



# **STRIVE** **2021** ANNUAL REPORT **AND** **THRIVE**

**CABLE BAHAMAS LTD.**



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## Our Vision

Be the leader in enabling connected lifestyles and experiences.

## Our Mission

To deliver market leadership in mobile and fixed in order to be the leader in enabling connected lifestyles and experiences.

## Core Values



### Teamwork

We commit to leverage our collective genius individual commitment to a group effort that challenges and inspires.



### Integrity

We are best when we are open, honest and genuine, integrity is a consistency of words and actions.



### Customer Focused

Our customers are our only business. The customers' experience is not what we do, but who we are.



### Performance

Results first... substance over flash!  
Creativity, innovation, passion and execution.



### Community Leadership

We impact where we live through sponsorship and social development.



### We Believe in People

If we take care of our people, they will take care of our customers.

# Chairman's Report



**ROSS MCDONALD**  
CHAIRMAN

**“The Leader In Enabling Connected Lifestyles and Experiences” was truly achieved as we attained market leadership in every metric possible**

Dear Shareholders,

It's an honor to welcome you to this Annual Report to shareholders for the year ended June 2021 with the theme "Strive and Thrive" which reflects the past year for Cable Bahamas Group. I wish to start by thanking the executive leadership team and all employees of the group who have pivoted and responded nimbly. in the face of the coronavirus pandemic, the most devastating event of our time.

While there have been lots of challenges facing the group whether as a result of lockdowns, which impacted our retail operations as well as our service and installation processes or whether it was the spike in data capacity as a result of work from home, our team continued to keep the customer at the center of our business.

The group's Vision of being "The Leader In Enabling Connected Lifestyles and Experiences" was truly achieved as we attained market leadership in every metric possible when comparing our results to our competitor: in Revenue Generated Units (RGU's), subscribers and revenue.

What is of greater significance is how our team leveraged this leadership to Drive the Digital Transformation of The Bahamas by partnering with the Rotary Club of The Bahamas to provide connectivity for all—which ensured that households with the greatest need had free

access to connectivity for their children (wireless with ALIV or hardwired with REV) and their homes with a free tablet. Additionally, your company supported the government's digitization efforts by fully staffing and supporting the call center for mygateway.gov.bs which provided tier 1 support to all Bahamians who wanted access to any of the over 20 government services now available digitally. This doesn't include the over 10,000 tablets and data mifi devices which were given away in partnership with ALIV and the Ministry of Education to ensure that as many Bahamians as possible had the ability access the Ministry of Education's smart education platform.

This year also saw the launch of our Direct To Home (DTH) Satellite tv which allowed the group to provide basic TV service to all Bahamians anywhere in our archipelago of 700 islands and cays offering them in excess of 50 channels of their choice including HBO, Sports and Cinemax. This coupled with our ALIV network which covers the length and breadth of The Bahamas solidifies that Cable Bahamas is a leader and the provider of choice for every Bahamian.

As you read this annual report, I trust you feel the confidence we have in continuing to drive the Digital Transformation of The Bahamas as we continue our path to "Being the Leader In Enabling Connected Lifestyles and Experiences". I am confident that we are on a path of continued growth of the company and returns for our shareholders.

aliv

Cellular data, voice and internet for everyone on the move. We are Mobile in The Bahamas

REVMEDIA

TV, Media and Advertising for everyone on the move, at home, in Government and in business. We are for Content in The Bahamas

**The Leader in Enabling Connected Lifestyles and Experiences**

cablebahamas  
Business.Solutions

Start ups, entrepreneurs, SOHOs, SMEs, government and enterprise. We are for Business in The Bahamas.

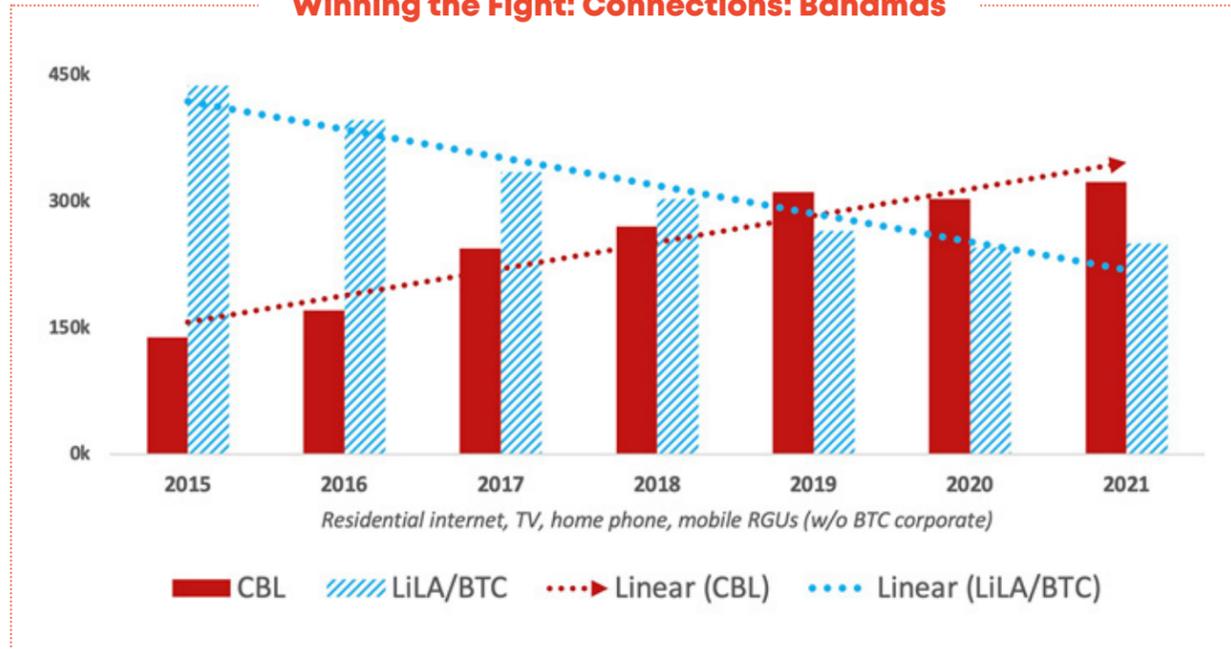
REV

Voice, Internet and TV for everyone at their residence. We are for Home in The Bahamas

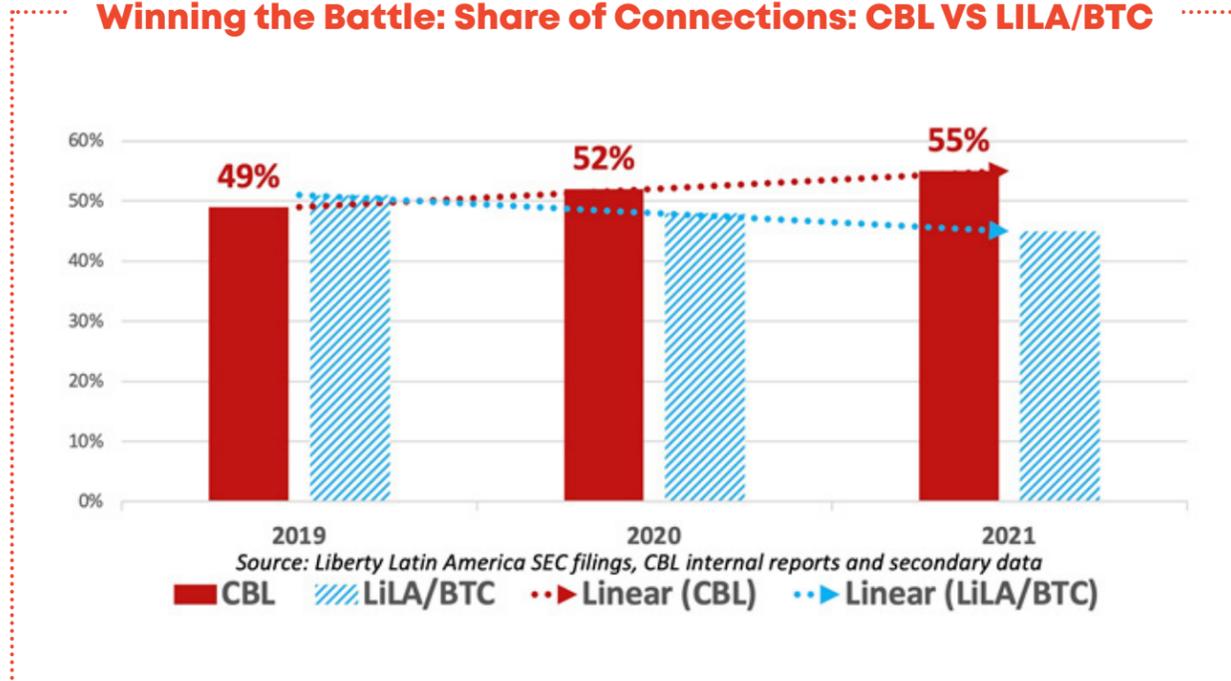
# Striving:

## Became Market Leader in Communications, Media and Technology (CMT) Connections

Winning the Fight: Connections: Bahamas



Winning the Battle: Share of Connections: CBL VS LILA/BTC



# President's Report



**FRANKLYN BUTLER II**  
PRESIDENT

I am pleased to report that as a group we grew our overall revenues to over \$200m

The last 20 months have disrupted our world and changed the way we do business forever. However, we take solace in the fact that the Covid-19 Pandemic did not destroy us but rather has cleared a path to take us to the next level. As we continue to understand the full impact of the pandemic, we continue to adhere to our protocols and strike the right balance between work from home and return to office. As a group, we set out to "Drive the digital transformation of The Bahamas" while on the path to fulfill our Vision of "Being the leader in enabling connected lifestyles and experiences".

At the onset of the pandemic, the associated lockdowns created an unprecedented demand for data and connectivity on our network. Network utilization increased in excess of 40% as people stayed home utilizing streaming and video conferencing software to remain connected to the people they love and the places they work. While this initially created significant challenges for us, I am pleased to report that we expanded our capacity on our domestic Hybrid Fibre Coax network with over 100 node splits to ensure that all of our customers had the necessary level of service and access. In addition to these node

splits we utilized our state-of-the-art 4G LTE Huawei network to offer customers wireless data solutions which experienced significant growth over the period.

### Our Results

I am pleased to report that as a group we grew our overall revenues in excess of \$200m – a record, despite significant declines to roaming revenues, declines in mobile average revenue per user (ARPU) associated with high unemployment due to COVID 19 and a continued competitive environment. Additionally, EBITDA increased by 52%, from \$35m in financial year 2020 to \$53m during this financial period.

### Driving Digital Transformation

Our organization has gone through major transformations as we sought to find more agile ways of working which included our customer experience division; our backoffice and finance teams, as well as our business solutions and employee communications which I'd like to highlight a few key initiatives:



**FY21 enabled us to achieve market leadership in the Bahamas on a revenue basis—an incredible accomplishment in the midst of a pandemic and as we chart the course of this current financial year, our focus is on “Being the market leader in mobile and fixed.”**

- Payments by IVR, Payments via MyAliv app as well as Suncash, Kanoo, MobileGo and others
- IVR Hit to Boxes as well as IVR Modem Resets
- 24/7 Whatsapp, Facebook and other digital Customer Support
- Full contact Center support of MyGateway Bahamas – government digital transformation efforts
- Our customer payments now 75% collected via digital payment platforms
- All monthly and quarterly team updates 100% via digital platforms such as Teams or Zoom

### Our People

During this period, our people have been unwavering in their support of the group and I’d like to formally and publicly thank them. Their feedback in our annual employee surveys in addition to our monthly internal surveys told us that while nervous at the onset of the pandemic, we made significant strides in trust and leadership. As a leadership team, we feel that this reflected our openness and transparency with employees during each phase of the pandemic and how it impacted them, our customers, our network and our country. As we now work to fine tune our way forward with hybrid working, I wish to encourage our team members that the best way to protect your loved ones as well as your colleagues is to be vaccinated and to continue to practice personal responsibility by frequent washing of hands and social distancing.

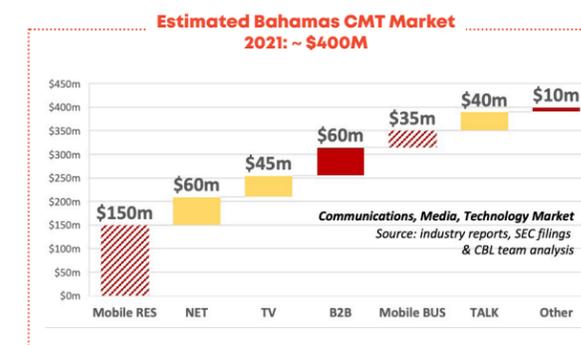
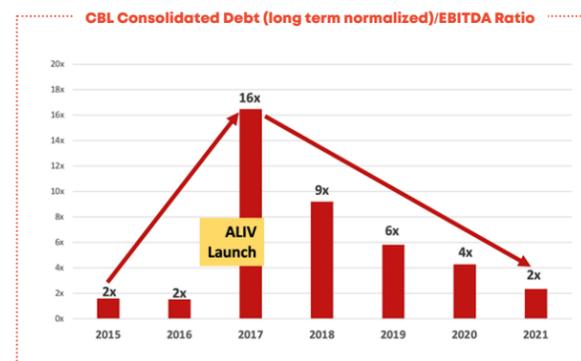
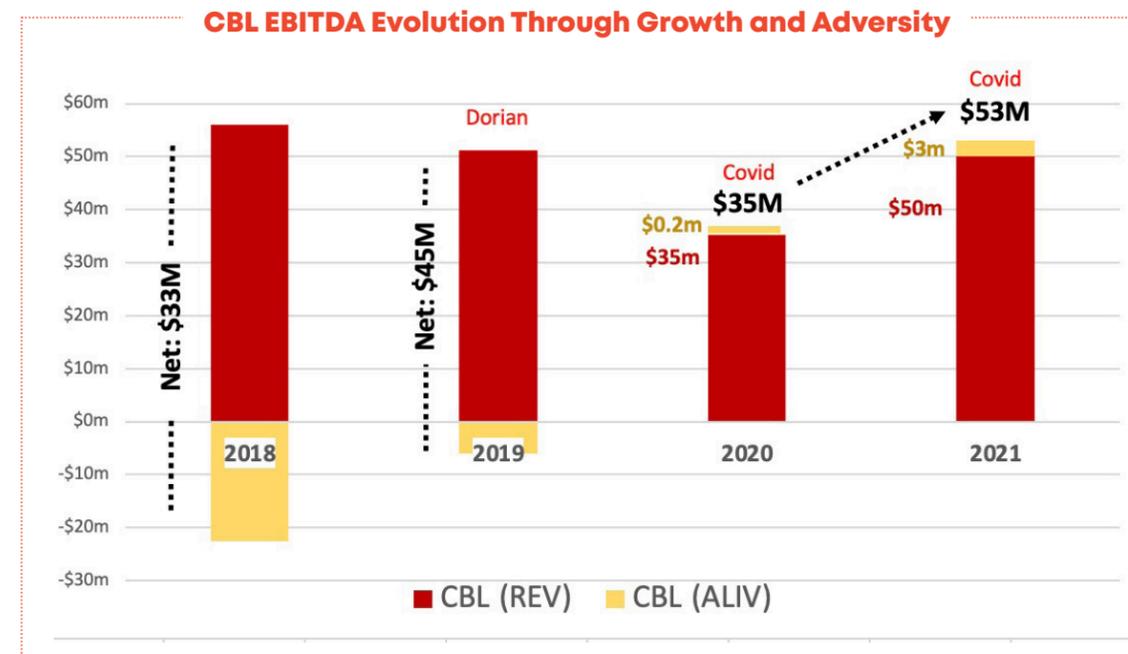
### A look ahead

FY21 enabled us to achieve market leadership in the Bahamas on a revenue basis – an incredible accomplishment in the midst of a pandemic - and as we chart the course of this current financial year, our focus is on “Being the market leader in mobile and fixed” and in this regard, we will be continuing to expand our fixed network with greater penetration of fibre to the home in Abaco and New Providence. Additionally, we are focused on leveraging the strong NPS and brand equity of ALIV to drive greater adoption in key areas such as post-pay and higher value segments in mobile and focus on quad-play between ALIV and REV.

While we have accomplished much, we are encouraged to press on as we Strive and Thrive in the face of the challenges placed in front of us.

Franklyn Butler  
President & Group CEO

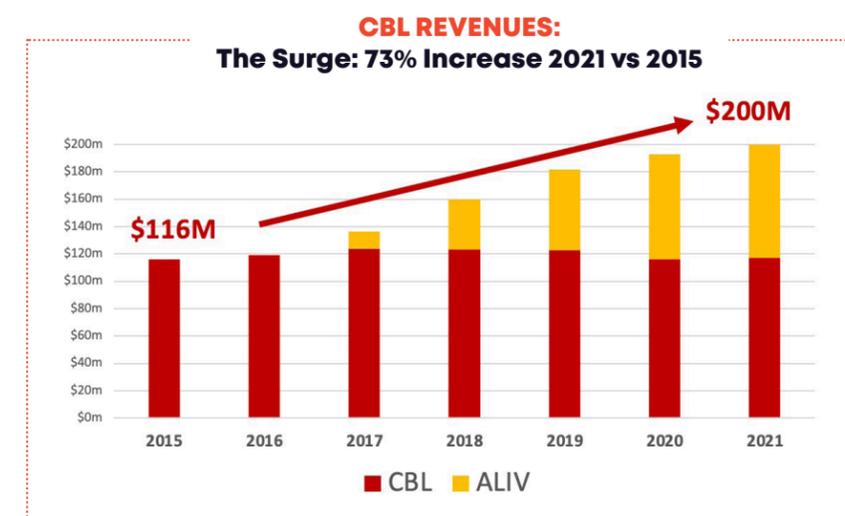
# Thriving: Overcoming Covid and Competition



# Cable Bahamas Financial Performance Highlights: Fiscal Year 2021

**While battling COVID-19 headwinds, Cable Bahamas demonstrated strong financial performance during Fiscal Year 2021 as evidenced by:**

- 1 Shareholder Value Creation:** EBITDA growth of 52% 2021 vs 2020 or \$18M (page 65)
- 2 Growth:** Revenue growth of 10% 2021 vs 2019 and 4% 2021 vs 2020 passing \$200M for the first time in CBL history (page 65)
- 3 Increased Efficiency:** Operating expense decline of 5% 2021 vs 2020 (page 95) or \$8M during increased revenue growth.
- 4 Stronger Balance Sheet:** While cash, short term investments and receivables declined \$74M, Financial liabilities declined by \$86M (page 102). Impairment of financial and contract assets declined from \$8M to \$4M. (page 67) Finally, while revenues grew \$7M, trade receivables declined \$3M (page 63), implying improved payment efficiency.
- 5 Market Leadership:** We continued our leadership of the Bahamas CMT (Communications, Media and Technology) market as demonstrated by our estimated 55% share of connections (mobile and fixed talk, internet, TV) and the highest revenue performance of any CMT player in the market we serve.



Franklyn Butler  
President & Group CEO

Victor Marcial  
Chief Financial Officer



# Agility In a new Reality

Embracing Change

Digital Payments

Concierge Service

The New Normal

Customer Experience

Data Analytics

## Embracing Change

2020 began with rapid adoption technology and creative concepts to accelerate collaborative e-workspaces, as the pivotal pillar to our work from home transition. Employees from all divisions within the CBL Group of Companies were equipped with the tools needed to make their home an effective remote workspace. These tools included computers, mobile devices, increased bandwidth direct to their residence, and a generous stipend to allow for the purchase of office equipment to ensure that they each had a dedicated, ergonomic environment within their homes from which to work.

The Microsoft Teams platform was a huge help, along with the entire Microsoft Office suite which made facilitating meetings, fielding calls, sharing data and instant messaging to co-workers seamless. Our HR and Communications teams kept the team spirit alive with consistent engagement via emails, pulse surveys to gather feedback, webinars with subject matter experts on healthcare or other hot topics, the company's dedicated WhatsApp Groups, and by creating opportunities for socially responsible personal interactions by hosting several drive-by events.

## Dialing in Digital Payments

The transition to primarily digital platforms allowed for major consolidation of both resources and efforts for multiple layers of our business. The "No More Cheques" campaign which was originally part of a "Go-Green" initiative started in late 2019 and was a key milestone in our digital transition, reducing paper waste, and demand on our staff for sorting and posting check payments.

Within just a few short months residential customers were fully transitioned to digital and cash payments only and checks from business customers will be phased out before the end of the year. Limited movement allowed for even further consolidation of resources and ushered in more collaborative workspaces for sister brands. The REV store in the Mall at Marathon was closed and REV agents were stationed in ALIV locations throughout The Bahamas, reducing both our economic and environmental footprint.

