,284,197)	(2,946,222)
Net cash flow from operating activities	58,819,363	88,437,467
Continued...	B/. 58,819,363	B/. 88,437,467

Cable Onda, S.A. and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Cash Flows
For the six months ended June 30, 2021 and 2020

(Figures stated in B/. balboas)

	Continued...	<u>B/. 58,819,363</u>	<u>B/. 88,437,467</u>
Notes			
Cash flows from investing activities			
Contribution to severance fund, net		(2,072,940)	(448,857)
Acquisition of intangible assets, net		(14,840,321)	(1,880,913)
8 Acquisition of tangible assets		<u>(34,922,803)</u>	<u>(38,402,261)</u>
Net cash flows used in investing activities		<u>(51,836,064)</u>	<u>(40,732,031)</u>
Cash flows from financing activities			
Issuance of new bonds and loans		25,000,000	-
Repayment of bonds and loans		(25,000,000)	-
Financing cost		(158,108)	-
Supplemental tax		(1,085,859)	-
Payment of lease liabilities		<u>(7,184,613)</u>	<u>(6,840,569)</u>
Net cash flows (used in) provided by financing activities		<u>(8,428,580)</u>	<u>(6,840,569)</u>
Net increase in cash		(1,445,281)	40,864,867
Cash at beginning of year		<u>84,847,382</u>	<u>60,693,300</u>
Cash at end of period		<u>B/. 83,402,101</u>	<u>B/. 101,558,167</u>

Cable Onda, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2021

(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 and six months ended June 30, 2021 were authorized for issuance by Management on August 25th, 2021.

2. Basis for Preparation and accounting policies

The interim condensed consolidated financial statements as of June 30, 2021 and for the six months ended June 30, 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 (WHO) 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
June 30, 2021

(Figures stated in B/. balboas)

2. Basis for Preparation and accounting policies (Continued)

Impact on our markets and businesses

During the first half of 2021, economic activity continued to gradually recover as the government has relaxed restrictive measures related to the pandemic, as vaccination levels keep progressing well and infection cases seems to be under control. As a result of this situation we have experienced a boost in our income and profitability levels during the first six months of the year.

Impact on accounting matters

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

- *Impairment of accounts receivable / Revenue recognition*

Due to the opening of economic activity, our collection levels are returning to normal as of June 30, 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.

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.

2. Basis for Preparation and accounting policies (Continued)

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

Cable Onda, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2021

(Figures stated in B/. balboas)

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:
 - 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.

2. Basis for Preparation and accounting policies (Continued)

- Amendments effective for annual periods starting on January 1, 2023:

Cable Onda, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2021

(Figures stated in B/. balboas)

- 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.
- Amendments to IAS 12, 'Income Taxes: Deferred tax related to Assets and liabilities arising from a Single Transaction' - These amendments clarify that the initial recognition exception does not apply to the initial recognition of leases and decommissioning obligations. These amendments apply prospectively to transitions that occur on or after the beginning of the earliest comparative period presented. In addition, an entity should apply the amendments for the first time by recognising deferred tax for all temporary differences related to leases and decommissioning obligations at the beginning of the earliest comparative period presented.

2.3. Valuation basis and reporting currency

- The interim condensed consolidated financial statements of Cable Onda, S. A. and Subsidiaries as of June 30, 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
June 30, 2021

(Figures stated in B/. balboas)

3. Cash

As of June 30, 2021, cash on hand and banks are broken down as follows:

	June 2021	December 2020
Cash on hand	B/. 97,202	B/. 114,214
Banco General	18,048,464	19,262,699
Citibank	30,479,553	32,830,604
Banco Panamá	1,005,075	1,112,335
Banesco	132,550	233,830
Banistmo	510,163	959,820
Bac Panamá	1,887,904	1,717,785
Banco Nacional de Panamá	522,461	793,179
Global Bank	172,986	688,016
Caja de Ahorros	397,416	948,695
JP Morgan	27,187,105	22,731,113
The Bank of Nova Scotia	906,802	2,562,394
St Georges Bank	2,054,420	892,698
	<u>B/. 83,402,101</u>	<u>B/. 84,847,382</u>

4. Accounts receivable, Net

As of June 30, 2021, accounts receivable, net are broken down as follows:

	June 2021	December 2020
Cable, telephone and other services	B/. 86,462,788	B/. 92,355,466
Operators	<u>575,525</u>	<u>690,832</u>
	87,038,313	93,046,298
Less: provisions for expected credit losses	<u>(9,687,971)</u>	<u>(9,976,072)</u>
	<u>B/. 77,350,342</u>	<u>B/. 83,070,226</u>

Cable Onda, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2021

(Figures stated in B/. balboas)

5. Inventory

As of June 30, 2021, the breakdown of inventory is as following.