## Concierge service

All divisions of the business supported the Concierge services offered to our customers to make the reduction in locations a comfortable change. Instead of having customers endure long waits in store fronts, subscribers were able to make digital purchases either online or over the phone and schedule a dedicated pick up time where a concierge agent would bring their package, straight to their door. This allowed for consumers to enjoy a safe, convenient environment to collect or exchange equipment without any hassle.

## Adapting to the new normal

Last year's mantra of "Agility In A New Reality" still rings true as the post-COVID global environment is constantly changing. At present we are experiencing a hybrid working environment which is a combination of remote and in-office work time for employees at every level of the business. This structure requires hybrid meetings with both internal and external stakeholders. Managers deploy daily and weekly touchpoint meetings with team members to ensure that objectives are being closely managed and that employees are equipped with all of the tools required to execute with excellence.

## Customer service

As the leader in enabling connected lifestyles and experiences throughout the Caribbean, communication has always been key and this rapidly evolving global environment has made communication paramount. Our marketing, public relations and customer experience teams have been aggressively communicating with customers from every arm of our business, keeping them abreast of changes, updates and new opportunities that our digital platforms offer them. Digital payment platforms saw an exponential increase in user engagement just months into the initial advent of the emergency orders. Alliances with strategic partners including, Cash N' Go, Kanoo, SunCash, allowed customers to enjoy a variety of convenient ways to pay. Partnerships with Kiosk vendors throughout the country gave subscribers scores of options to pay in person outside of our existing REV and ALIV locations.

We dialed up our self-help platforms and instructional messages to mitigate the demand on our customer support and service teams. These informational resources gave users the tools needed to navigate service issues with ease and gain a greater sense of control over their service experience, ultimately reducing the amount of inbound calls, caller wait times and boosting user satisfaction.

## Data Analytics Capabilities

We added significantly to our data analytics capabilities by further developing our Cloud Analytics Team with both internal (new hires) and external resources, implemented training on data analytics tools (Tableaux, Pandas Python, Amazon Web Services), and enhancement of our primary data analytics tool, SEE MACHINA.

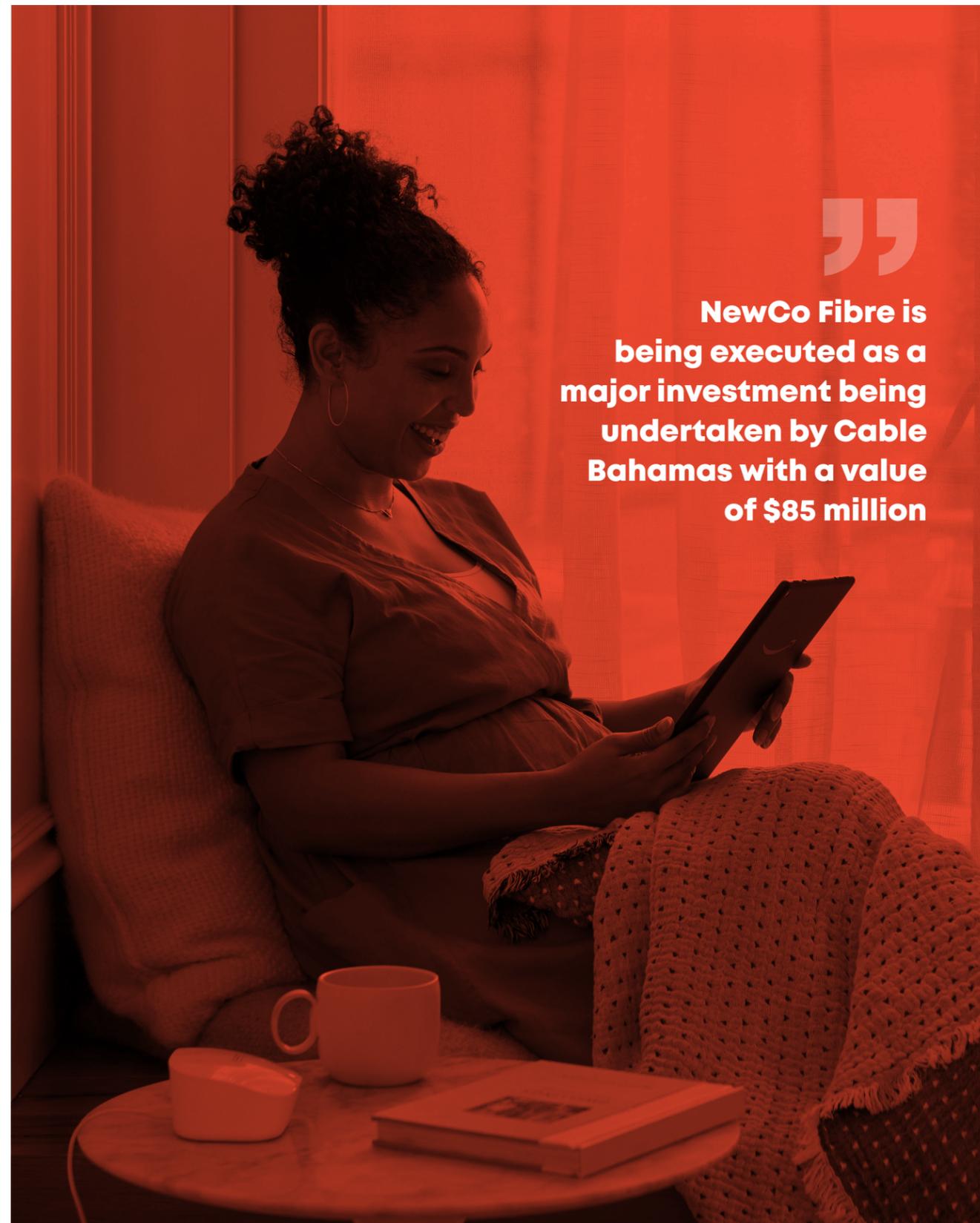
# Cable Bahamas puts money where its mouth is with planned \$85M investment!

## For Faster, Better Fibre Internet Connectivity.

### Fork in the Road

Over the last 25 years we have continually evolved our Hybrid Fibre Coax (HFC) platform by ensuring that we have always kept the pace with the ever evolving technology development surrounding this platform. Throughout this period, we have actively deployed various strategies to extend the life of our HFC architecture with continuous network adaptations to address the growing capacity demand including several transitions through DOCSIS2.0 to DOCSIS3.0.

Over the last eight years we have also conducted several field trials of Fibre to the Home (FTTH) technologies for some green field deployments pushing our fibre access systems deeper into the network to get that much closer to our customers. At the end of 2021 the business was faced with some fundamental challenges driven by mounting competition, growing operational expenses in our plant and unfortunately declining customer satisfaction.



“  
NewCo Fibre is being executed as a major investment being undertaken by Cable Bahamas with a value of \$85 million

### Fundamental Questions

We have had to stop and ask ourselves some fundamental questions, the type of questions that kept us up a night.

- How much more can we realistically get out of our HFC Infrastructure?
- What technology will we need to enable the future of telecoms in The Bahamas?
- And finally, how do we continue to deliver reliable, cutting-edge, uninterrupted service to the delight of our customers?

With these questions as the backdrop, we believe that the time is already here for a new innovative approach that not only seeks to address our short-term concerns but will also secure the long-term viability of the group. CBL has consequently, initiated the most significant transformation of its technology stack using Newco fibre as the vehicle for change. NewCo Fibre is being executed as a major investment being undertaken by Cable Bahamas with a value of \$85 million that is being treated as a Capital Project with its own dedicated budget and resources. The team has been given a very specific mandate to construct a new purpose-built fibre to the home network that will provide 100% overlay of the existing HFC services footprint on New Providence. Within the scope of this project, we will be delivering:

- A fibre connection for each of the estimated 80,000 homes and businesses in New Providence plus additional areas in the Family Islands.
- A roll out of a new technology stack for the Customer Relationship Management (CRM) Business and Operation Support Systems and Workflow Management.
- A brand that will seek to transform the identity of business from a legacy cable company to a lifestyle and broadband services business.

### Customers Gave Us the Answer

Here at the CBL Group, we acknowledge that our customers are the primary driving force for all that we do, and to that end, we must always ensure that we are not only providing the very best services available, but that we always ensure easily accessible platforms for them to utilize our services and our hardworking team as needed.



### Less Hassle

To help make life a little easier for both our internal and external customers alike, NewCo Fibre will ensure that right out of the gate we will employ the use of a One-Desk solution to our various applications and platforms.

We are pleased to highlight our plans regarding how we aim engage our customers with this new and exciting venture through innovation, automation and our exemplary people, offering superior and unmatched customer service.

CRM speaks to Customer Relationship Management. With the main objectives being

- Comprehensive and Customized Reporting/ Data Analytics
- Simplified customer journeys
- Improved efficiency
- Higher customer satisfaction
- Engagement with customers on a variety of channels for a seamless omnichannel interaction: voice, email, WhatsApp, live chat, and Chabot.

We have engaged various vendors to ensure that we find the very best fit so that as a team we not only meet but anticipate and exceed our customers' expectations.

SO, JUST HOW WILL WE DO IT YOU MAY ASK? WELL HERE'S HOW...

### Innovation

We will enhance and increase innovation! This is needed to keep us at the forefront and ahead of the game. NewCo Fibre will employ the use of Integrated Ticketing which will provide options for Support Tickets that can be tracked end-to-end from customer support to engineering. To keep our internal and external customers informed, we plan to use a knowledge-based software for frequently asked questions, general information as well as Portal and CRM Integration.

Secondly, our Workflow Management tool that is comprised of Blueprint Models, Automated Actions and Custom Modules will be able to chart and track processes and procedures as well as trends to give us the information that we need to be both knowledgeable and effective.

And thirdly, what good is information if it is not tracked and monitored accurately? Through analytical tools we aim to monitor budgeting and track all key trends all in an effort to place NewCo Fibre on the cutting edge of efficiency and innovation as well as making us the premiere choice for our customers and their connected lifestyles.

# A pathway to our digital future

## Aliv Creates

### A Better Business Model

One of the biggest innovations in the telecommunications industry has been the evolution of the usage model for data services. Data is always in high demand; however its usage is driven by the use of digital products and services like virtual experiences, gaming, streaming television and other subscription-based services and not the traditional models of talk and text. The Group's investments in FTTH and 5G are necessary to support these services, but the cost of providing the high capacity, high speed networks needed to support these new channels of demand is outpacing the revenue generated by selling data alone. Data traffic continues to increase while data revenue remains flat and future opportunities for

healthy profit margins are in the commercialization of products and services generating the high demand for data. To future-proof the Group's business model and realize our mission of being a digital lifestyle technology company, the Group must invest in both the infrastructure and products and services beyond the traditional data, talk and text.

### A New Market

At the end of FY20, the Group decided to form a new team that was focused on digital ventures and innovation - Aliv Creates. Creates is the spear of digital innovation in the group and is a space to create and monetize products and services that leverage our current and future technology infrastructure. Mobile accessibility continues to be the entry point for these consumers and our maintaining

Opportunities that present significant market potential.

and leveraging our market dominance in both fixed and mobile wireless networks will allow us to exploit new market opportunities in new industries. **The team has focused its efforts in fintech/payments, tourism and healthcare, opportunities that present significant market potential.**

### New Partnerships

The team operated an experimental format within ALIV's Commercial team for approximately three years, testing beta versions of new products and services and forming important partnerships with players in the target industries cited above. In FY2022 the unit is looking forward to realizing these partnerships, positioning itself for future investment and proving the revenue generation model.

## SUITE OF PRODUCTS



The List is a loyalty and rewards app that allows customers to offer discounts to their customers as well as accumulate points that can be used for payment across the ecosystem. Vendors will also have the ability to purchase in-app advertisements.



### discover

Discover is a tool designed to give local retailers access to the tourism market and a facilitator of payments from visitors to vendors. It offers subscription-based placement and advertising. Discover is also a platform that will allow interactive learning.



Employee PATCH is a digital service. PACH Covid-19 testing is a convenient, self collected test for SARS-CoV-2 that makes it accessible and comfortable for anyone.

# Better Service. Better Connectivity. Advances in Technology

The now combined REV and ALIV technical teams within the Cable Bahamas Group, are continuing to mesh and work well together and we look forward to creating even more synergies in the next year.

## Key Projects

### Improved Fixed Network

Some of the key projects we worked on this year on the fixed network side included:

- Construction of a new underground 288 count fibre in Abaco between Fox Town and Crossing Rock as an upgrade to the BICS fibre
- The rebuild of the destroyed HFC plant in the Abaco areas of Treasure Cay, Man O' War and Hopetown with Fibre to the Home with 1370 homes passed
- Three new smaller FTTH developments in New Providence: Miramar West, Coconut Cove and Sterling Hurricane Hole Marina
- Burying the BICS fibre in four locations in Nassau and one location in Grand Bahama
- Implemented IPv6 on the IP Core
- Turned up and activated an additional 100G circuit on each BICS Segment for additional interisland and off island capacity

### Better Television Services

- Completed a 65 HD channel line-up to our 2,000 plus Family Island subscribers on our satellite DTH platform
- Completed the installation of a Commercial DTH to IPTV video solution at Bakers Bay
- Continuing swap of the older IP network in the head end with new equipment

### Expanded Mobile Network

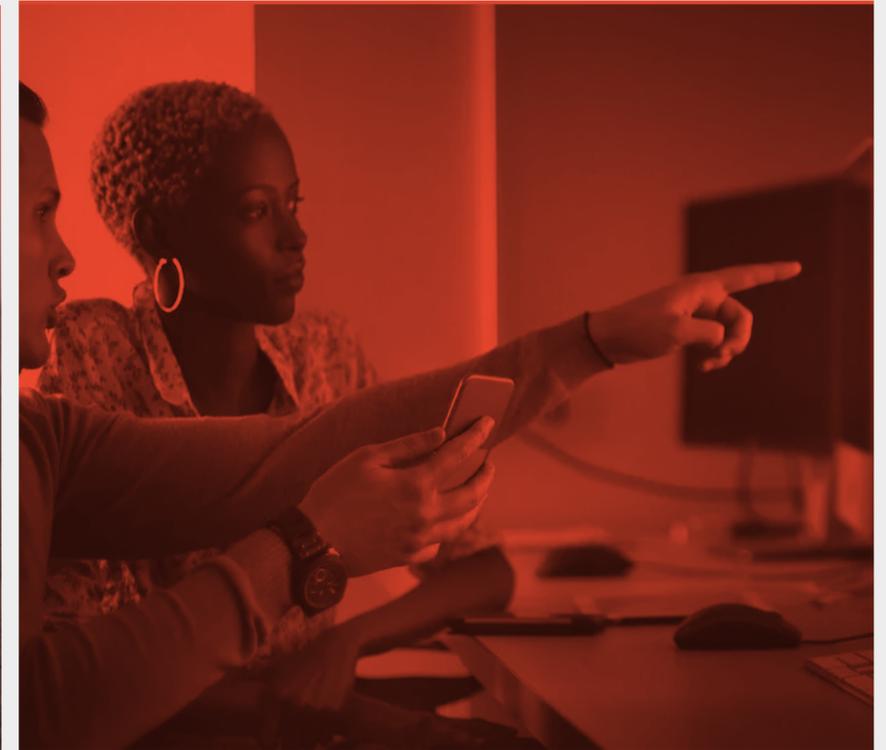
- Four new cell sites and 32 new sectors
- Rebuild four sites following the damage of Hurricane Dorian: 2 in Grand Bahama & 2 in Abaco
- Deployed six COWs (3 in Abaco, 2 in Nassau and 1 in Grand Bahama) to aid with ALIV coverage



We are working hard and looking forward to more improvements for our customers in the coming year as we build and upgrade the infrastructure in order to power the digital transformation of The Bahamas.

**STEPHEN CURRAN**  
CTO

# Improved Information Technology



## Node Optimization

- HFC network improvement project in Eleuthera where 5 node serving groups were de-combined in Eleuthera (15 nodes) and the customers with SNR impact percentages decreased from 30% (August 2020) to 8% (June 2021).
- Completed 101 HFC node splits, upgraded 93 nodes with 32 downstream channels to improve downstream capacity and upgraded 48 nodes from 16 to 64 QAM modulation to improve upstream capacity.

## Core System Improvements

- AMDOCS SmartPac Core billing system was upgraded to continue to support the business and provide enhanced functionality.
- Ticketing systems were upgraded from Heat Ticketing to ISM Ticketing system
- Provided customers the ability to pay their bills via third-party payment platforms such as Suncash and Mobile Assistant.

- System Resiliency to support critical business systems was improved with the extension of the IT private cloud to a Disaster Recovery site in Freeport.

## Increased Cyber Security

- Quarterly Phish Reporting competition to encourage users to adopt safe email practices
- Monthly *REV Cyber Bytes* newsletter was produced highlighting local and international cybersecurity headlines, upcoming initiatives, tips and tools

## Cloud Analytics

The CBL Group has been and continues to be committed to dramatically improving our data analytics capabilities to increase EBITDA and improve customer lifetime value (CLV). Our primary cloud analytics tool, SEE Machina, which integrates our various data streams through Pandas Python and Amazon Web Services, generates insight and engagement orchestration regarding:

- Content fee optimization
- STB verification
- Revenue assurance
- Customer payment efficiency
- Advertising sales
- Node improvements
- Targeted service and sales propositions

Our primary cloud analytics tool, SEE Machina, has generated a payback of over sixfold to date.

## Strengthen Risk Management

- o SIEM Implementation for the centralized logging, monitoring and analysis of security events

- o Rapid 7 Vulnerability Management tool implemented to identify systems with known vulnerabilities for remediation
- o Completed Penetration Testing
- o Completed Penetration Testing for in-depth analysis of IT infrastructure to identify vulnerabilities that may exist on the internal network

- Endpoint Security was improved with the implementation of Microsoft SCCM to facilitate endpoint (desktop, laptop, server, mobile phone & tablets) administration and two factor authentication. Windows 7 was removed from all the workstations from the network and 95% of unsupported Windows Servers were removed

**Coming out of the pandemic, we need to ensure that the Technology team continues to maintain and improve the network speed and reliability. We continue our drive to modernise the network with the impending roll out of a full state-of-the-art FTTH network upgrade in New Providence, as well as continuing the maintenance and growth of the existing fixed and mobile networks.**

# REV

## Our Team



RORY L. MAJOR  
Head of Sales and Loyalty



ODETTE CAREY  
Senior Director of Product  
Development and Marketing



M'KHEL FERGUSON  
TV & Marketing Manager

**Financial Performance  
Exceeded FY21 Targets  
significantly**



**REV residential revenue grew to approximately \$80M while fighting strong COVID headwinds.**

## The Bahamas' leading connectivity and entertainment service provider

In order to maintain our position as The Bahamas' leading connectivity and entertainment service provider, the REV Residential team have spent the past year working hard on delivering our transformative REVNET, REV TALK and REV TV products, which have already and will continue to greatly improve customer satisfaction. We continue to realize synergies and efficiencies from within the group, resulting in an improvement in margin, revenue and unique users over the prior year reflected in current year results. REV residential Revenue contribution increased to close to \$80M to the group for FY20/21.

Broadband remains the cornerstone of our business, and in 2021, REVNET broadband had its best year in company history, with 56,000 broadband connections - safeguarding a two-thirds share of the broadband market. Due to COVID-19, our network experienced the largest sustained surge in residential internet traffic. However, since 2018 we've invested \$75M in our network, which allowed us to stay ahead of demand. Coupled with this, we built on our digital equity efforts, and launched REVNET Lifeline, a low-cost broadband solution to offer internet connectivity and devices to ensure students in The Bahamas could participate in virtual learning. By partnering with organizations like The Rotary Club of the Bahamas who donated \$150,000 to this initiative, more than 500 students have benefited from either internet connectivity or tablet donation.

In home WiFi is critically important to our subscribers especially in our new reality which necessitates working and learning at home. We've taken steps to improve this experience by partnering with Amazon to offer the premiere mesh product in the market, Eero. The True Mesh WiFi solution addresses the proliferation of connected devices in and around the home and the unique challenges arising from The Bahamas' well-constructed homes. This offering is a first for any Bahamian ISP in terms of truly solving the issue of providing high performing WiFi service beyond just the modem, while also facilitating improved revenues and average revenue per user (ARPU) growth. With eero devices and eero TrueMesh technology, customers can blanket their entire home in fast, reliable wifi. Eero helps manage the smart home, control what content can be accessed and helps keep devices protected against cyber threats. Whether working, learning, or playing at home, eero gives a connection that doesn't slow down while helping to keep online experiences safe and secure. To support continued uptake of the product, REV will continue to educate our consumers on the benefits of eero in addition to

**REV Revenue: Increasing Revenue during COVID**



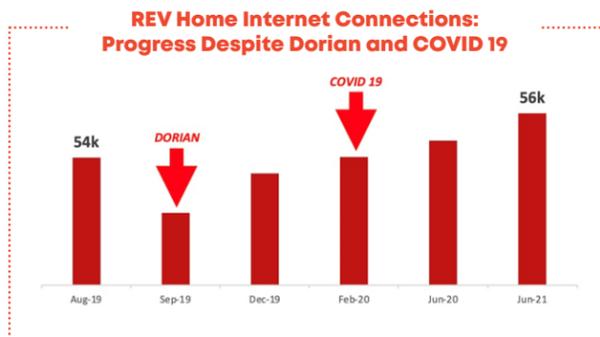
**REV Monthly Payments w/o VAT during COVID**



**REV Residential team has spent the past year working hard on delivering our transformative REVNET, REV TALK and REV TV products**

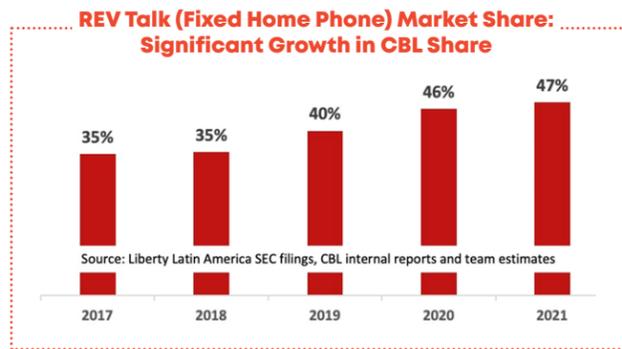


bundling the mesh system within our new TRIO plans launching FY 22.



### Fixed Voice Thriving and Striving

While fixed voice continues to decline worldwide, coupled with the popularity of TRIO and the addition of two value-add TALK plans, REV has been able to increase our Voice Product share for a third straight year. In spite of a competitive mobile market, our fixed voice product is currently at 47% market share along with increased year over year (YOY) revenues and revenue growth units (RGUs). REV TALK subscribers are also able to take advantage of their 16 free features while on the go with our REVGO Voice app, which allows them to take their home phone on the go once there's an internet connection. Plans to introduce Caribbean Rate plans are also on the horizon as we aim to increase fixed voice ARPUs.

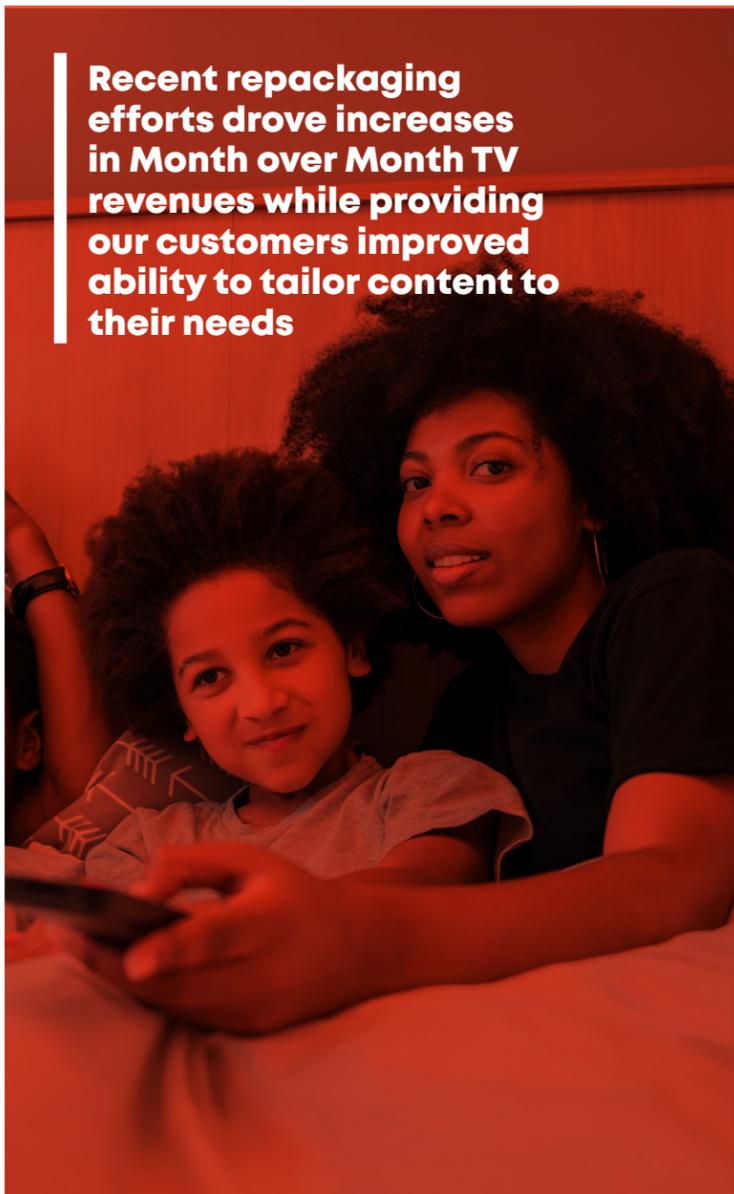


### Engaged to Content

In keeping with our commitment to offering our subscribers new and exciting content to satisfy their entertainment interests, REV made continuous improvements to our television and content offerings. Exclusive multi-year contracts were negotiated with major sporting leagues to

offer premium sports subscriptions NBA League Pass and NFL Sunday Ticket for inclusion in TRIO. These add-ons drove retention of TRIO while stabilizing bundling ratios.

In addition to a beefed-up Sports offer, REV also scored big wins with the 100% English relaunch of Discovery and TLC, and the launch of worldwide streaming app HBO MAX, giving customers thousands of hours of award-winning entertainment via their streaming devices. The benefits of these value adds were evident in the lower TV churn rates along with longer hours spent watching television resulting in more engaged TV subscribers. With the recent repackaging efforts driving increases in Month Over Month TV revenues, REV is on our way to a 16th straight month of meeting and exceeding revenue, sales and targets.



**Recent repackaging efforts drove increases in Month over Month TV revenues while providing our customers improved ability to tailor content to their needs**

# Product and Marketing Highlights

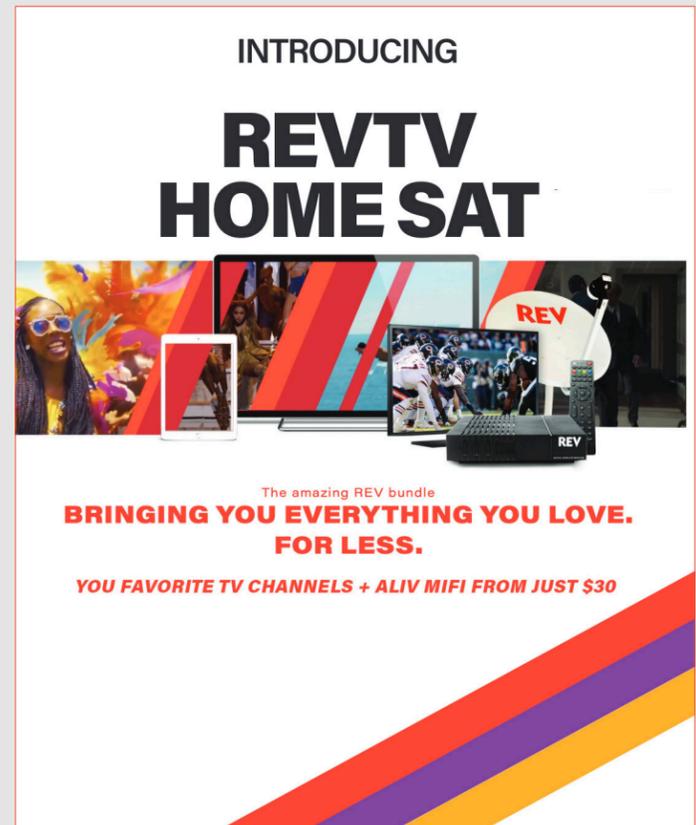
### REVNet Lifeline

In October 2020 REV and the Rotary Club partnered to provide over 500 customers with internet connectivity. Rotary Club would have committed \$150k toward REVNet Lifeline to afford over 500 customers internet services from REV during a very challenging pandemic due to COVID-19. Hundreds of applicants would have reached out to REV and Rotary and provided dynamic feedback and thanks to both companies for the initiative.



### DTH Launch

Launched in October 2020, REVTV Home Sat is a satellite television solution offered to Family Island customers giving them an opportunity to connect with some of the world's most popular shows and networks including premium channels like HBO and Star Premium. As a REVTV Home Sat residential customer, subscribers get access to over 50 channels through our Bronze, Silver and Premium packages. To date, more than 2K systems have been installed in Family Islands including Abaco and the Cays, San Salvador, East GB, Mayaguana, Inagua and Exuma.



### REV FTTH

FTTH was reintroduced to its REV customers in April 2021. Customers are now experiencing the fastest, most reliable broadband Internet technology, along with our new IPTV solution and voice services - all delivered through a single cable! REVNet Fibre is the ultimate upgrade for your home Internet for as low as \$109 with REV Trio for its FTTH customers. FTTH technology was delivered to areas in Abaco, Harbour Island and areas in New Providence including Balmoral, Venetian and Seabreeze, South bar, Yuma Estates and Imperial Park.



# Our Team



## cablebahamas Business.Solutions



CHARNETTE THOMPSON  
Director Enterprise Solutions



DELMARO DUNCOMBE  
Head of Small & Medium  
Innovations



JAVIER BOWE  
Head of Major &  
Government Innovation



CHANTELLE SANDS  
Head of Family Island  
Innovation



JENNIFER BASDEN  
Head of B2B Marketing



LANC LYSTON  
Head of B2B Sales  
Operation



ROMAIN LOVINDEER  
Head of Enterprise  
Solutions



MARCUS HINSBEY  
Head of Service Delivery

**We aim to better understand and support our customer's digitization objectives.**



# Solutions That Work!



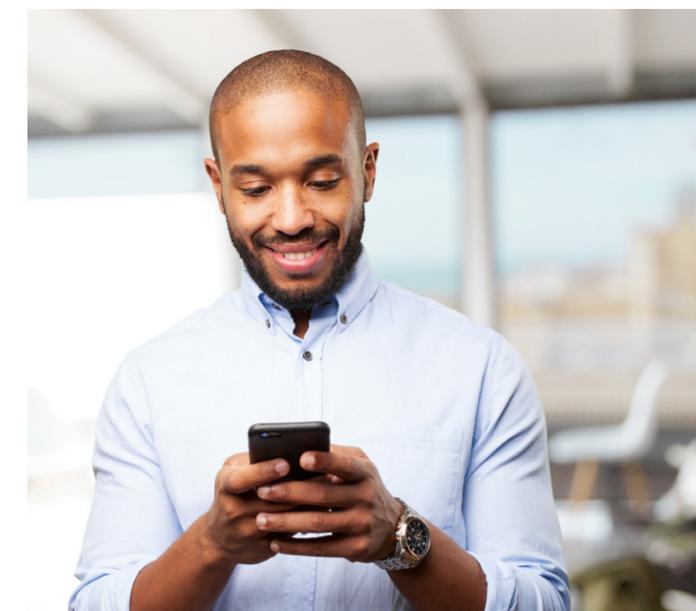
**In August 2019, CBL Group unified its Cable Bahamas (REV) and ALIV business teams into one division, Cable Bahamas Business Solutions, to provide best in class enterprise Internet of Things (IoT) technologies that empower companies and government organizations in our community to enable business process optimization and improve resilience.**

This dynamic team expanded a year later to include Commercial Provisioning and Support, and ensure alignment between our sales leads and service delivery functions, as we aim to better understand and support our customer's digitization objectives. Hence, this cohort of seasoned but curious individuals has leveraged a wealth of expertise in Fixed, Mobile and Cloud to deliver ROI-driven PBX, Data Center and Connectivity solutions as well as managed WiFi and offsite data backup platforms to help our customers solve business problems.

## CBBS Solutions

- **“Business In A Box” V2** packages with broadband internet, landline, TV and mobile phone features that are designed and priced for small business owners and entrepreneurs.
- **Attractive mobile plans** including texts, voice minutes, mobile data, roaming minutes and a handset credit to help business owners/managers stay connected with customers and suppliers.
- **Push To Talk (PTT)** cloud-based unified platform with affordable two-way radio handsets, data/ video-sharing capabilities, and coverage via ALIV's national network.
- Enhanced **Hosted PBX** with Teleconferencing options that allow enterprise & government organizations to improve business communications and reduce operating costs, with onsite desktop sets and remote workforce apps that support virtual meetings.
- **Managed WiFi** with design and deployment of Wireless Access Points, bandwidth on our Gig-speed network, content filtering to restrict access to offensive sites, and other features for free or paid usage.

- **Broadband Internet over our Gig-speed Fibre network and Tablet and MiFi** mobile data bundles that empower students, teachers and administrators to stay connected and engaged through virtual learning platforms
- **Advanced Hospitality TV** features with branded community channel, Chromecast streaming, live content from local and international networks, and premium sports packages.



## SME Segment

**FOCUS:** Become the preferred telecoms provider of choice by offering “one-stop-shop” solutions in order to grow B2B revenues for CBL and power the digital transformation of The Bahamas.

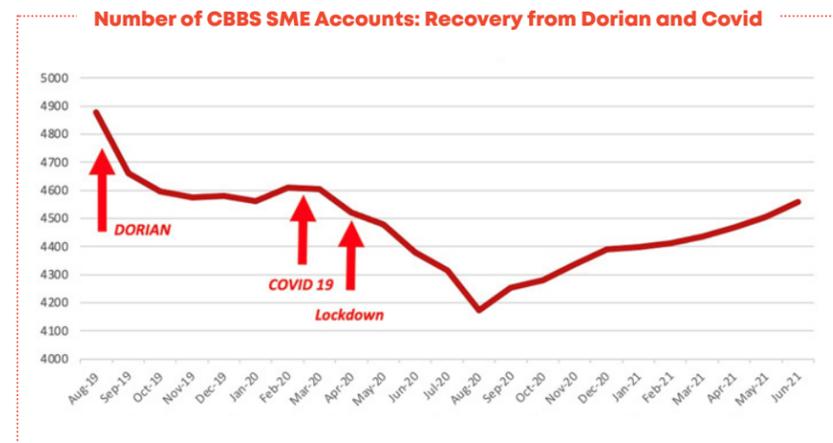
While a significant number of small and medium-size businesses (SMEs) are still feeling the impact of COVID-19 some businesses have been able to rebound and keep their heads above water. Many SMB’s had to re-think the way they were doing business, resulting in a re-tooling of their operational platform. Employing the use of more technology enables them to respond to their customers’ amidst this changing climate.

Throughout the pandemic, even now, we continue to see the need for fast, reliable internet and telephone services for small business; and for medium sized businesses, in many cases we’ve seen companies having to increase internet capacity in order to support the changing work environment.

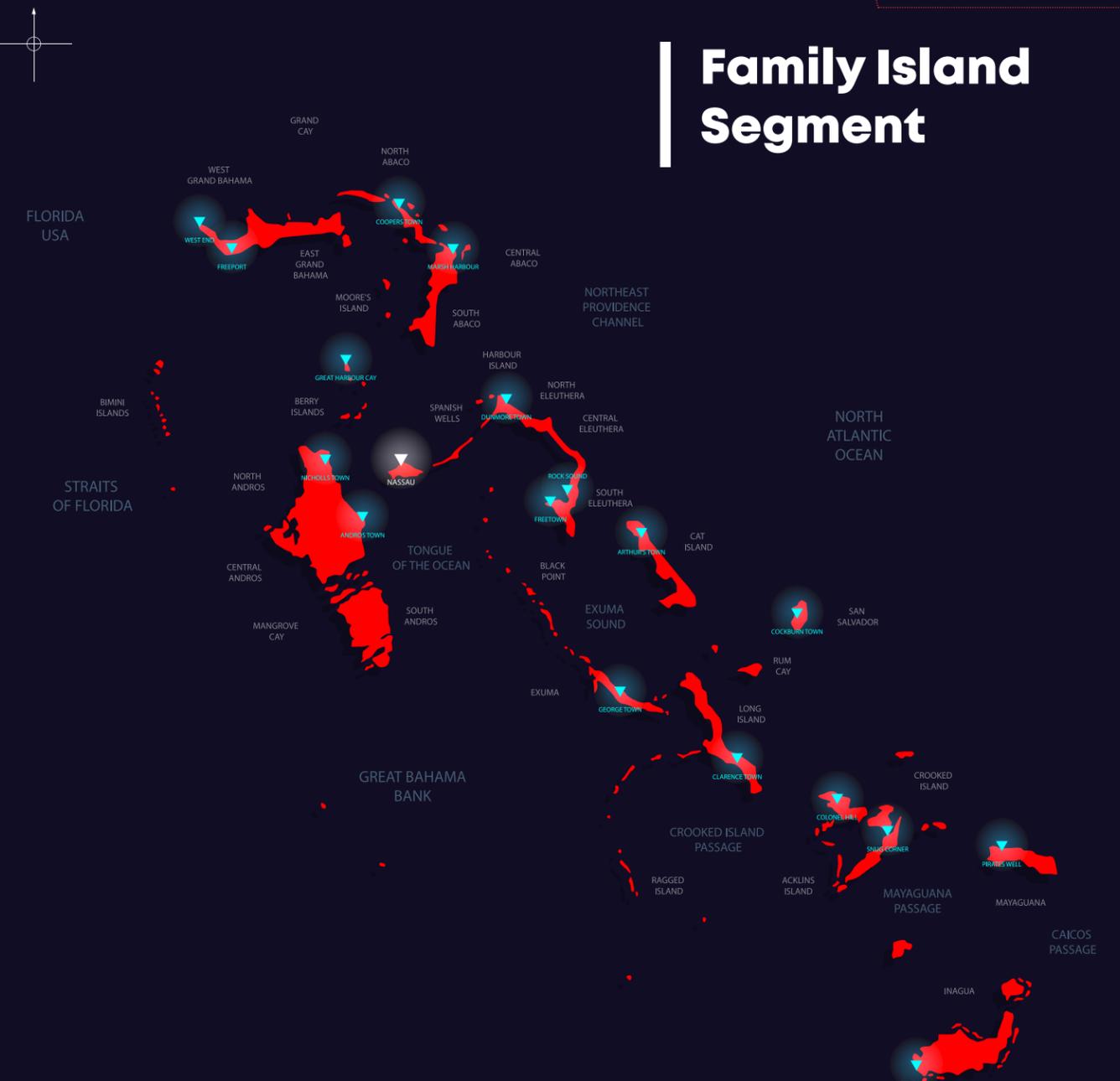
For small business, the primary service offered was Business in a Box, a total solution offering modem internet, phone, mobile services and media advertising at its core, with additional options for TV, Bulk SMS and Wireless Internet. For those businesses not in the market for a total solution, standalone options of the aforementioned services are also available.

Medium-sized businesses in the market have more complex telecom’s needs, the services sold to companies in this market include Fibre internet, PBX & Hosted PBX telephone services, Push to Talk, Managed WiFi services and other more robust Wireless solutions.

With July marking the start of a new fiscal year, we expect version 3 of Business in a Box (BIAB v3) to be launched very soon along with the introduction of Fibre to the Business (FTTB). By making these innovations available to SMB’s we are positioning CBBS as the provider of choice and driving Digital Transformation in The Bahamas.



## Family Island Segment



**FOCUS:** To power the digital transformation and modernization of services in the family of islands by assisting business owners and entrepreneurs in the entire Bahama chain of islands, main lands and surroundings cays, with connectivity so that everyone can work, school and live comfortably on these islands; connecting lifestyles while transforming our customers into the world of digitization.

Amidst surviving Hurricane Dorian, we have offered a cadre of fixed, wireless, data, satellite TV, cloud and mobile services to major, medium and smaller private corporations, hotels/resorts, marinas, gaming houses, convenience stores, beauty & nail salons, restaurant & bars, numerous takeaways & mobile eateries’, private boating & yachters, security & construction companies, landscaping & cleaning, insurance companies, law firms, storage facilities, numerous retail clothing, household and car & boat parts businesses.

While the Covid-19 pandemic contributed to many closures, internet became even more of an essential product and many business owners and new entrepreneurs found ways to pivot, becoming creative and changing their islands' landscape. Along with private companies our essential institutions such as news networks,

schools, churches, food stores, pharmacies, doctors, dentists, laboratories, shipping carriers, couriers, airlines & transportation services all required services from direct internet access to wireless internet connectivity, land phone service to mobile and TV services.