	June 2021	December 2020
Materials and equipment	B/. 28,373,314	B/. 27,191,891
Inventory in transit	1,417,905	1,016,936
Provision for inventory obsolescence	(150,758)	(1,943,904)
	<u>B/. 29,640,461</u>	<u>B/. 26,264,923</u>

6. Intangible assets

Following are the movements of intangible assets, net:

	June 2021	December 2020
At the beginning of the period, net of accumulated amortization	B/. 166,886,745	B/. 194,096,015
Additions	20,359,109	7,749,668
Disposals, net	(5,518,788)	-
Transfer	-	2,225,302
Amortization	(13,850,836)	(37,184,240)
At the end of the period, net of accumulated amortization	<u>B/. 167,876,230</u>	<u>B/. 166,886,745</u>
At the beginning of the period		
At Cost	B/. 475,372,430	B/. 244,489,231
Accumulated amortization	(308,485,685)	(50,393,216)
Net Balance	<u>B/. 166,886,745</u>	<u>B/. 194,096,015</u>
At the end of the period		
At Cost	B/. 490,212,751	B/. 475,372,430
Accumulated amortization	(322,336,521)	(308,485,685)
Net Balance	<u>B/. 167,876,230</u>	<u>B/. 166,886,745</u>

Cable Onda, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2021

(Figures stated in B/. balboas)

7. Right of use assets

Following are the movements of right of use assets:

	June 2021	December 2020
Cost		
At the beginning of the period	B/. 134,794,118	B/. 127,837,164
New contracts	23,995,229	8,252,694
Expired contracts	(2,103,265)	(1,670,055)
Adjustments and reclassifications	-	374,315
At the end of the period	<u>B/. 156,686,082</u>	<u>B/. 134,794,118</u>
Accumulated Depreciation		
At the beginning of the period	(32,250,783)	(12,665,692)
Adjustments and reclassifications	2,993,590	1,071,651
Depreciation of assets for right of use	(10,477,781)	(20,656,742)
At the end of the period	<u>B/. (39,734,974)</u>	<u>B/. (32,250,783)</u>
Net balance	<u><u>B/. 116,951,108</u></u>	<u><u>B/. 102,543,335</u></u>

Cable Onda, S.A. and Subsidiaries
Notes of the Interim Consolidation of Financial Statements
June 30, 2021

(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:

	June 2021	December 2020
At the beginning of the period, net of		
Accumulated depreciation	B/.431,866,424	B/.442,835,276
Capitalized additions	43,574,271	79,394,134
Construction in progress	2,320,180	30,816,868
Disposal, net	(10,972,670)	-
Transfers	-	(47,022)
Depreciation	(53,664,426)	(121,132,832)
At the end of the period, net of accumulated depreciation	<u>B/.413,123,779</u>	<u>B/.431,866,424</u>
At the beginning of the period		
At cost	1,166,581,224	1,056,417,244
Accumulated depreciation	(734,714,800)	(613,581,968)
Net balance	<u>B/.431,866,424</u>	<u>B/.442,835,276</u>
At the end of the period		
Accumulated depreciation	1,201,503,005	1,166,581,224
	(788,379,226)	(734,714,800)
Net balance	<u>B/.413,123,779</u>	<u>B/.431,866,424</u>

Cable Onda, S.A. and Subsidiaries
Notes of the Interim Consolidation of Financial Statements
June 30, 2021

(Figures stated in B/. balboas)

9. Accounts payable

At June 30, 2021, the accounts payable balance amounts to B/.63,211,016 (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:

	June 2021	December 2020
Employee benefits	B/. 1,471,550	B/. 2,637,850
Labor reserves	<u>9,036,285</u>	<u>7,209,127</u>
	<u>B/. 10,507,835</u>	<u>B/. 9,846,977</u>

11. Documents and long term loans payable

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

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

Cable Onda, S.A. and Subsidiaries
Notes of the Interim Consolidation of Financial Statements
June 30, 2021

(Figures stated in B/. balboas)

12. Deferred income

As of June 30, 2021, deferred income is broken down as follows:

	June 2021	December 2020
Current portion		
Early cash collections from monthly payments (a)	<u>B/. 13,875,149</u>	<u>B/. 13,520,489</u>
Non-Current portion		
Adaption projects (b)	B/. 12,325,033	B/. 11,825,442
Deferred income from installation services	2,616,608	2,768,988
Deferred income (c)	<u>364,681</u>	<u>6,301,332</u>
	<u>B/. 15,306,322</u>	<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. Bonds payable, net

As of June 30, 2021, the Group's Management is complying with the financial conditions established in the bond purchase-sale contract.