### Key Wins & Highlights

Islands	Product
Abaco	Data only unlimited GB
Abaco	Fibre 18.0 Mbps
Abaco	Fibre 24.0 Mbps
Abaco	Fibre 30.0 Mbps
Abaco	Fibre 50.0 Mbps
Abaco	Fibre 150.0 Mbps
Abaco	RevBiz Sat TV (Silver)
Abaco	PTT Advance
Eleuthera	Fibre 30.0 Mbps
Eleuthera	Fibre 50.0 Mbps
Exuma	Data only unlimited GB
Grand Bahama	Fibre 50.0 Mbps
Grand Bahama	Fibre 100.0 Mbps
Grand Bahama	Local Loop 500.0 Mbps
Grand Bahama	Local Loop 200.0 Mbps
Grand Bahama	Data only unlimited GB
NP/Grand Bahama	Veeam Cloud Connect
New Providence	PTT Advance

## Major and Government Segment

**FOCUS:** Over the past fiscal year, the Major and Government Segment has modernized numerous services for its clients. Due to the COVID-19 Virus, schools and businesses have changed the normal mode of operation to a work from home model. We have assisted these companies with MIFI Devices, increased bandwidth, Hosted PBX Services to allow these companies

to operate as if they were still in their normal offices. The introduction of these services to the clients have allowed them to maintain their client base and improve operational productivity.

### Key Wins & Highlights

#### Ministry of Education – Data and Tablet Distribution

We provided over 12,000 tablets and over 5,000 data plans to the Ministry of Education. This allowed for ALIV to increase its subscriber base by over 5,000 users.

## Events and Activities

We also continue to host bi-weekly webinars featuring local and regional industry leaders, who share insights and experiences that we hope will help and inspire business owners/ leaders in our community to think beyond today's challenges. Therefore, this is an incredibly exciting time for the dynamic Cable Bahamas Business Solutions team as we combine the expertise of Cable Bahamas (REV) & ALIV to effectively become a one stop shop for ROI-driven Mobile or Fixed Connectivity and Cloud services to meet the needs of micro/SMEs, Family Island businesses or bespoke enterprise/government organizations.

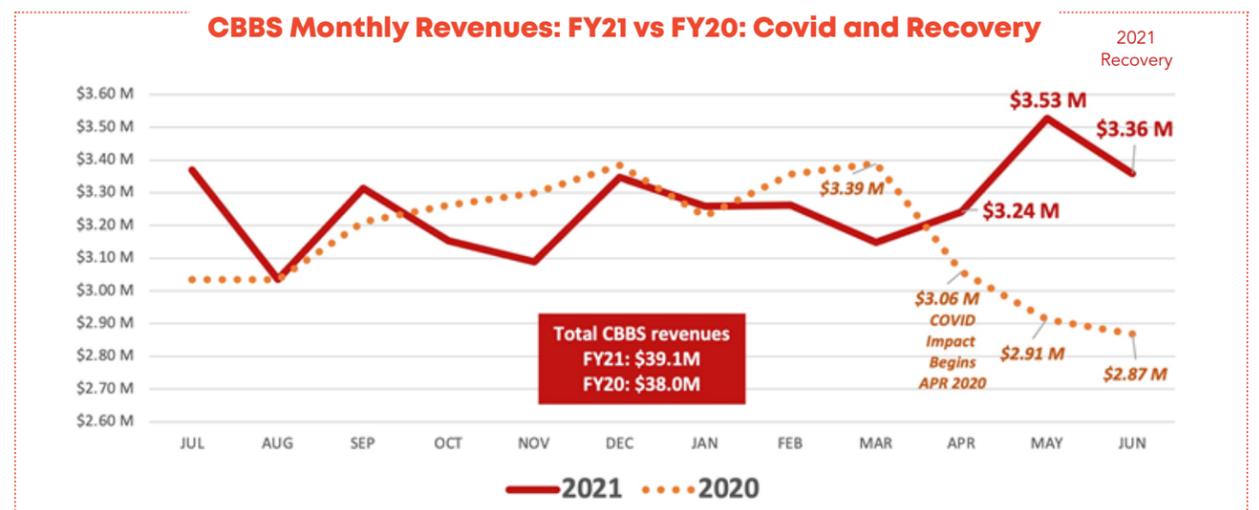
### Major Resort Client – Mobile Contract

This win allowed us to capture over 530 subscribers for voice and data from the competition. We provided the client with over 500 new apple iPhones and have reduced their cost during the pandemic to \$25 monthly to allow them to save money. Once the hotel occupancy returns to more than 25% then their cost increases to \$55 monthly.

### Major Resort Client – Full Suite of Services

This was an excellent win for us. This was the first installation of CBL's Hospitality TV product. We also installed the entire WiFi system for the property and are managing this service for them. We installed the Hosted PBX Solution for the client and are managing this service as well. The total MRR once completely installed will be over \$38k monthly.

Topic	Date
Unleashing Mobile Workforce Management	May 26th
Unleashing Mobile Workforce Management (Family Islands)	June 23rd
Hurricane Preparedness	July 8th
Developing Digitized Opportunities	July 14th
Data Protection for Big & Small Businesses	July 28th
Role of Technology in Digital Transformation	August 11th
Education in the midst of COVID 19 Part I.	August 25th
Education in the midst of COVID 19 Part II.	September 8th
How Sand Dollar Impacts SME's Part I.	October 27th
Digital Transformation – What's in it for SME's?	November 10th
Technology & the Impact of SME's	January 12th
Necessity & Impact of Digital Transformation	January 26th
Digital Transformation	February 9th
Benefits of the Digital Transformation	March 9th
Digitization & Tech Advancement	April 15th



# Enhancing the Customer Experience

The Customer Experience Team comprises a diverse and dynamic group of individuals charged with the task of providing superior, innovative and streamlined service to customers and subscribers of both the Cable Bahamas Group of Companies and ALIV. Over the course of the last fiscal year, several key enhancements and improvements have been able to take place as we continue on our forward trajectory toward a complete digital age and innovation.

## NPS Reporting

This widely used market research metric has been employed with both REV and ALIV through the use of surveys asking respondents to rate the likelihood of recommending our products and services to others. This score has been the driving force behind revamping our service. The aim is to continue to improve in areas that require attention and enhance the areas that are working well as we aim to be the best in the business while acting on the feedback provided by our valued customers as we work to provide unmatched and superior service to them.



### Fibre to the Home (FTTH)

In Cable Bahamas' quest to remain on the cutting edge, FTTH has been launched to provide top notch cable services to our customers. FTTH offers the delivery of a communications signal via an optical Fibre from our Head End directly to our customers which ultimately eliminates and replaces the existing copper infrastructure currently used with wires and coaxial cables. The result is lightning fast service speeds, less susceptibility to glitches and the ability to withstand the effects of inclement weather.



### Amino Boxes (IPTV's / DVR's)

As a compact set top box, the new Amino Boxes provide amazing streaming capability. To match the demands of savvy customers with more high tech devices this versatile box is able to connect to a standard TV and play a MPEG-2 stream. These boxes are the next generation of IPTV/DVR's providing high definition outputs.



### IMI Assist

This software solution has been able to propel Cable Bahamas into the future with customer interactions. Through this feature we are able to communicate and engage with our customers in ways not previously explored. This is yet another key feature that sets us apart from others in the field. We are able to ride the social media wave and fully engage with our subscribers who have become accustomed to quick and easy information at the touch of their fingertips and with the stroke of a keypad. By supporting both proactive Customer Care Agents and Customer-Initiated contact, agents can have live conversations with customers via Live Chat, WhatsApp, Facebook Messenger, Twitter, Email, SMS and more.

We aim to be the best in the business while acting on the feedback provided by our valued customers as we work to provide unmatched and superior service to them.



### Live Chat Features (Artificial Intelligence)

In a move toward full innovation and superior customer service offerings, Live Chat now enables our customers to be assisted and have their questions answered immediately. This swift response aids in increasing the customer satisfaction rating. Customers to be assisted and have their questions answered immediately via our Cable Carebot. Live chat also allows for 24/7 support which is a great feature that adds to the convenience of our customers. As we maneuver the digital age and our new normal our customers have become comfortable with live chat and have also come to expect it. This two-fold innovation aids in improving the overall Customer Experience while increasing the productivity of our team.



### Enhanced IVR

REV's IVR platform has been a key tool used to enhance the overall Customer Experience. Our customers have the ability to filter through options for self-help services such as bill payments and troubleshooting while also being provided with troubleshooting tips and be informed on campaigns and promotions. Also, within the IVR we are able to maximize time by providing internal advertisements, campaigns and promotions and even tech tips while the customer is on hold. This feature continues to be updated and enhanced based on the needs of our customers. The goal is to ensure that this touchpoint provides both needed education and important information for seamless assistance as well as self-help where possible.



### eContracts

This revolutionary feature has begun its roll out and has literally changed the way that business takes place for us. This legal document allows for customers to apply for services, review terms and conditions and sign for same. This is essentially a digital version of traditional paper contracts which is not only great for the environment but also more efficient. As normal, signatures are captured by two parties but this eliminates time and delays as customers are able to move at their own pace when selecting what it is that they want.

# Managing Human Resources During Covid-19

••• **Over 109 senior leaders, middle managers and supervisors attended online courses with a 100% completion rate.**

Managing during the Covid-19 crisis required adapting to situations beyond our experience. The Human Resources Division worked with the leadership team to implement a corporate resiliency plan that would successfully transition to our work from home environment and the challenges faced in this global crisis. Within one week over 95% of employees no longer came to the office. Managers were trained on how to manage in a remote environment and employees were paid a stipend to set up their home offices. No time was lost in ensuring that goals, targets, KPI's and expectations were clearly defined, rolled out and reinforced. Platforms for building internal communication were used in this new virtual environment and employees willingly bought into the new virtual reality. Most employees adapted well and actually loved working from home. However, many employees suffered isolation, depression, and fear. Our Employee Assistance Program (EAP) gave employees access to the professional help they needed.

The way forward still presents a challenge with vaccinations and antigen testing. Testing was implemented for essential employees who had to report to work and could not work from home. Other essential workers were identified, and employees were encouraged to take the vaccine. A hybrid solution is planned for the future.

## Helping Employees Excel

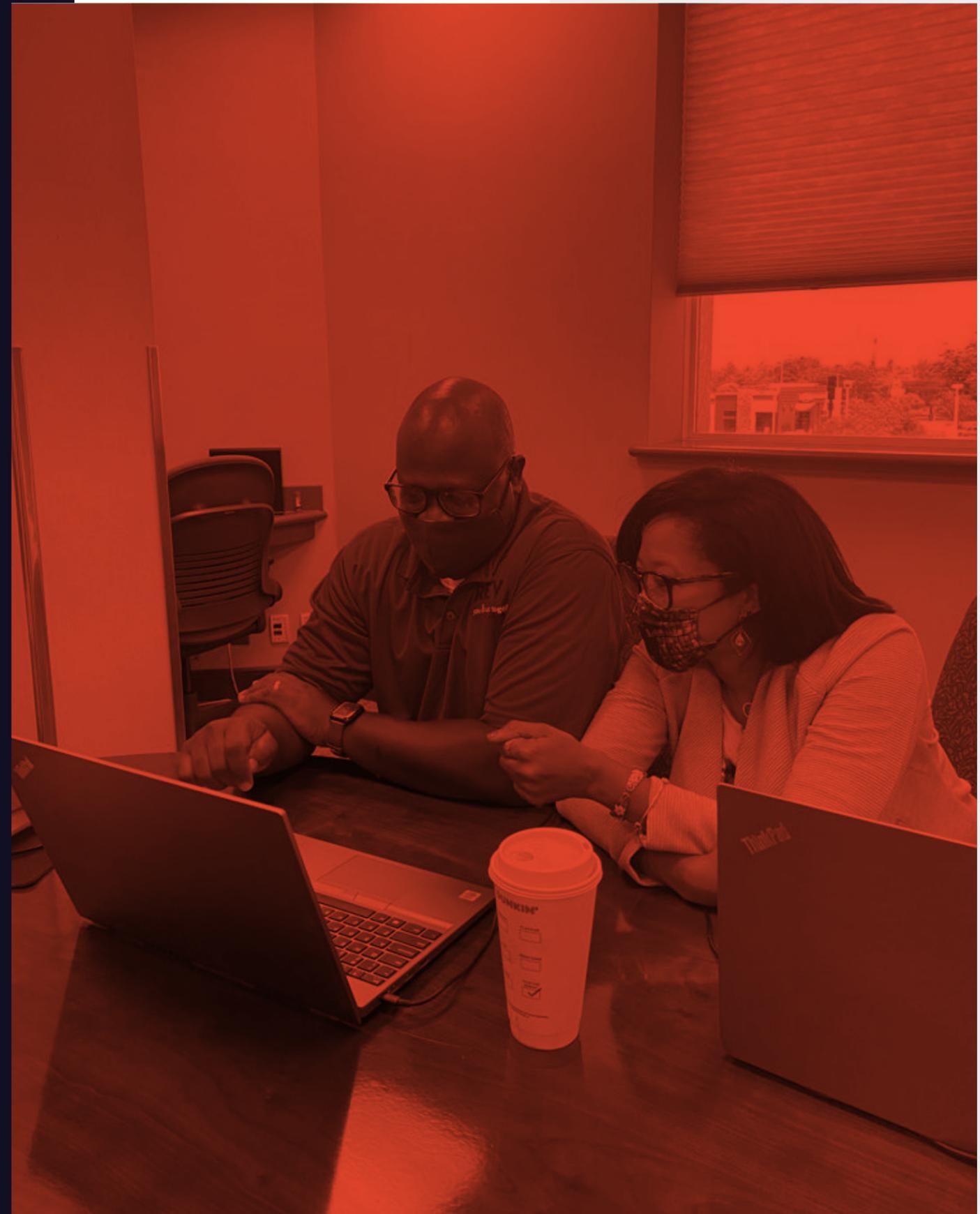
Training and employee development continued during the pandemic. Over 109 senior leaders,

middle managers and supervisors attended online courses with a 100% completion rate. Webinars, seminars, mini workshops, and short courses were made available to all employees. Workshops on leadership, communication, performance management, health, finance management, mental health, fitness, safety, and Covid Protocols & updates were facilitated online.

## Giving Back

Our role in enabling connected lifestyles included what we did for and with our employees and this impacted our customer experiences. Employees stayed connected. They participated in "drive by" events and even our infamous virtual Christmas party all in an effort to stay connected and let employees know we cared. They were able to deliver to our customers the same loving care online.

Managers through cascading of goals were responsible for holding employees accountable for achieving goals, KPI's, and targets. **Employee engagement increased from 61% favorability to 66% favorability and improved communication scores from 61% favorability to over 85% favorability across the board.** Our work from home surveys, facilitated quarterly, indicated that over 70% of employees prefer working from home.





## Our Team



JOHN GOMEZ  
Chief ALIV Officer



BARRY WILLIAMS  
Chief Money Maestro



DWAYNE DAVIS  
Chief Information Officer



AMBER CAREY  
Senior Director,  
Commercial



PATRICE THOMPSON  
General Manager,  
New Providence

**Our transformative journey  
maintained its stride in FY21.**

# We are with you. Believe in Best.

Since launch and the reveal of a new brand for mobile telecommunications in The Bahamas, ALIV has differentiated itself from its competition by building its brand position around four key pillars.



## World-Class Network

We have the highest quality 4.5G LTE mobile network and VoLTE voice service throughout all populated islands and cays.



## Cutting Edge Innovation

We provide best-in-class products and services that lead and shape the future of the Bahamian digital lifestyle landscape.



## Excellent Customer Service

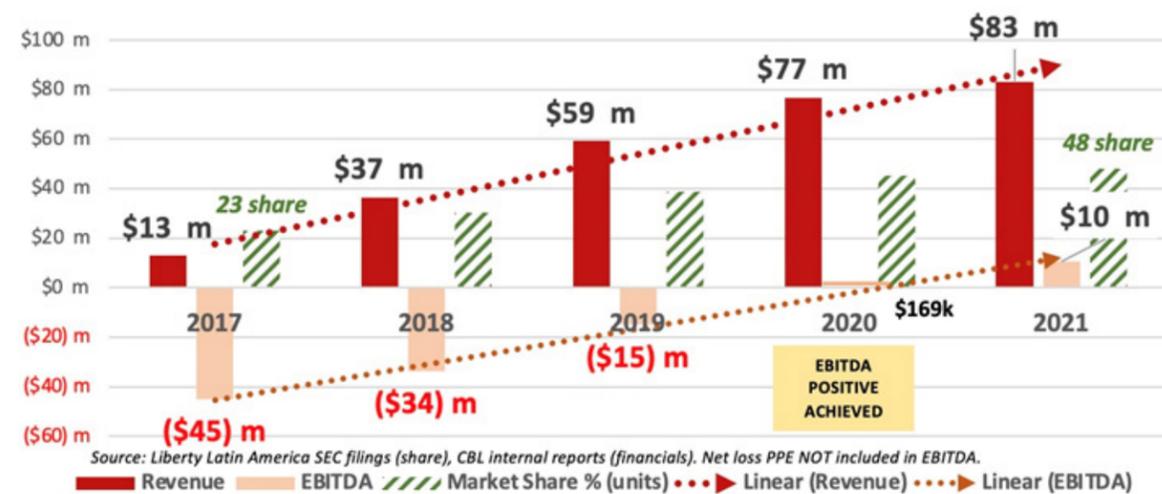
We ensure that each customer service experience, whether face-to-face or virtual, exceeds the customers expectations.



## Meaningful Community Engagement

We intentionally develop partnerships and events with local organizations that support Bahamian culture and our communities.

### ALIV Performance 2017 > 2021

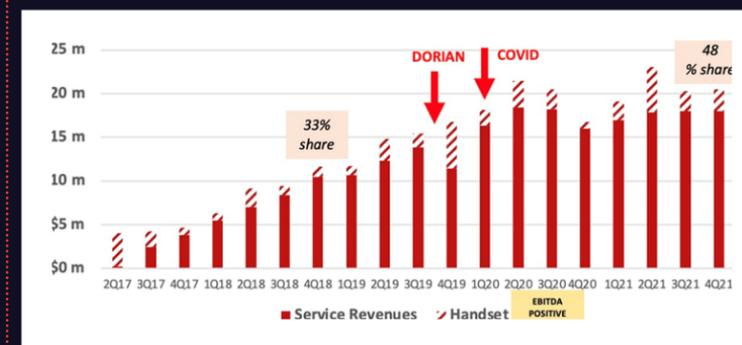


# There when you need us.

## Our transformative journey maintained its stride.

Despite the continued negative impacts of COVID-19 – including the third wave, the delta variant – on company growth, our transformative journey maintained its stride in FY21. These exceedingly tough times have however been mitigated by perseverance and the deployment of the COVID-19 vaccines. In addition, our new CEO John Gomez used his years of technical and leadership experience to charter the course for ALIV through an organizational restructuring that is focused on strategic company growth. As a true digital lifestyle partner, we've continued to strengthen our network throughout the pandemic to support the increased network demand caused by work-from-home and virtual learning.

### ALIV Quarterly Revenue: Stability during Covid



## Connecting you when you need it most.

Essential workers including teachers and healthcare workers have been the country's heroes and backbone during the pandemic. Recognizing the enormous and sometimes overlooked contributions amid the most challenging circumstances, ALIV stepped in and partnered with the government, the hospitals and food distribution agencies to power COVID-19 command response centers to support these critical groups.

The transition to remote working and learning highlighted the technology-related disparities that some students in our nation



### roaming just got easier

Enjoy free roaming on ALIV's new postpaid plans with plans starting as low as \$74.99

libertyPRIME, \$74.99

believe in best

### postpaid just got better

## roam again

within The United States & Canada

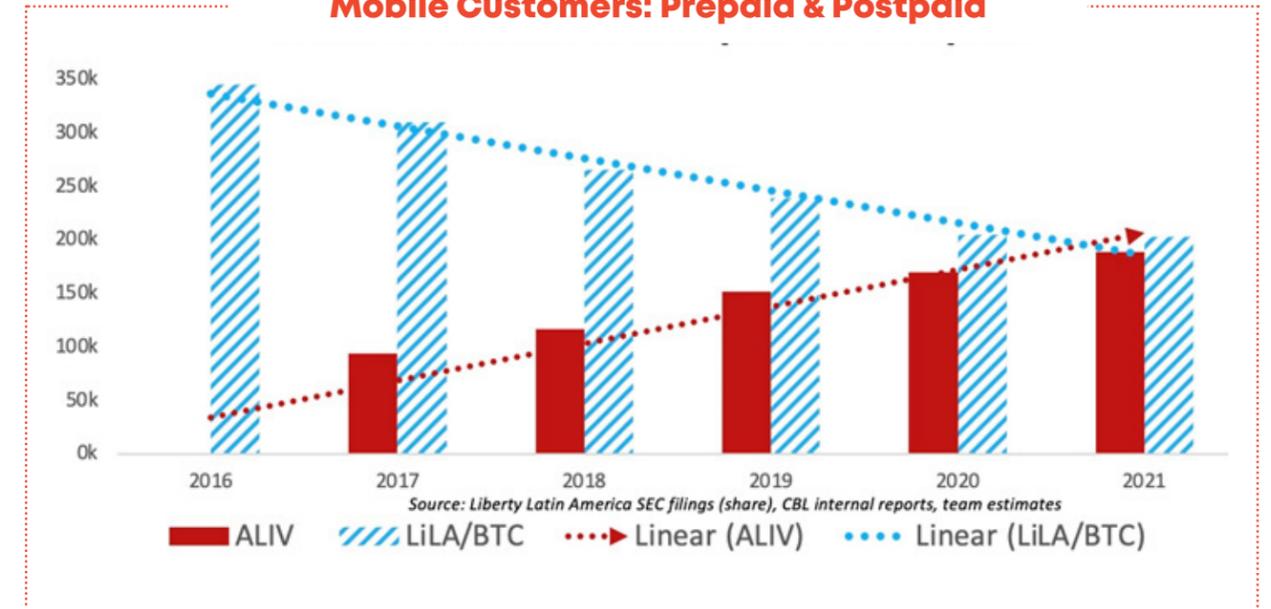
Enjoy free roaming on ALIV's new postpaid plans with plans starting as low as \$74.99

libertyPRIME, \$74.99 will get you Prime.

## Roam free: liberty reimagined

In preparation for the full reopening of our economy and the projected travel increases, ALIV launched Liberty Prime— our latest plan addition to the postpaid family of products in October 2020. Postpaid customers with select plans now have access to roaming in the United States and Canada as if they were still at home on their local service. These new and existing customers now can use the talk, text and data they love in The Bahamas, while they travel. Specialized plans also launched for corporate customers that traditionally travel more than the average customer; these plans keep professionals connected when and where they need it, even if it's outside of the country. Although the extension of lockdown restrictions and border closures slowed the initial uptake of the product offering, when travel resumed in 2021, ALIV customers purchased more roaming plans.

Mobile Customers: Prepaid & Postpaid



experience. Many do not have access to the technology required for effective learning. Our back-to-school campaign, which was driven by our world-class network, promoted tangible product solutions that support virtual learning. Through this campaign, we also partnered with the Ministry of Education to provide 5,000 tablets to the most vulnerable of our students throughout the islands. These efforts ensured that thousands of students who ordinarily would not be able to, were enabled to take on a challenging school year with a reliable network and online equipment and products. Although these efforts focused on meaningful community engagement, they contributed to a 10% increase in the year-over-year MiFi sales in 2021.

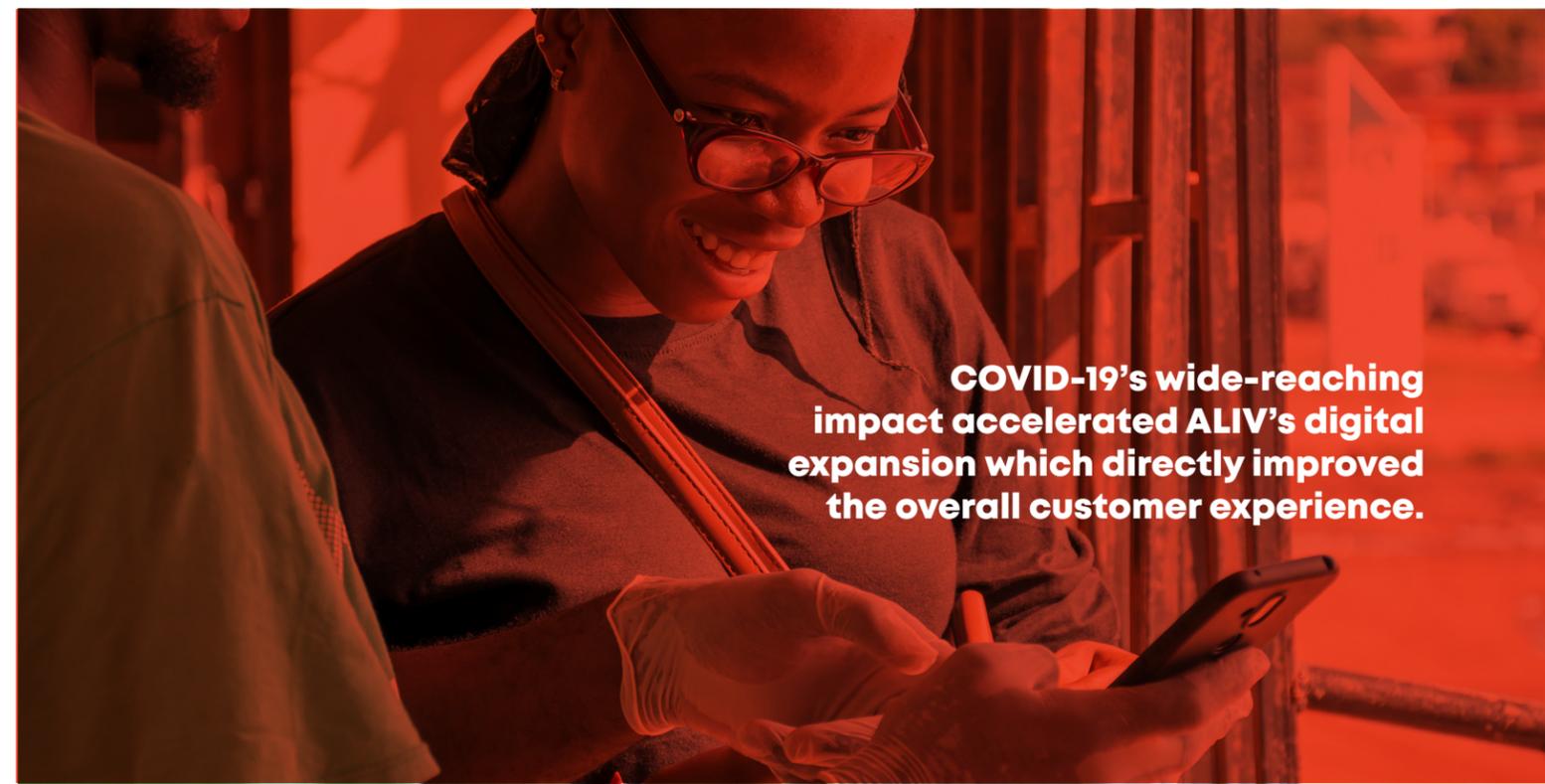
### Simplifying the customer experience through a drive to digital.

COVID-19's wide-reaching impact also accelerated ALIV's digital expansion which directly improved the overall customer experience. In FY21 ALIV launched several campaigns that drove customers to our self-service digital solutions including the interactive voice response (IVR), myALIV app and online bill payment & plan purchase. These digital push campaigns pushed more than

35% of ALIV customers to use the myALIV app during the pandemic. ALIV introduced self-help functionality and streamlined customer options, therefore pushing a 25% increase of customers using self-service and continued to improve our customer response time.

### Ensuring operational resilience to promote safety and maintain excellent customer service.

Employees and customers are both critical to ALIV's continued success, so operational resilience remained at the forefront during FY21. We adjusted our working model and retail spaces to comply with professional COVID-19 health guidelines that ensured the safety of both our staff and customers. As the delta variant extended existing emergency order lockdowns and restrictions, we also introduced limited operational hours in certain islands toward the end of 2020. These increased restrictions also impacted our traditional pop-up model which inspired a pivot to our concierge and curbside service that allowed our safe continued face-to-face customer interactions. The reopening of our borders and rebounding of hotels in 2021 had a notable positive impact on traffic within the retail spaces, including ALIV's historic revenue high in August 2021.



**COVID-19's wide-reaching impact accelerated ALIV's digital expansion which directly improved the overall customer experience.**

# REVMEDIA

## Our Team



DAVID BURROWS  
Vice President, Media



VINETTE GAITOR  
Operations Manager



JEROME SAWYER  
Executive Producer  
News and Current Affairs



DION GODET  
Head of Sales



GHALY SWANN  
TV Operations Manager

**Our News engagement grew by 47% to over 6.8 million engagements across our social media network, outpacing our nearest competitor by over 220%**

# Leader in Television and Online Media



REV Media remains the only media company in The Bahamas connecting businesses and products with Cable Bahamas' over 63,000 unique Bahamian households and businesses. Our data has verifiable viewership statistics and demographics of its customers, from sex, age, financial viability and business ownership, inclusive of TV viewing across 34 cable networks including Our TV. The Our News product was further enhanced in FY21 with the addition of Kristina Dragovich returning as lead anchor and leading the charge in the growth of our digital products.

In FY21, Our News became the most watched news broadcast in the country, with our digital audience watching over one million hours of Our News online and over three million hours on our TV platform, while adding over 50,000 new digital followers across our social media platforms. With our four digital platforms, Our News engagement (the most important social media measure) grew by 47% to over 6.8 million engagements across our social media network, outpacing our nearest competitor by over 220%. REV Media revenue grew by over 50%.

## SOCIAL MEDIA PERFORMANCE



**Our Audience:** In the FY21, REV Media grew its audience by over 27% (over 207,500 followers) across all platforms, from television to digital, with Facebook showing our strongest audience support and YouTube almost matching in hours of video consumed in the digital space. This audience, along with the strong content produced, licensed and commissioned helped to propel the 2021 Cable Bahamas record breaking results by placing the company's suite of products in front of an audience, with a frequency rivaled only in the local market by the tourism sector.

While REV Media continued to invest in local TV programming by outside producers, our internal teams excelled at growing our internal news and current affairs programming, adding new depth to the stories of our community each month. The most notable would be in digital media, which now represents 77% of our audience base, allowing us to grow digital revenue with our content. The quality and timeliness of what we produced drew audiences to both the TV and social media platforms.

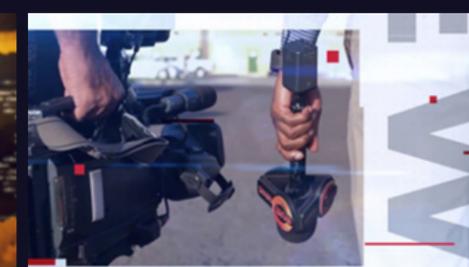


**REV Media grew its audience by over 27% (over 207,500 followers) across all platforms from television to digital, with Facebook**



News continued to be the main driver of viewership and the social media team was able to introduce unique content, which helped to bolster viewership and growth. In July, Our News provided coverage of Hurricane Isaias. The storm formed in late July, prompting the initiation of our in-house hurricane plan. This was especially difficult given the current COVID-19 health and safety protocols. In August, after an initial case of COVID-19 shut down operations of our studio at the Phil Keeping building, the Our News nightly newscast had to be produced remotely. It was a milestone in many ways, as it showed the resiliency of the team and our ability to pivot to a remote set-up when necessary.

In September, we produced a two-day Remembering Dorian special highlighting the first anniversary of Hurricane Dorian, followed by "On the Frontlines" that launched in the last quarter of the year. Season 1 included 10 episodes of fast-paced behind the scenes look at the inner working of some of the country's key law enforcement, emergency, and rescue institutions.



Our Sports launched "The Locker Room", a weekly sports topic show that takes a look at top sports news from all the sporting disciplines. It is interspersed with interviews highlighting Bahamian athletes, coaches and administrators.

An innovative news format was introduced in November, featuring a new intro, bumpers and studio shots. It included more concise news packages, live reporter intros from the field, expanded weather forecast, a new business format and more news stories throughout the entire half-hour. In December, Our News presented the annual "Year in Review" program, looking back at the biggest news making events of 2021.



In January 2021, Our News covered the inauguration of President Joe Biden in an unprecedented week of reports from the US Capital, as well as producing a special edition of "On the Record" – Mission to Washington" from DC. The first edition of "The Breakdown" aired in March 2021, hosted by Kristina Dragovich. This program highlighted the anniversary of the very first COVID case in The Bahamas. In May, Our TV carried a live broadcast from Abaco of the burials of the Hurricane Dorian victims. It was the first broadcast of its kind, and has laid the groundwork for future events.

Our News began Family Island news specials in May 2021, where news teams would spend a week reporting from the family islands. These trips also include a social media element, where our social media reporters provide unique stories and contents from these islands.

# Risk Factors

Following are a few of the risk factors that impact our business.

This is NOT a comprehensive list.

## COVID-19

CBL began pandemic modeling on Feb. 12, 2020 regarding COVID-19. Consequently, late in February 2020 we prepared our company and employees for various economic and health scenarios the virus would later impose collectively on us.

Since the economy of The Bahamas is tourist driven (estimated 50%+ of GDP) and most of that tourism is driven by the USA (estimated 85%+), we modeled not only the impact in The Bahamas, but in the USA. We developed a number of economic scenarios: ranging from moderate to extreme economic impact. We assumed the USA would NOT develop an effective national response through the fall of 2020 and that likely significant political instability associated with the 2020 presidential election would greatly restrict any tourists visits from America.

Consequently, we took immediate steps “to harden our company” accordingly.

It became apparent to us that collection of payments would be a critical factor in our companies continued strong financial performance. Accordingly, we implemented a number of items including an increase in the options for bill payment, “smart” dunning campaigns driven by big data and analytics, a laser focus on daily payments, a new battery of metrics to provide insight into payment trends/risk and quickly pivot as required and strengthened our payment collections team.

The impact of these efforts has increased our payments from customers 14% (March>June 2021 vs March>June 2020). Consequently, our cash position improved significantly.

Our current business plan reflects a moderate to severe COVID-19 scenario lasting through the foreseeable future as COVID-19 variants emerge (ex: Delta) and countries continue to fail to adequately respond. We have assumed minimal to modest economic recovery from COVID-19 during the planning period.



## Climate change, hurricanes and rising sea levels

Climate change modeling demonstrates that change is real, happening at an accelerating rate and is associated with increasingly frequent and severe climate and weather related disorders. According to the U.S. Intergovernmental Panel on Climate Change, “Scientific evidence for warming of the climate system is unequivocal. The current warming trend is of particular significance because most of it is extremely likely (greater than 95% probability) to be the result of human activity since the mid-20th century and proceeding at a rate that is unprecedented over decades to millennia. The planet’s average surface temperature has risen about 2.05 degrees Fahrenheit (1.14 degrees Celsius) since the late 19th century, a change driven largely by increased carbon dioxide and other human-made emissions into the atmosphere. Most of the warming occurred in the past 40 years, with the six warmest years on record taking place since 2014. Global sea levels rose about 8 inches in the last century. The rate in the last two decades, however, is nearly double that of the last century and is accelerating slightly every year”. The Bahamas is extremely susceptible to increasingly catastrophic conditions including, but not limited to, extreme hurricanes and rising sea levels. It is unclear how the government of The Bahamas and governments throughout the world will be able to effectively manage this risk, given the significant lack of political consensus and will to manage this global threat.

## Supply Chain

Our business depends upon a wide range of global suppliers. Disruption of the supply chain could result in our inability to execute our strategic plans; specifically, our anticipated FTTH investment. Given recent global supply chain disruptions due to COVID-19, we believe we may be significantly challenged to maintain sufficient supplies of various end user equipment (ex: telephony devices, modems, etc.) during the foreseeable planning period.

## Adverse Political and Regulatory Measures

Our business is significantly impacted by telecommunications and content regulation. Adverse regulation can increase compliance costs, which make our services less economically attractive to customers.

## Technology

Network outages due to a variety of factors (environmental, cyber threats, power failures, etc.) can result in our customer experiencing service outages. These outages can significantly negatively impact customer satisfaction and retention.



# Independent Auditors' Report

FOR THE YEAR ENDED JUNE 30, 2021

## CABLE BAHAMAS LTD.

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## Independent auditors' report

To the Shareholders of Cable Bahamas Ltd.

### Report on the audit of the consolidated financial statements

#### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Cable Bahamas Ltd. (the Company) and its subsidiaries (together 'the Group') as at June 30, 2021, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at June 30, 2021;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



## Our audit approach

### Overview



- Overall group materiality: \$1.7 million, which represents approximately 5% of the three year average net loss from continuing operations.
- In addition to the Group's primary operating company, Cable Bahamas Ltd., we performed a full scope audit of Be Aliv Limited, its financially significant subsidiary.
- Recognition and Measurement of Revenue

#### Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

#### How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Be Aliv Limited, a subsidiary of the Group, was classified as an individually financially significant component based on its overall contribution to the Group.

All audit procedures were performed by PricewaterhouseCoopers, Bahamas.

#### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in



the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

<b>Overall Group materiality</b>	\$1.7 million
<b>How we determined it</b>	We chose 5% of the three year average net loss from continuing operations.
<b>Rationale for the materiality benchmark applied</b>	We chose net loss from continuing operations as the benchmark because, in our view, profit/loss is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmark thresholds and used average net loss from continuing operations over the last 3 years due to the historic volatility of earnings.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$84,700, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Recognition and Measurement of Revenue</b></p> <p><i>Refer to notes 3(r), 4(d), and 21 to the consolidated financial statements for disclosures of related accounting policies and balances.</i></p> <p>The Group's revenue consists of cable TV, fixed and wireless broadband, fixed-line telephone, mobile and data telephony services, and other ancillary services. The recognition and measurement of revenue from short-term contracts is not subject to significant judgment. However, the revenue streams comprise a large number of low value transactions, multiple products and services with varying pricing structures, and complex billing systems (and related Information Technology (IT) controls). In addition, the recognition and measurement of</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>obtaining an understanding of and evaluating the design and implementation of controls over the revenue process.</li> <li>evaluating the overall IT control environment and the IT controls in place, with the assistance of our information technology specialists. This included evaluating the design and testing the operating effectiveness of controls around access rights, system development, program changes, and IT-dependent business controls designed to establish that changes to the systems were appropriately authorized,</li> </ul>



revenue from long-term bundled contracts involves a number of key judgments and estimates. As such, recognition and measurement of revenue was an area that required significant audit attention.

- developed and implemented, including those over customer account set-up, pricing data, usage data and segregation of duties.
- testing the end-to-end reconciliation from the billing systems to the general ledger and journal entries processed between them.
- evaluating the assumptions used by management to determine the allocation of the transaction price to telecom services and handsets and testing the stand-alone selling prices.
- obtaining a sample of customer contracts and comparing the contract terms to the revenue systems.
- assessing the adequacy of the Group's disclosures in respect of its accounting policies on revenue recognition.

No material misstatements were identified in the reported amounts of revenue.

#### Other information

Management is responsible for the other information. The other information comprises the Cable Bahamas Ltd. 2021 Annual Report (but does not include the consolidated financial statements and our auditors' report thereon), which is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Cable Bahamas Ltd. 2021 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Prince A. Rahming.

  
**Chartered Accountants**  
**Nassau, Bahamas**

**November 3, 2021**

# Consolidated Financial Statement

AS AT JUNE 30, 2021

## CABLE BAHAMAS LTD.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

(Expressed in Bahamian dollars)

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 57,833,861	\$ 174,902,357
Term deposits	6,596,996	5,618,667
Short-term investments (Note 5)	44,990,600	-
Trade and other receivables (Notes 6, 19, 24)	16,399,980	19,158,222
Prepaid expenses and deposits	6,476,559	6,209,684
Inventory	9,554,090	7,293,042
Contract assets (Note 7)	916,204	4,482,403
Total current assets	142,768,290	217,664,375
<b>NON-CURRENT ASSETS:</b>		
Property, plant and equipment (Note 8)	319,241,510	329,942,312
Intangible assets (Note 9)	62,932,741	68,638,225
Contract assets (Note 7)	681,479	-
Total non-current assets	382,855,730	398,580,537
<b>TOTAL ASSETS</b>	<b>\$ 525,624,020</b>	<b>\$ 616,244,912</b>

The accompanying notes are an integral part of these consolidated financial statements.

## CABLE BAHAMAS LTD.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2021  
(CONTINUED)**

(Expressed in Bahamian dollars)

	2021	2020
<b>LIABILITIES AND EQUITY</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities (Notes 10, 19, 24)	\$ 59,041,329	\$ 66,046,749
Deferred income	6,129,895	5,444,473
Preferred shares (Note 13, 19, 24)	9,271,611	8,951,111
Lease liabilities (Note 11)	3,574,514	15,284,921
Notes payable (Note 12)	-	58,455,397
Loans (Note 12)	2,520,000	2,520,000
Total current liabilities	<u>80,537,349</u>	<u>156,702,651</u>
NON-CURRENT LIABILITIES:		
Subscriber deposits	8,851,130	8,802,212
Lease liabilities (Note 11)	54,745,983	64,206,020
Notes payable (Note 12)	58,620,304	-
Loans (Note 12)	11,997,844	10,431,877
Preferred shares (Note 13, 19)	264,043,047	301,137,072
Total non-current liabilities	<u>398,258,308</u>	<u>384,577,181</u>
<b>TOTAL LIABILITIES</b>	<b><u>478,795,657</u></b>	<b><u>541,279,832</u></b>
EQUITY:		
Equity attributable to owners of the parent:		
Ordinary share capital (Note 14)	30,367,307	30,367,307
Retained earnings	86,864,594	92,894,200
	<u>117,231,901</u>	<u>123,261,507</u>
Non-controlling interest (Note 23)	(70,403,538)	(48,296,427)
<b>TOTAL EQUITY</b>	<b><u>46,828,363</u></b>	<b><u>74,965,080</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$ 525,624,020</u></b>	<b><u>\$ 616,244,912</u></b>

These consolidated financial statements were approved by the Board of Directors and authorized for issue on November 3, 2021, and are signed on its behalf by:



Director



Director

The accompanying notes are an integral part of these consolidated financial statements.