Bonds are broken as follows:

	June 2021	December 2020
Bonds – Serie A – Interest rate 5.75%	B/. 75,000,000	B/. 100,000,000
Financial costs	(1,308,204)	(1,389,677)
Bonds – Note Senior – Interest rate 4.50%	600,000,000	600,000,000
Financial costs	<u>(13,769,286)</u>	<u>(14,362,909)</u>
	<u>B/. 659,922,510</u>	<u>B/. 684,247,414</u>

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14. Other services and revenue

	Period ended	
	June 30,	
	2021	2020
Installations	B/. 202,456	B/. 181,427
IT solutions sales	964,811	677,337
Adaptions project	582,675	695,325
Other income	158,911	2,506,595
Advertising	204,500	205,379
Additional services	183,501	217,126
	<u>B/. 2,296,854</u>	<u>B/. 4,483,189</u>

15. Programming and operating costs

	Period ended	
	June 30,	
	2021	2020
Programming costs	B/. 26,954,163	B/. 25,686,091
Telephony costs	24,001,265	28,244,597
Projects costs	3,213,923	3,018,719
Selling costs of mobile equipment and accesories	16,166,830	8,195,486
Data transmission and internet costs	4,542,219	4,966,552
Sundry costs	548,720	887,362
	<u>B/. 75,427,120</u>	<u>B/. 70,998,807</u>

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16. Depreciation and amortization

	Period ended	
	<u>June 30,</u>	
	2021	2020
Depreciation and amortization of fixed asset	B/. 53,664,426	B/. 56,840,814
Depreciation for right of use	10,477,781	11,715,305
Amortization of intangibles assets	<u>13,850,836</u>	<u>21,402,805</u>
	<u><u>B/. 77,993,043</u></u>	<u><u>B/. 89,958,924</u></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>June 30,</u>	
	2021	2020
Salaries, commissions and other	B/. 22,114,013	B/. 21,396,047
Social security and employer education insurance	3,994,092	3,090,767
Vacation	2,171,752	2,508,532
Bonuses	2,297,039	2,480,319
Net profit sharing	3,281,110	1,004,500
Travel and representation expenses	1,900,687	1,713,298
Profesional risk	455,448	443,669
Shared-based compensations	470,778	-
Seniority premium and indemnities	(393,943)	1,002,827
Other expenses	<u>1,174,918</u>	<u>-</u>
	<u><u>B/. 37,465,894</u></u>	<u><u>B/. 33,639,959</u></u>

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18. General sales and administrative expenses

General sales and administrative expenses are as follows:

	Period ended	
	<u>June 30,</u>	
	2021	2020
Rent	B/. 2,496,748	B/. 2,664,278
Professional services fees	21,592,811	19,924,512
Services expenses	11,416,387	5,286,838
Repairs and maintenance support	3,538,483	5,462,247
Marketing and advertising	6,526,707	3,549,245
Electricity	5,111,159	3,271,421
Local and municipal taxes	5,545,928	3,180,220
Bad debts	2,374,318	8,324,787
Repairs, maintenance and other operating expenses	3,036,100	817,582
Office expenses	688,655	403,936
Insurance and bond	203,988	348,478
Other expenses	2,952,123	3,780,075
	<u>B/. 65,483,407</u>	<u>B/. 57,013,619</u>

19. Income tax

Following is a summary of the income tax expense:

	Period ended	
	<u>June 30,</u>	
	2021	2020
Current	B/. 8,520,727	B/. 13,980,556
Deferred tax	<u>2,775,267</u>	<u>(7,256,588)</u>
	<u>B/. 11,295,994</u>	<u>B/. 6,723,968</u>

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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>	
	June 2021	December 2020	June 2021	December 2020
Notes and other long term liabilities	<u>B/. 869,922,510</u>	<u>B/. 869,247,414</u>	<u>B/. 865,355,010</u>	<u>B/. 864,437,414</u>