## CABLE BAHAMAS LTD.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2021**

(Expressed in Bahamian dollars)

	2021	2020
REVENUE (Notes 19, 21)	\$ 200,228,976	\$ 192,909,153
OPERATING EXPENSES (Notes 17, 18, 19, 21)	(142,444,443)	(150,187,757)
Impairment of financial and contract assets (Notes 6, 7)	(4,379,472)	(7,570,900)
	<u>53,405,061</u>	<u>35,150,496</u>
Depreciation and amortization (Notes 8, 9, 21)	(48,421,524)	(47,935,432)
Other income	363,085	876,453
Net gain/(loss) on disposal of property, plant and equipment (Note 8)	356,390	(2,554,745)
<b>OPERATING INCOME/(LOSS)</b>	<b><u>5,703,012</u></b>	<b><u>(14,463,228)</u></b>
Interest expense (Notes 11, 12, 21)	(14,855,240)	(15,861,339)
Dividends on preferred shares (Notes 13, 19)	(18,937,838)	(20,151,453)
<b>NET LOSS FROM CONTINUING OPERATIONS</b>	<b><u>(28,090,066)</u></b>	<b><u>(50,476,020)</u></b>
Profit from discontinued operations attributable to owners of the parent (Note 22)	-	109,130,311
<b>NET AND COMPREHENSIVE (LOSS)/INCOME</b>	<b><u>\$ (28,090,066)</u></b>	<b><u>\$ 58,654,291</u></b>
Net and comprehensive (loss)/income for the year attributable to:		
Owners of the parent	\$ (5,982,955)	\$ 85,227,753
Non-controlling interest	(22,107,111)	(26,573,462)
	<u>\$ (28,090,066)</u>	<u>\$ 58,654,291</u>
Basic earnings per share on profit or loss (Note 14)	\$ (0.14)	\$ 1.94
Diluted earnings per share on profit or loss (Note 14)	\$ (0.14)	\$ 1.91
Basic earnings per share on profit or loss from continuing operations (Note 14)	\$ (0.14)	\$ (1.15)
Diluted earnings per share on profit or loss from continuing operations (Note 14)	\$ (0.14)	\$ (1.13)

The accompanying notes are an integral part of these consolidated financial statements.

## CABLE BAHAMAS LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2021**
*(Expressed in Bahamian dollars)*

	Attributable to owners of the Parent				
	Ordinary Share Capital	Retained Earnings	Total	Non-Controlling Interest	Total
<b>Balance at June 30, 2019</b>	<b>\$ 30,367,307</b>	<b>\$ 7,823,460</b>	<b>\$ 38,190,767</b>	<b>\$ (21,722,965)</b>	<b>\$ 16,467,802</b>
Total net and comprehensive (loss)/income	-	85,227,753	85,227,753	(26,573,462)	58,654,291
Transactions with owners:					
Vested share based options (Note 18)	-	(157,013)	(157,013)	-	(157,013)
Total transactions with owners	-	(157,013)	(157,013)	-	(157,013)
<b>Balance at June 30, 2020</b>	<b>\$ 30,367,307</b>	<b>\$ 92,894,200</b>	<b>\$ 123,261,507</b>	<b>\$ (48,296,427)</b>	<b>\$ 74,965,080</b>
Total net and comprehensive loss	-	(5,982,955)	(5,982,955)	(22,107,111)	(28,090,066)
Transactions with owners:					
Purchase of treasury shares (Note 15)	-	(908,069)	(908,069)	-	(908,069)
Vested share based options (Note 18)	-	861,418	861,418	-	861,418
Total transactions with owners	-	(46,651)	(46,651)	-	(46,651)
<b>Balance at June 30, 2021</b>	<b>\$ 30,367,307</b>	<b>\$ 86,864,594</b>	<b>\$ 117,231,901</b>	<b>\$ (70,403,538)</b>	<b>\$ 46,828,363</b>

The accompanying notes are an integral part of these consolidated financial statements.

## CABLE BAHAMAS LTD.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021**
*(Expressed in Bahamian dollars)*

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss)/income for the year	\$ (28,090,066)	\$ 58,654,291
Adjustments for:		
Depreciation and amortization (Notes 8, 9)	48,421,524	47,935,432
Interest expense (Notes 11, 12, 21)	14,855,240	15,861,339
Dividends on preferred shares (Note 13)	18,937,838	20,151,453
Vesting of share based options (Note 18)	861,418	(157,013)
Net gain on lease modification	(411,784)	-
Net gain on disposal of property, plant & equipment (Note 8)	(356,390)	(535,071)
Profit from discontinued operations (Note 22)	-	(109,130,311)
Impairment of financial and contract assets (Notes 6, 7)	4,379,472	7,570,900
Impairment loss on property, plant and equipment (Note 8)	-	3,153,320
Unrealized gain on short-term investments	(25,343)	-
Amortization of transaction costs	-	1,242,581
<b>Operating cash flows before working capital changes</b>	<b>58,571,909</b>	<b>44,746,921</b>
Increase in trade and other receivables	(3,289,547)	(10,971,383)
Increase in prepaid expenses and deposits	(266,872)	(342,982)
(Increase)/Decrease in inventory	(2,261,047)	828,895
Decrease in contract assets	3,056,422	1,672,126
(Decrease)/Increase in accounts payable and accrued liabilities	(9,989,375)	9,097,070
Increase in deferred income	685,422	2,075,223
Increase in subscriber deposits	48,919	187,364
<b>Net cash from operating activities</b>	<b>46,555,831</b>	<b>47,293,234</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Placement of term deposits	(900,000)	(5,000,465)
Purchase of short-term investments (Note 5)	(69,953,782)	-
Proceeds from disposal of short-term investments (Note 5)	24,988,525	-
Purchases of property, plant and equipment (Note 8)	(30,924,861)	(33,906,712)
Payments for intangible assets (Note 9)	(2,451,590)	(2,636,548)
Proceeds from insurance claim (Note 8)	-	4,500,000
Reimbursement of indebtedness associated with sale of subsidiary	-	3,708,969
Proceeds from disposal of property, plant, and equipment	1,798,325	882,508
Proceeds from sale of subsidiary (Note 22)	1,496,615	251,648,306
<b>Net cash (used in)/from investing activities</b>	<b>\$ (75,946,768)</b>	<b>\$ 219,196,058</b>

The accompanying notes are an integral part of these consolidated financial statements.

## CABLE BAHAMAS LTD.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021  
(CONTINUED)**  
*(Expressed in Bahamian dollars)*

	2021	2020
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of loans (Note 12)	\$ -	\$ (75,524,562)
Proceeds from loans (Note 12)	-	3,750,000
Repayment of lease liabilities (Note 11)	(21,114,616)	(14,451,411)
Interest paid (Notes 11, 12, 21)	(9,802,198)	(13,868,205)
Purchase of treasury shares (Note 15)	(908,069)	-
Redemption of preferred shares (Note 13)	(37,235,338)	-
Dividends paid on preferred shares (Note 13)	(18,617,338)	(19,819,565)
<b>Net cash used in financing activities</b>	<b>(87,677,559)</b>	<b>(119,913,743)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(117,068,496)</b>	<b>146,575,549</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>174,902,357</b>	<b>28,326,808</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 57,833,861</b>	<b>\$ 174,902,357</b>
Cash and cash equivalents comprise:		
Cash on hand and at banks	\$ 57,833,861	\$ 174,902,357

The accompanying notes are an integral part of these consolidated financial statements.

## CABLE BAHAMAS LTD.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**  
*(Expressed in Bahamian dollars)*

**1. GENERAL INFORMATION**

Cable Bahamas Ltd. (the “Company”, the “Parent”) was incorporated on September 19, 1994, under the laws of The Commonwealth of The Bahamas (“The Bahamas”). Cable Bahamas Ltd. and its subsidiaries (together, the “Group”) provide cable television and related services, national and international data services, broadband access services, telephony services, wireless communication, web hosting and business continuity services.

As at June 30, 2021, the Group’s wholly-owned subsidiaries that are incorporated and domiciled in the The Bahamas include Cable Freeport Ltd. (“Cable Freeport”), Caribbean Crossings Ltd. (“Caribbean”), Maxil Communications Ltd. (“Maxil”), Systems Resource Group Limited (“SRG”), and Smart Term (Bahamas) Limited. Trinity Communications Bahamas Ltd. (“Trinity”) a company incorporated in the United States of America is a wholly-owned subsidiary of Caribbean. Until January 21, 2020 Summit Vista Inc. (“SVI”) which is incorporated under the laws of the state of Florida, United States of America was also a wholly-owned subsidiary of the Group; however, as further disclosed in Note 22, this entity was sold by the Group.

The Group has a 48.25% shareholding in Be Aliv Limited (“Aliv”) and holds management and board control. HoldingCo2015 Limited (“HoldingCo”) owns the remaining 51.75% of the ordinary shares and is a special purpose holding group set up by and currently wholly-owned by the Government of The Bahamas (“the Government”). Aliv was incorporated on February 25, 2016 under the laws of The Commonwealth of The Bahamas.

The ordinary shares of the Group are listed and traded on the Bahamas International Securities Exchange (BISX).

**2. BASIS OF PREPARATION**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), and under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss. The principal accounting policies adopted in the preparation of these consolidated financial statements are set out in Note 3.

The preparation of consolidated financial statements in conformity with IFRS requires management to make critical accounting estimates and exercise judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed separately in Note 4.

***New standards, amendments and interpretations adopted by the Group***

Standards and amendments and interpretations to published standards that became effective for the Group’s financial year beginning on July 1, 2020 were not relevant or not significant to the Group’s operations, and accordingly did not impact the Group’s accounting policies or consolidated financial statements.

### ***Standards, amendments and interpretations issued but not yet effective and not early adopted by the Group***

The application of new standards and amendments and interpretations to existing standards that have been published but are not yet effective are not expected to have a material impact on the Group's accounting policies or consolidated financial statements in the period of initial application.

### ***Assessment of the impact of COVID-19 on the Group***

Since the outbreak of COVID-19 in the first quarter of calendar year 2020, global financial markets and local businesses and retail customers have experienced, and may continue to experience significant volatility. There are significant consequences for the global and local economies from travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand, collectability of trade receivables, and general market uncertainty. The extent and duration of the impact of COVID-19 on the global and local economies and the sectors in which the Group and its customers and suppliers operate is uncertain at this time, but it has the potential to adversely affect our business. The Group has taken measures to preserve its operations and the health and safety of its employees and customers. Measures are being taken to reduce operating costs and non-business critical capital expenditure, offering more electronic and physical payment channels for our customers, and optimizing working capital.

As of the date of the approval of these consolidated financial statements, management was not aware of any significant adverse effects on the consolidated financial statements for the year ended June 30, 2021 as a result of COVID-19. Management will continue to monitor the situation and the impact on the Group.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### ***a. Basis of consolidation***

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the

investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including;

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders, or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

The financial information of Aliv has also been consolidated in these financial statements as the Group owns 48.25% of its ordinary shares and maintains management and board control (Note 23).

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any non-controlling interest and other components of equity. The net income or loss of the subsidiary disposed during the year will be included in the consolidated statement of profit or loss and other comprehensive income for the period through which the Group held the investment in the subsidiary.

As at June 30, 2020, the Group had completed a disposal of its investment in SVI, previously a wholly-owned subsidiary. As such, net income from discontinued operations resulting from the disposal of the investment in SVI is included in the comparative consolidated statement of profit or loss and other comprehensive income. Additional disclosures are presented in Note 22.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Parent and the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

- b. Cash and cash equivalents*** - Cash and cash equivalents comprise cash on hand, demand deposits, and term deposits with original maturities of three months or less and which are subject to insignificant risk of changes in value.
- c. Trade receivables*** - Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost, net of an allowance for expected credit losses. The allowance for expected credit losses is determined based on application of IFRS 9 *Financial Instruments*. Trade and other receivables do not carry any interest and are stated at their nominal value.
- d. Inventory*** - Inventory items are carried at the lower of cost and net realizable value, with cost being determined using weighted average cost. Net realizable value represents the estimated selling price of inventories less all estimated costs to make the sale. All inventory items are transferred to property, plant, and equipment (in the case of customer premises equipment) or operating expenses accordingly, as they are either placed into operation or sold.

- e. Property, plant and equipment** - Property, plant and equipment are carried at cost less accumulated depreciation, less any impairment. All costs associated with putting an asset into service are capitalized. Improvements that extend asset lives, and costs associated with the construction of cable and data transmission and distribution facilities, including direct labour and materials, are capitalized. Other repairs and maintenance costs are expensed as incurred.

Land, and construction in progress are not depreciated. Depreciation on property, plant and equipment other than right-of-use assets is recorded on a straight-line basis over their estimated useful lives as follows:

Commercial buildings	40 years
Leasehold improvements	Term of the lease
Vehicles	3-5 years
Equipment	3-20 years
Network systems and infrastructure	7-40 years
Fiber optic network	25 years
Web hosting systems	8 years

The estimated useful life and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when future economic benefits are not expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognized in profit or loss.

- f. Intangible assets** - Intangible assets are carried at cost less accumulated amortization and net of any adjustment for impairment. Intangible assets consist of communications and spectrum licenses, the acquired franchises license, and software and other related licenses.

The estimated useful lives and amortization methods are reviewed at the end of each reporting year, with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal when no future economic benefits from use are reasonably expected. Disposal gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognized in profit or loss when the asset is derecognized.

- g. Impairment of non-financial assets** - At each consolidated statement of financial position date, management reviews the carrying amounts of its tangible and intangible assets, including right-of-use assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. Any impairment loss is recognized immediately in the consolidated statement of profit or loss and other comprehensive income.
- h. Subscriber deposits** - In the normal course of its operations, the Group requires its customers to make deposits relating to services contracted. These deposits are repayable to the customer on termination of contracted services, net of any outstanding amounts due.

- i. Foreign currency translation** - The Group's functional and presentation currency used to measure amounts included in the financial statements of the Group's entities is the Bahamian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the consolidated statement of profit or loss and other comprehensive income.

- j. Financial instruments** - Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

### Classification and measurement of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value.

### Amortized cost and the effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset. Interest income is recognized in the consolidated statement of profit or loss and other comprehensive income.

#### **Financial assets as at fair value through profit or loss (FVTPL)**

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or FVOCI, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes unrealized fair value gain or loss, and any dividend or interest earned on the financial asset, and would be included in profit or loss.

#### **Impairment of financial assets**

The Group recognizes an allowance for expected credit losses (“ECL”) on financial assets, other than those measured at fair value through profit or loss. The Group determines a lifetime ECL for trade receivables and contract assets using the IFRS 9 simplified approach. The ECL on these assets are estimated using a provision matrix based on historical credit loss experience, in order to determine a loss rate.

At each reporting period, the Group calculates a loss rate which is applied as a percentage to the period-ending balance of each respective aging category. The result in the aggregate across the aging categories, is the updated ECL, or the allowance for credit losses. The allowance for expected credit losses is adjusted at each period-end to reflect the reassessed ECL for the period.

This may be adjusted for factors that are specific to the debtors, and general forward-looking economic conditions. The Group has identified the gross domestic product (GDP) and the unemployment rate of the country in which it sells its goods and services to be the most relevant forward-looking factors, and accordingly may adjust the historical loss rates based on expected changes in these factors.

To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to the Group’s remaining performance obligations to provide wireless services to customers under long-term contracts and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For all other financial instruments, the Group would recognize lifetime ECL if there has been a significant increase in credit risk since initial recognition. If the credit risk of the financial instrument has not increased significantly since initial recognition, the Group measures a loss allowance for that financial instrument at an amount equal to a 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The amount is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information, which would include factors such as:

- actual or expected significant adverse changes in business, financial, or economic conditions that are expected to cause a significant change to the borrower’s ability to meet its obligations or,
- actual or expected significant changes in the operating results of the debtor.

Regardless of the analysis above, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

#### *Write-offs*

Financial assets are written off when there is no reasonable expectation of recovery, such as a failure to make contractual payments for a period of greater than 180 days past due, and a debtor failing to engage in a repayment plan with the Group. When a trade receivable or contract asset is considered uncollectible, it is written off against the allowance account and recognized in operating expenses in the consolidated statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

## Financial liabilities

Financial liabilities are classified at amortized cost.

All financial liabilities (including borrowings, lease liabilities, and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

## Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of profit or loss and other comprehensive income.

- k. Trade and other payables** - These amounts represent unsecured liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.
- l. Basic and diluted earnings per share (EPS)** – Basic earnings per share is calculated by dividing net income attributable to ordinary equity holders of the Group for the year by the weighted average number of ordinary shares outstanding during the year and excluding treasury shares. Diluted earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares outstanding during the year if all convertible securities and potentially dilutive instruments were exercised. Potentially dilutive instruments are all outstanding stock options, and warrants. Unless the Group has no additional potential shares outstanding, the diluted EPS will always be lower than the simple or basic EPS.
- m. Retirement benefit costs** - Employer contributions made to the Group's defined contribution retirement benefit plan are charged as an expense when employees have rendered service entitling them to contribution. The benefit plan is separately managed and administered by a third-party service provider. The Group has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
- n. Share based option plan** - The Group provides to key employees through a long-term incentive plan, the option to acquire ordinary shares in the Group. The fair value of the options is determined using the Black Scholes option pricing model. As the options vest over the term of the plan, an expense is recognized in profit or loss with a corresponding increase in equity.
- o. Treasury shares** – The Group may purchase its own ordinary shares in the open market. The amounts paid to purchase those shares are deducted from share capital and are recorded as treasury shares, which is a contra-equity account.

**p. Related parties** - Related parties include shareholders with shareholdings of 10% or greater of outstanding ordinary shares, key management personnel (senior executive officers and directors), and entities that are controlled by these parties. The Government of The Bahamas, as beneficial owner of the majority shareholding of Aliv, is not deemed a related party in respect to certain transactions with statutory agencies.

**q. Revenue from contracts with customers** - The Group recognizes revenues from the sale of products or the rendering of services in a manner that represents the transfer of goods and/or services to customers consistent with an amount reflecting the expected consideration in return for those goods or services; when all of the following conditions are met:

- There is a clear evidence that an arrangement exists.
- The amount of revenue and related cost can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Group.
- For bundled arrangements, the total arrangement consideration is allocated to each separately identifiable

product or service included in the contract with the customer based on its stand-alone selling price. Generally stand-alone selling prices are determined based on the observable prices at which products are sold separately without a service contract and prices for non-bundled service offers with the same range of services, adjusted for market conditions and other factors, as appropriate.

In particular, the Group recognizes:

- Television, internet, telephony, and postpaid wireless airtime and data subscriber revenues over time as the service is delivered (usually monthly).
- Fees for local, long distance and wireless services (e.g. prepaid and roaming), and pay-per-use services when the services are provided.
- Other fees, such as network access fees, license fees, hosting fees, maintenance fees, standby fees, and equipment rental fees over the term of the contract as services are delivered.
- Revenues from the sale of equipment when the equipment is delivered and accepted by customers.
- Revenues on long-term contracts over time as services are provided, when equipment is delivered to and accepted by customers, and contract performance obligations are met.
- Advertising revenue, net of agency commission when advertisements are aired on television.

The Group measures revenues at the fair value of the arrangement consideration. Revenues are reduced for customer rebates and allowances and exclude taxes the Group collects from customers.

The Group may also enter into arrangements with dealers who would also provide services to the customer base. When the Group acts as the principal in these arrangements, revenue is recognized based on the amounts billed to customers. Otherwise, the net amount that is retained as revenue is recognized.

A contract asset is recognized in the consolidated statement of financial position when the right to consideration from the transfer of products or services to a customer is conditional on the obligation to transfer other products or services. Contract assets are transferred to trade receivables when the right to the consideration becomes conditional only as to the passage of time. Incremental costs of obtaining a contract with a customer, principally comprised of sales commissions and prepaid contract fulfillment costs, are included in contract assets in the consolidated statement of financial position. These costs are deferred when incurred and are recorded as operating expenses over the pattern of transfer of goods and services to the customer, except where the amortization period is one year or less, in which case costs of obtaining a contract are immediately expensed.

Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to

the customer of the related products or services. The Group amortizes these amounts over the average term of its customer contracts.

Payments received in advance from subscribers, including upfront refundable payments, are treated as a contract liability and presented as “deferred income” in the consolidated statement of financial position and are recognized as income when the relevant performance obligations are satisfied.

#### r. Leases

##### *The Group as a lessee*

The Group rents real estate, poles, and other support structures, and equipment. The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined the Group uses an incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the principal portion of the lease payments.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and any impairment losses.

When the Group has a present obligation to dismantle and remove a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized for reliably estimable costs. This provision is included in lease liabilities on the consolidated statement of financial position.

Lease assets which are right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying assets, the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The lease assets are presented within property, plant and equipment in the consolidated statement of financial position.

##### *The Group as a lessor*

The Group has not entered into any lease agreements as a lessor.

- s. **Value added tax** - The Government of The Bahamas enacted into law the Value Added Tax (“VAT”) Act in 2014. The Act, as amended, imposes VAT at a rate of 12%. The Group, in compliance with this Act, charges its customers VAT through its invoices on all applicable services.

Under the current laws of The Bahamas, the country of domicile of the Group, there are no income, withholding, or capital gains taxes imposed.

- t. **Provisions** – Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

- u. **Segment reporting** - The Group uses as its basis for segmentation and reporting, the results of operations and the financial position of its separately managed business components for which the chief operating decision maker reviews the financial results.
- v. **Corresponding figures** – Where necessary, corresponding figures are adjusted to conform with changes in presentation in the current year. Changes made to corresponding figures within these consolidated financial statements are outlined in Note 13.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The Group bases its estimates on a number of factors, including historical experience, current events and actions that the Group may undertake in the future and other assumptions that it believes are reasonable under the circumstances. By their nature, these estimates and judgements are subject to measurement uncertainty and actual results could differ.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be incorrect

### a) Useful Lives of Property Plant and Equipment and Finite Life of Intangible Assets

Property, plant and equipment represents 61% (2020: 54%) of the Group's total assets. Intangible assets represent 12% (2020: 11%) of the Group's total assets. Changes in technology or intended use of these assets, as well as changes in business prospects or economic and industry factors, may cause the estimated useful lives of these assets to change.

Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually.

### b) Impairment of Tangible and Intangible Assets

If events or changes in circumstances during the reporting year indicate that a tangible or intangible asset might be impaired, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belong. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

### c) Contingencies

In the ordinary course of business, the Group becomes involved in various claims and legal proceedings seeking monetary damages and other relief. Pending claims and legal proceedings represent a potential cost to the business. The Group estimates the amount of a loss by analyzing potential outcomes and assuming various litigation and settlement strategies, based on information that is available at the time.

### d) Multiple Element Arrangement

Where a contractual arrangement consists of two or more separate elements that have value to a customer on a stand-alone basis (e.g. wireless devices and voice and data services), revenue is recognized for each element as if it were an individual contract. Total contract consideration is allocated between the separate elements based on relative stand-alone selling prices. The Group applies judgement in both identifying separate elements and allocating consideration between them.

### e) Business Model Assessment

Classification and measurement of financial assets depends on the Group's business model for managing the financial assets and whether the contractual characteristics of the financial assets represent solely payments of principal and interest (SPPI). The business model test will determine the classification of financial assets that pass the SPPI test. The three business models are as follows:

- Hold to collect
- Hold to collect and sell
- Other

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented

### f) Lease Term

In determining a lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases that allow for an extension option, the Group performed an assessment of its expectations to continue to use the assets and the expected length of time for which extension options would be reasonably certain. The following considerations represent significant economic incentives to continue to exercise extension options:

- A known impediment such as high costs to remove or relocate the assets,
- the possibility of an unsustainable reduction in revenue based on the removal of a necessary piece of the service network, or
- the inability to conduct business or provide revenue-generating services to customers.

The Group is typically reasonably certain of exercising extension options on its leases, especially those related to its network assets, primarily due to the significant cost that would be required to relocate the network towers and related equipment.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

### g) Incremental Borrowing Rate

To determine the incremental borrowing rate, the Group where possible uses recent third-party financing rates as a starting point to establish a reference rate, and adjusts this rate to reflect the disparity in financing conditions under leases.

## 5. SHORT-TERM INVESTMENTS

During the year the Group purchased United States treasury bills and Bahamas Government bonds as a lower-risk investment. They each mature in one year or less, and the business model for managing these financial assets is to hold to trade within the near term rather than to hold to collect.

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

	2021	2020
Bahamas government registered stock	\$ 5,000,000	\$ -
United States government debt securities	39,990,600	-
	<u>\$44,990,600</u>	<u>\$ -</u>
	<b>2021</b>	<b>2020</b>
Fair value gains on investments at FVPL recognized in other income	\$ 25,343	\$ -

Additional disclosures related to fair value measurement are included in Note 20.

## 6. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise the following:

	2021	2020
Subscribers	\$ 17,370,424	\$ 21,184,969
Other	6,775,258	6,583,199
	24,145,682	27,768,168
Allowance for expected credit losses	(7,745,702)	(8,609,946)
	<u>\$ 16,399,980</u>	<u>\$ 19,158,222</u>

Allowance for expected credit losses and movement in allowance for expected credit losses is as follows:

	2021	2020
Balance at the beginning of the year	\$ 8,609,946	\$ 6,114,516
Amounts written off during the year	(5,708,553)	(4,861,584)
Amounts recovered during the year	293,135	191,670
Allowance recognized in the consolidated statement of profit or loss and other comprehensive income	4,551,174	7,165,344
	<u>\$ 7,745,702</u>	<u>\$ 8,609,946</u>

The following table details the risk profile of trade receivables based on the Group's provision matrix. The Group's allowance for credit losses based on past due status is further distinguished between the Group's customer segments, as different loss patterns have been historically observed.

June 30, 2021 Corporate	Days past due							Total
	<30	31-60	61-90	91-120	121-150	151-180	>181	
Expected credit loss rate	19%	58%	66%	57%	59%	89%	83%	
Estimated total gross carrying amount at default	\$ 3,493,199	\$ 1,246,788	\$ 766,109	\$ 2,373,121	\$ 913,745	\$ 363,656	\$ 1,094,166	\$ 10,250,784
Lifetime ECL	\$ 666,891	\$ 728,951	\$ 506,428	\$ 1,358,109	\$ 542,852	\$ 321,839	\$ 904,850	\$ 5,029,920

June 30, 2021 Residential	Days past due							Total
	<30	31-60	61-90	91-120	121-150	151-180	>181	
Expected credit loss rate	26%	43%	44%	44%	73%	90%	100%	
Estimated total gross carrying amount at default	\$ 4,354,111	\$ 1,307,515	\$ 487,109	\$ 214,650	\$ 182,589	\$ 164,303	\$ 409,363	\$ 7,119,640
Lifetime ECL	\$ 1,151,481	\$ 564,877	\$ 214,435	\$ 95,032	\$ 133,206	\$ 147,388	\$ 409,363	\$ 2,715,782

June 30, 2020 Corporate	Days past due							Total
	<30	31-60	61-90	91-120	121-150	151-180	>181	
Expected credit loss rate	13%	39%	51%	60%	65%	75%	93%	
Estimated total gross carrying amount at default	\$ 3,498,794	\$ 1,524,889	\$ 919,290	\$ 2,276,007	\$ 688,967	\$ 528,776	\$ 1,537,408	\$ 10,974,131
Lifetime ECL	\$ 462,042	\$ 587,377	\$ 467,389	\$ 1,358,670	\$ 448,282	\$ 397,908	\$ 1,422,561	\$ 5,144,229

June 30, 2020 Residential	Days past due							Total
	<30	31-60	61-90	91-120	121-150	151-180	>181	
Expected credit loss rate	16%	40%	46%	74%	89%	86%	100%	
Estimated total gross carrying amount at default	\$ 5,393,719	\$ 2,136,854	\$ 1,279,238	\$ 650,867	\$ 212,398	\$ 161,853	\$ 375,909	\$ 10,210,838
Lifetime ECL	\$ 839,931	\$ 849,872	\$ 588,473	\$ 482,910	\$ 188,694	\$ 139,928	\$ 375,909	\$ 3,465,717

## 7. CONTRACT ASSETS

The table below provides a reconciliation of the change in the contract assets balance. The Group recognizes contract assets on subsidiaries given to customers in relation to bundled contracts, as well as costs to obtain contracts. A portion of each of these is included in current and in non-current assets on the consolidated statement of financial position. Where the right to consideration from the transfer of products or services to customers extends beyond twelve months, that portion of the contract asset is presented as non-current on the consolidated statement of financial position.

	2021	2020
<i>Contract assets relating to bundled contracts</i>		
Balance as at the beginning of the year	\$ 2,314,515	\$ 2,997,406
Revenue recognized	917,961	2,382,487
Transferred to trade receivables	(1,705,093)	(1,642,279)
Terminations	(584,751)	(1,423,099)
	<u>942,632</u>	<u>2,314,515</u>
Allowance for expected credit losses	(233,854)	(405,556)
Balance as at the end of the year	<u>708,778</u>	<u>1,908,959</u>
<i>Costs to obtain contracts</i>		
Balance as at the beginning of the year	2,573,444	3,157,123
Incremental costs of new contracts	631,915	1,956,240
Amortization included in cost of sales	(2,132,307)	(2,415,663)
Charges included in operating expenses	(184,147)	(124,256)
Balance as at the end of the year	<u>888,905</u>	<u>2,573,444</u>
	<u>\$ 1,597,683</u>	<u>\$ 4,482,403</u>

Movement in contract assets' expected credit loss allowance is as follows:

	2021	2020
Balance as of the beginning of the year	\$ 405,556	\$ -
Expected credit loss	-	405,556
Write-back adjustment	(171,702)	-
Balance as of the end of the year	<u>\$ 233,854</u>	<u>\$ 405,556</u>

## 8. PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment during the year is as follows:

	Land	Commercial Buildings	Vehicles	Equipment	Network Systems and Infrastructure	Fiber Optic Network	Web Hosting Systems	Construction in Progress	Total
<b>COST:</b>									
Balance at June 30, 2019	\$ 25,005,202	\$ 42,433,002	\$ 2,675,252	\$ 76,857,628	\$ 327,206,674	\$ 53,788,405	\$ 397,064	\$ -	\$ 528,363,227
Additions	-	811,331	940,326	10,105,705	12,821,288	5,687,374	33,780	3,957,867	34,357,671
Transfer of assets	-	-	-	-	-	-	-	-	-
Impairment loss	-	-	(40,358)	(18,761)	(9,942,179)	-	-	-	(10,001,298)
Modifications to right-of-use asset	-	(805,434)	-	-	-	-	-	-	(805,434)
<sup>1</sup> Disposals	(215,103)	(5,246)	-	(265,834)	(148,298)	-	-	-	(634,481)
Balance at June 30, 2020	\$ 24,790,099	\$ 42,433,653	\$ 3,575,220	\$ 86,678,738	\$ 329,937,485	\$ 59,475,779	\$ 430,844	\$ 3,957,867	\$ 551,279,685
Additions	147,697	2,471,962	847,274	8,854,903	17,861,766	550,217	27,207	4,266,698	35,027,724
Transfer of assets	-	-	-	-	1,066,034	-	-	(1,066,034)	-
Modifications to right-of-use asset	32,569	40,313	-	-	(4,931,730)	-	-	-	(4,858,848)
Disposals	-	(306,554)	(52,550)	(25,273)	(2,041,893)	-	-	-	(2,426,270)
Balance at June 30, 2021	\$ 24,970,365	\$ 44,639,374	\$ 4,369,944	\$ 95,508,368	\$ 341,891,662	\$ 60,025,996	\$ 458,051	\$ 7,158,531	\$ 579,022,291
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT:</b>									
Balance at June 30, 2019	\$ 1,490,089	\$ 14,698,291	\$ 1,443,328	\$ 32,539,961	\$ 115,246,373	\$ 18,842,712	\$ 341,282	\$ -	\$ 184,602,036
Depreciation	580,872	2,738,889	727,119	9,770,616	23,007,417	2,896,950	2,971	-	39,724,834
Transfer of assets	-	-	-	-	-	-	-	-	-
Impairment loss	-	-	(22,932)	(9,680)	(2,315,366)	-	-	-	(2,347,978)
Modifications to right-of-use asset	43,849	(507,760)	-	-	-	-	-	-	(463,911)
<sup>1</sup> Disposals	-	(7,869)	-	(167,402)	(2,337)	-	-	-	(177,608)
Balance at June 30, 2020	\$ 2,114,810	\$ 16,921,551	\$ 2,147,515	\$ 42,133,495	\$ 135,936,087	\$ 21,739,662	\$ 344,253	\$ -	\$ 221,337,373
Depreciation	533,136	3,011,170	818,332	10,084,770	22,681,062	3,122,848	13,133	-	40,264,451
Modifications to right-of-use asset	-	-	-	-	(1,289,048)	-	-	-	(1,289,048)
Disposals	-	(139,587)	(21,975)	(19,007)	(351,426)	-	-	-	(531,995)
Balance at June 30, 2021	\$ 2,647,946	\$ 19,793,134	\$ 2,943,872	\$ 52,199,258	\$ 156,976,675	\$ 24,862,510	\$ 357,386	\$ -	\$ 259,780,781
<b>CARRYING VALUE:</b>									
As at June 30, 2021	\$ 22,322,419	\$ 24,846,240	\$ 1,426,072	\$ 43,309,110	\$ 184,914,987	\$ 35,163,486	\$ 100,665	\$ 7,158,531	\$ 319,241,510
As at June 30, 2020	\$ 22,675,289	\$ 25,512,102	\$ 1,427,705	\$ 44,545,243	\$ 194,001,398	\$ 37,736,117	\$ 86,591	\$ 3,957,867	\$ 329,942,312

<sup>1</sup> The amount of disposals reported in the comparative information has been amended to conform with the current year approach of excluding the fully depreciated assets from the presentation.

In September 2019, the Group sustained significant physical damage to its network infrastructure and equipment following the passage of a Hurricane. As a direct result, in the 2020 fiscal year, the Group recognized an impairment charge to its property, plant and equipment of \$7,653,320 and received \$4,500,000 in insurance proceeds. The resulting net loss of \$3,153,320 is recorded in the comparative consolidated statement of profit or loss and other comprehensive income, within Gain/(Loss) on disposal of assets.

As at June 30, 2021, management has analyzed the Group's property, plant and equipment and concluded that there were no indicators of impairment of the remaining assets as at that date. Among the factors considered in making this assessment are the nature of the asset and its use, the going concern assumption, and the absence of any obsolescence indicators.

Property, plant and equipment on the consolidated statement of financial position comprises both owned and leased assets that do not meet the definition of investment property.

	2021	2020
Property, plant and equipment owned	\$ 271,675,151	\$ 278,350,669
Right-of-use assets	47,566,359	51,591,643
	<u>\$ 319,241,510</u>	<u>\$ 329,942,312</u>

The following table provides information on the right-of-use assets included in property, plant and equipment on the consolidated statement of financial position.

	Land	Commercial Buildings	Network Systems and Infrastructure	Total
Net carrying amount at				
June 30, 2020	\$ 20,788,315	\$ 2,106,572	\$ 28,696,756	\$ 51,591,643
June 30, 2021	\$ 20,435,446	\$ 2,108,471	\$ 25,022,442	\$ 47,566,359
Depreciation expense for the year ended				
June 30, 2020	\$ 414,551	\$ 1,051,883	\$ 1,175,289	\$ 2,641,723
June 30, 2021	\$ 533,135	\$ 1,315,532	\$ 1,157,036	\$ 3,005,703
		<b>2021</b>	<b>2020</b>	
Total additions during the year	\$ 2,719,115	\$ 450,959		
Total disposals during the year	\$ (168,893)	\$ (50,260)		

## 9. INTANGIBLE ASSETS

Intangible assets included in the consolidated statement of financial position consist of the following:

### *Communications licenses*

The Company has an Individual Operating License (“IOL”) and an Individual Spectrum License (“ISL”) issued by The Utilities Regulation and Competition Authority to provide any network or carriage services in accordance with the conditions of the licenses. This allows the Group to provide telephony, cable television, and internet services in The Bahamas. In 2010, the Group began the recognition of costs required to fully utilize its communications licenses as an intangible asset. These costs are being amortized over the remaining term of the licenses which expire on October 14, 2024.

On July 1, 2016, Aliv was also issued an Individual Operating License, authorizing the operation of an electronic communications network and provision of carriage services; and, an Individual Spectrum License, authorizing the use of specific allocations of premium radio spectrum. Both licenses have been awarded for a term of fifteen years, until June 29, 2031.

The Group recognized all costs associated with the issuance of the IOL and ISL to Aliv. These costs are being amortized on a straight-line basis over the term of the licenses.

### *Software and licenses*

All costs associated with internally developed and purchased software and licenses are capitalized including all costs associated with placing the software into service and all costs are depreciated on a straight-line basis over their estimated useful lives, which is 5 to 10 years.

### *Acquired licenses*

#### Grand Bahama Port Authority License

Cable Freeport is licensed by the Grand Bahama Port Authority to exclusively conduct its cable television business in the Freeport area through the year 2054. This license is being amortized on a straight-line basis through the term of the license.

SRG has also been licensed by the Grand Bahama Port Authority to provide telecommunications services in the Freeport area.

Intangible assets acquired as a part of the acquisition of SRG included Spectrum and Communications Licenses, collectively the “Acquired Licenses”. The Spectrum license was granted on October 28, 2009 and allows SRG to use the Assigned Radio Spectrum in The Commonwealth of The Bahamas. The Communications License was granted on November 23, 2009 and allows the licensee within, into, from, and through The Bahamas a right to provide Carriage Services and to establish, maintain, and operate one or more networks. Both licenses are being amortized over the remaining term of the licenses which expire in the year 2024 on the anniversary of their grant dates. As these licenses are of a similar nature and have the same term for reporting and disclosure purposes, they are classified together as the Acquired Licenses. This

treatment follows the guidelines of IAS 38 *Intangible Assets*.

The movement in intangible assets during the year consists of the following:

	Communications Licenses	Software and Licenses	Acquired Licenses	Total
<b>COST</b>				
Balance at June 30, 2019	\$ 72,830,680	\$ 14,555,775	\$ 19,368,563	\$ 106,755,018
Additions	-	2,636,548	-	2,636,548
Balance at June 30, 2020	72,830,680	17,192,323	19,368,563	109,391,566
Additions	-	2,451,589	-	2,451,589
Balance at June 30, 2021	\$ 72,830,680	\$ 19,643,912	\$ 19,368,563	\$ 111,843,155
<b>AMORTIZATION</b>				
Balance at June 30, 2019	\$ 17,575,259	\$ 2,851,556	\$ 12,115,928	\$ 32,542,743
Amortization	4,933,117	2,162,945	1,114,536	8,210,598
Balance at June 30, 2020	22,508,376	5,014,501	13,230,464	40,753,341
Adjustment to accumulated amortization	-	-	-	-
Amortization	4,932,669	2,495,792	728,612	8,157,073
Balance at June 30, 2021	\$ 27,441,045	\$ 7,510,293	\$ 13,959,076	\$ 48,910,414
<b>CARRYING VALUE:</b>				
As at June 30, 2021	\$ 45,389,635	\$ 12,133,619	\$ 5,409,487	\$ 62,932,741
As at June 30, 2020	\$ 50,322,304	\$ 12,177,822	\$ 6,138,099	\$ 68,638,225

## 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprise the following:

	2021	2020
Trade payables	\$ 18,252,348	\$ 23,083,982
Government and statutory agencies	32,339,299	35,253,779
Other liabilities	4,998,720	5,077,378
Payroll & employee benefits	3,450,962	2,631,610
	<u>\$ 59,041,329</u>	<u>\$ 66,046,749</u>

Amounts payable to the Government and statutory agencies as of year-end include liabilities owed for value added tax, customs duties, and regulatory and licensing fees.

## 11. LEASE LIABILITIES

Lease liabilities include the following:

*Lease Liabilities (Group as a lessee)*

The Group has in place capital lease contracts for network equipment, and other equipment included in property, plant, and equipment with terms ranging from 3 to 5 years and that bear interest at rates ranging from 2.9% to 4.5% (2020: 3.2% to 15.78%). As at June 30, 2021, the balance outstanding totaled \$548,968 (2020: \$19,290,768) included in lease liabilities on the consolidated statement of financial position, and the current lease principal payments due within one year was \$548,968 (2020: \$13,178,805). During the year, the Group settled its largest lease liability with one particular vendor totaling \$17,470,913 which previously made up the vast majority of the comparative balances mentioned here.

The lease liabilities corresponding to the right-of-use assets covered in Note 8 carry terms ranging from 5 to 40 years and are discounted using the incremental borrowing rate. As at June 30, 2021, the balance outstanding totaled \$57,128,702 (2020: \$59,765,291) included in lease liabilities on the consolidated statement of financial position, and the current lease principal payments due within one year was \$3,025,546 (2020: \$2,106,116).

This note provides information on the amounts recognized in profit or loss related to leases.

	2021	2020
Depreciation on lease assets	\$ 3,005,703	\$ 2,641,723
Interest expense on lease liabilities	4,459,996	6,646,042
Expense relating to short-term leases	1,595,436	635,723
Expense relating to low-value leases	5,810	-
Cash outflows on lease liabilities		
Interest paid	2,995,371	6,646,042
Principal paid	21,114,616	14,451,411

#### *Asset Retirement Provision*

The Group recorded a provision for an asset retirement obligation in accordance with IAS 37 *Provisions, Contingent Liabilities, and Contingent Assets*. The amount of \$642,827 is included in lease liabilities as of June 30, 2021 (2020: \$434,882).

## 12. NOTES PAYABLE AND LOANS

#### *Notes payable*

The Group issued \$60,000,000 in Series A and Series B unsecured notes in March 2017. The proceeds of the notes were used for various capital projects and to fund working capital requirements.

The notes are designated as 10-year 8.00% Series A and 15-year 8.50% Series B and mature in December 2026 and 2031, respectively. The terms of the notes are governed by a trustee agreement and all payments associated with the notes are required to be paid through a payment agent. These notes pay coupons semi-annually on the last business day in June and December each year. Total interest recorded during the year was \$4,995,950 (2020: \$5,009,638).

The notes payable balance is comprised of the principal balance offset by unamortized borrowing costs of \$1,379,696 (2020: \$1,544,603).

During the 2020 fiscal year, the Group was not in compliance with the financial covenants of the notes as set out in the trustee agreement. As a result, the notes were classified as current liabilities in the comparative consolidated statement of financial position. During the year ended June 30, 2021, the trustee agreed with the Group to amend the notes' trust deed covenants. The amended covenants became effective as of June 30, 2021. As such, the notes were reclassified to non-current liabilities in the consolidated statement of financial position.

#### *Loans*

##### Property mortgage

In February 2020, the Group entered into a mortgage agreement for \$2,520,000 to facilitate the purchase of a property to be used in its operations. The loan is secured by the mortgaged property, and bears interest at an annual rate of 4.75% payable quarterly. The loan has a maturity date of January 1, 2030, but the lender may at its sole discretion demand payment. As a result, the loan has been classified within current liabilities in the consolidated statement of financial position.

As per the loan agreement, the first 24 months of the loan term are the interest only period. Thereafter, blended payments of principal and interest are to be made until maturity. The balance of the loan as at June 30, 2021 was \$2,520,000 (2020: 2,520,000).

##### Shareholder loan

In 2019, the Group authorized the issuance of a secured promissory note to HoldingCo for a total of \$10,750,000, proportionate to HoldingCo's equity shareholding in Aliv. Of this amount, \$7,000,000 was received from HoldingCo by June 30, 2019 and the remaining \$3,750,000 was received on July 12, 2019. The note was originally secured through a debenture over all the assets of Aliv excluding the Individual Spectrum License and assets pledged under lease obligations. Pursuant to an agreement dated December 7, 2020, these loans were amended to subordinate the related debenture, and to extend the maturity date to September 30, 2033, with no installment payments required prior to maturity. Interest on the outstanding principal balance is paid on a quarterly basis at the Bahamian Prime Lending Rate plus a margin of 3.5%. Total interest recorded for the year was \$1,609,027 (2020: \$1,603,771). As at June 30, 2021, the total outstanding balance was \$11,997,844 (2020: \$10,431,877).

##### Senior credit facility

In January 2020, following the conclusion of the sale of SVI, the senior credit facility was fully repaid, and the total amount owing was \$Nil as at June 30, 2021 and as at June 30, 2020.

### 13. PREFERRED SHARES

	Maturity Date	2021	2020
Authorized:			
10,000 shares par value B\$1,000			
25,000,000 shares par value B\$0.01			
Issued: 103,500 shares par value B\$0.01			
5.75% Series Six cumulative redeemable preferred shares at B\$1,000	May 2024	\$ 103,500,000	\$ 103,500,000
Issued: 11,000 shares par value B\$0.01			
6.25% Series Eight cumulative redeemable preferred shares at US\$1,000	May 2024	-	11,000,000
Issued: 65,500 shares par value B\$0.01			
6.25% Series Nine cumulative redeemable preferred shares at B\$1,000	April 2025	65,500,000	65,500,000
Issued: 9,500 shares par value B\$0.01			
6.75% Series Ten cumulative redeemable preferred shares at US\$1,000	April 2025	-	9,500,000
Issued: 4,090 shares par value B\$0.01			
8.0% Series Eleven cumulative redeemable preferred shares at US\$1,000	June 2023	-	4,090,000
Issued: 1,349 shares par value B\$0.01			
8% Series Eleven cumulative redeemable preferred shares dominated in JMD indexed to USD at J\$1,000,000	June 2023	-	10,610,339
Issued: 2,035 shares par value B\$0.01			
7.75% Series Twelve cumulative redeemable preferred shares at US\$1,000	June 2026	-	2,035,000
Issued: 26,000 shares par value B\$0.01			
6.25% Series Thirteen cumulative redeemable preferred shares at US\$1,000	June 2026	26,000,000	26,000,000
Issued: 55,000 shares par value B\$0.01			
8.0% Series One cumulative redeemable amortizing preferred shares at US\$1,000	October 2027	55,000,000	55,000,000
Issued: 15,000 shares par value B\$0.01			
8.0% Series One cumulative redeemable amortizing preferred shares at US\$1,000	October 2027	15,000,000	15,000,000
		<u>265,000,000</u>	<u>302,235,339</u>
Unamortized costs		(956,953)	(1,098,267)
Preferred shares dividends payable		3,444,408	3,924,111
Amount payable on Series Seven preferred shares		5,827,203	5,027,000
Total		<u>273,314,658</u>	<u>310,088,183</u>
Preferred shares - current portion		<u>9,271,611</u>	<u>8,951,111</u>
Preferred shares - non-current portion		<u>\$ 264,043,047</u>	<u>\$ 301,137,072</u>

Preferred shares issued by the Group do not carry voting rights and pay dividends semi-annually and are ranked ahead of the ordinary shares in the event of liquidation. Proceeds from the issuance of these shares were used to either settle short-term debt commitments or fund capital investments. The Series Six preferred shares were used to partially redeem the Group's Series Four and Five Preferred Shares.

The Series Eleven preferred shares were listed and traded on the Jamaican Stock Exchange. On September 30, 2020, the Group exercised its option for early redemption effective as of December 29, 2020, and a payment was made to those preferred shareholders representing the sum of principal and interest owed. Upon the early redemption of the Series Eleven shares, the Group has ceased to be registered with the Jamaica Stock Exchange.

On September 21, 2020, the Group exercised its option for early redemption of the Series Eight, Ten, and Twelve preferred shares effective as of September 30, 2020, and a payment was made to those preferred shareholders representing the sum of principal and interest owed.

The Series Seven preferred shares matured in May 2016 and the unpaid balance of \$5,027,000 at June 30, 2020 was reclassified from accounts payable and accrued liabilities to preferred shares in the consolidated statement of financial position to correspond with the current year's presentation. A balance of \$5,827,203 at June 30, 2021 (2020: \$5,027,000) remained outstanding and subject to dispute as to the required payment thereof.

Dividends declared but not paid as at June 30, 2020 totaling \$2,988,221 were previously included in accounts payable and accrued liabilities have also been reclassified to preferred shares in the consolidated statement of financial position as at June 30, 2020.

Management has estimated that the fair value of the Group's redeemable preferred shares approximates its stated carrying amount.

As the preferred shares are mandatorily redeemable on a specific date, they are recognized as financial liabilities in these consolidated financial statements.

### 14. ORDINARY SHARE CAPITAL

Ordinary share capital is comprised of the following:

	2021	2020
Issued and fully paid ordinary shares of no par value	<u>43,887,035</u>	<u>43,887,035</u>
Ordinary share capital	<u>\$ 30,367,307</u>	<u>\$ 30,367,307</u>

The number of ordinary shares outstanding as at June 30, 2021 was 43,887,035 (2020: 43,887,035) and the weighted average number of ordinary shares was 43,809,528 (2020: 43,887,035).

The earnings used in the calculation of basic earnings per share are as follows:

	2021	2020
Earnings used in calculation of basic earnings per share on profit or loss - attributable to Ordinary Equity Holders of the Parent	\$ (5,982,955)	\$ 85,227,753
Earnings used in calculation of basic earnings per share on profit or loss from continuing operations - attributable to Ordinary Equity Holders of the Parent	\$ (5,982,955)	\$ (50,476,020)

The weighted average numbers of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	2021	2020
Weighted average of ordinary shares used in calculation of basic earnings per share for continued operations	43,809,528	43,887,035
Shares deemed to be issued on vesting of share based option plan for continued operations	-	661,594
Weighted average of ordinary shares used in calculation of diluted earnings per share for continued operations	43,809,528	44,548,629

## 15. TREASURY SHARES

Treasury shares are ordinary shares in the Group that are held by the Group in order to enable management's long-term capitalization strategy, in line with the Group's capital risk management structure. The movement in shares during the year is as follows:

	2021		2020	
	No. of shares	Dollar value	No. of shares	Dollar value
Opening balance, beginning of year	-	\$ -	-	\$ -
Acquisition of shares by the Group	260,772	908,069	-	-
Ending balance, end of the year	260,772	\$ 908,069	-	\$ -

## 16. COMMITMENTS AND CONTINGENT LIABILITIES

The Group is involved in legal actions for which management is of the opinion that accrued liabilities are sufficient to meet any obligations that may arise therefrom. The Group also has a facility for Corporate credit cards and letters of guarantee in the amount \$700,000 (2020: \$700,000) held with its bank.

During 2016 and 2017, Utilities Regulation and Competition Authority ("URCA") issued Preliminary Determinations outlining perceived breaches by the Group relating to the non-payment of fees with respect to operations in Grand Bahama. URCA believes that the Group is in breach of Parts IV and XVI of the Communications Act and as such has pursued regulatory measures against the Group with the view to resolve this matter. The Group, however, has maintained that based on provisions of the Hawksbill Creek Agreement, URCA does not have a legal basis to license its operations in Grand Bahama, and has commenced legal proceedings to support the Group's position. As at June 30, 2021 a provision has been recognized for what the Group considers to be a probable future outflow.

The Group through Be Aliv Ltd. has in place a letter of guarantee with its bank in the amount of \$100,000 (2020: \$100,000) which is considered restricted cash and is included in the cash balance; and capital commitments of \$5,900,872 (2020: \$5,594,045) in relation to the acquisition of network infrastructure.

The Group has insurance coverage to certain limits for major risks on property and major claims in connection with legal liabilities arising in the course of operations.

## 17. OPERATING EXPENSES

Operating expenses consist of the following:

	2021	2020
Programming costs	\$ 52,545,924	\$ 52,539,572
Engineering	15,717,638	17,370,159
Administrative	31,864,811	31,264,680
Marketing	17,710,156	19,030,178
Network operations	15,066,152	18,297,718
Government and regulatory fees	9,539,762	11,685,450
	<u>\$ 142,444,443</u>	<u>\$ 150,187,757</u>

## 18. EMPLOYEE COMPENSATION

For the year ended June 30, 2021, employee compensation costs totaled \$38,461,221 (2020: \$41,531,851).

The Group participates in externally managed pension plans. Under the terms of the defined contribution plans, the Group matches employee contributions up to a maximum of 5% of salary for its staff and 12.5% for executive management. The Group's contributions for the year amounted to \$1,191,533 (2020: \$934,763).

Share-based option plan

In 2014, the Group implemented a share-based option plan for key executives of the Group. The

plan commenced on April 23, 2014, and under the terms of the plan, the maximum number of shares that may be issued upon the exercise of options shall not exceed 5% of the issued and outstanding shares of the Group and vest equally over five years. During calendar 2015 the Group granted additional options within the plan which also vest equally over five years. During calendar 2019 and 2020 the Group granted additional options within the plan which vest equally over four years. Options are granted under the plan for no consideration. The options carry no dividend or voting rights, and they are settled in shares.

The options are recorded at the fair value on the grant date, which was determined using the Black Scholes options pricing model. The inputs to this model as it relates to the options granted during October 2020 included the exercise price of \$2.99, the share price of \$2.99 on the grant date, expected price volatility of the Group's equity shares of 28.51%, the expiry date of the options, and the risk-free interest rate of 4.25%.

The following share-based option plans were in existence during the current and prior years:

	Number	Vesting date	Exercise price	Fair value at grant date
(1) Granted on April 23, 2014	1,927,500	23-Apr-19	\$3.72	\$2.36
(2) Granted on January 1, 2015	150,000	1-Jan-20	\$4.67	\$2.68
(3) Granted on March 27, 2019	1,615,500	27-Mar-23	\$2.22	\$2.22
(4) Granted on October 22, 2020	397,500	22-Oct-24	\$2.99	\$0.88

Movements in the share-based options plan are shown below:

	Movement in number of share-based options		Weighted average exercise price	
	2021	2020	2021	2020
Outstanding, beginning of year	1,778,438	1,975,500	\$ 2.36	\$ 2.54
Granted	397,500	-	\$ 2.99	\$ -
Forfeited	(88,938)	(197,063)	\$ 2.22	\$ 3.70
Exercised	(25,000)	-	\$ 2.22	\$ -
<b>Outstanding, end of year</b>	<b>2,062,000</b>	<b>1,778,438</b>	<b>\$ 2.49</b>	<b>\$ 2.36</b>
Exercisable	1,065,869	661,594	\$ 2.50	\$ 2.59

The total number of shares vested as at June 30, 2021 was 1,065,869 (2020: 661,594). The increase in fair value of the shares vested during the year was \$861,418 (2020: \$157,013 decrease) and is included in operating expenses in the consolidated statement of profit or loss and other comprehensive income. The cumulative fair value of shares vested at June 30, 2021 is \$2,353,256 (2020:\$1,491,838).

## 19. RELATED PARTY BALANCES AND TRANSACTIONS

Compensation of directors and key executive personnel:

	2021	2020
Short-term benefits	\$ 3,078,447	\$ 3,115,086
Long-term benefit - share based plan	558,587	585,583
Post employment benefits	163,428	144,147
	<u>\$ 3,800,462</u>	<u>\$ 3,844,816</u>

Total remuneration of directors and key executive personnel is determined by the compensation committee of the Board of Directors having regard to qualifications, performance and market trends. These balances are included in operating expenses in the consolidated statement of profit or loss and other comprehensive income.

Other balances and transactions with related parties:

	Key Management Personnel	Other Related Parties
<b>2021</b>		
Balances at the end of the year:		
Trade and other receivables	\$ -	\$ 103,447
Accounts payable and accrued liabilities	\$ 9,686	\$ 469,239
Notes payable and long-term debt	\$ -	\$ 11,997,844
Preferred shares	\$ 1,027,500	\$ 10,200,000
Transactions during the year:		
Revenue	\$ 11,283	\$ 181,972
Operating expenses	\$ 274,529	\$ 846,015
Dividends on preferred shares	\$ 2,511	\$ 882,949
<b>2020</b>		
Balances at the end of the year:		
Trade and other receivables	\$ -	\$ -
Accounts payable and accrued liabilities	\$ 9,686	\$ 216,851
Notes payable and long-term debt	\$ -	\$ 10,431,877
Preferred shares	\$ 1,027,500	\$ 10,950,000
Transactions during the year:		
Revenue	\$ 11,283	\$ 119,178
Operating expenses	\$ 380,947	\$ 928,724
Dividends on preferred shares	\$ 2,511	\$ 953,069

The related party amounts within the accounts payable and accrued liabilities, preferred shares, and dividends on preferred shares lines comprise balances and transactions with Key Management Personnel (Officers and Directors of the Company), holders of 10% or more ordinary shares, and business entities closely affiliated with any of those persons. Refer to Note 12 for details of the Shareholder loan.

## 20. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair value is the amount for which an asset can be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or need to liquidate or curtail materially the scale of its operations, or undertake a transaction on adverse terms.

In the opinion of management, the estimated fair value of financial assets and financial liabilities not carried at fair value, (which are the Group's cash, term deposits, accounts receivable, and current and non-current liabilities) at the consolidated statement of financial position date were not materially different from their carrying values either due to:

- their immediate or short-term maturity;
- interest rates that approximate current market rates or
- carrying amounts that approximate or equal market value.

### Recognized fair value measurements

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follows:

**Level 1:** The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The Group holds United States treasury bills which are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group holds a Bahamas Government bond which is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Group does not hold any level 3 investments.

The Group recognizes transfers into and out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels for recurring fair value measurements during the year.

## 21. SEGMENT INFORMATION

The Group identifies its operating segments as the business components that have an appointed segment manager who is accountable to the chief operating decision maker, and that have discrete financial information from which reports are produced for the benefit of review and assessment of its operating activities, financial results, and resource allocation by the chief operating decision maker.

All reportable segments operate in The Bahamas.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3 and services as described in Note 1. Segment profit or loss represents the profit or loss before tax earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The details of the various operating segments are as follows:

### 2021

	Cable	Cable Freeport	Aliv	Eliminations	Segment Totals	Consolidated Totals
Revenue from external customers	\$ 120,013,237	\$ 14,428,536	\$ 83,314,194	\$ (17,526,991)	\$ 200,228,976	\$ 200,228,976
Interest expense	\$ 4,278,907	\$ -	\$ 19,885,845	\$ (9,309,512)	\$ 14,855,240	\$ 14,855,240
Depreciation and amortization	\$ 23,525,629	\$ 2,744,909	\$ 26,517,306	\$ (4,366,320)	\$ 48,421,524	\$ 48,421,524
Reportable segment profit (loss)	\$ 6,911,123	\$ 5,157,274	\$ (40,920,725)	\$ 762,262	\$ (28,090,066)	\$ (28,090,066)
Operating expenses	\$ 75,165,507	\$ 6,916,205	\$ 70,558,183	\$ (10,195,452)	\$ 142,444,443	\$ 142,444,443
Reportable segment assets	\$ 462,724,473	\$ 62,771,354	\$ 225,865,853	\$ (225,737,660)	\$ 525,624,020	\$ 525,624,020
Reportable segment liabilities	\$ 278,410,530	\$ 4,304,220	\$ 359,042,006	\$ (162,961,099)	\$ 478,795,657	\$ 478,795,657

### 2020

	Cable	Cable Freeport	Aliv	Eliminations	Segment Totals	Consolidated Totals
Revenue from external customers	\$ 116,921,974	\$ 14,091,885	\$ 76,811,115	\$ (14,915,821)	\$ 192,909,153	\$ 192,909,153
Intercompany charge	\$ 503,589	\$ -	\$ -	\$ (503,589)	\$ -	\$ -
Interest expense	\$ 4,709,408	\$ -	\$ 17,611,709	\$ (6,459,778)	\$ 15,861,339	\$ 15,861,339
Depreciation and amortization	\$ 22,984,517	\$ 2,752,523	\$ 24,788,201	\$ (2,589,809)	\$ 47,935,432	\$ 47,935,432
Reportable segment profit (loss)	\$ 106,911,888	\$ 5,001,582	\$ (51,349,685)	\$ (1,909,494)	\$ 58,654,291	\$ 58,654,291
Operating expenses	\$ 81,980,882	\$ 6,439,292	\$ 70,833,691	\$ (9,066,108)	\$ 150,187,757	\$ 150,187,757
Reportable segment assets	\$ 513,880,884	\$ 57,837,824	\$ 234,934,218	\$ (190,408,014)	\$ 616,244,912	\$ 616,244,912
Reportable segment liabilities	\$ 336,431,413	\$ 4,527,963	\$ 327,189,647	\$ (126,869,191)	\$ 541,279,832	\$ 541,279,832

## 22. DISCONTINUED OPERATIONS

On March 7, 2019 the Board of Directors resolved to carry out a plan to dispose of 100% of the Group's equity in the subsidiary SVI. The plan was consistent with the Group's long-term objective to focus its activities and resources on its Bahamas based operations, and was a part of a strategic plan to deleverage the Group's financial position.

The sale of SVI was completed on January 21, 2020 and it is reported in the comparative financial statements as a discontinued operation. Financial information relating to the discontinued operation for the period up to the date of disposal is set out below.

### *Analysis of financial performance and cash flow from discontinued operations*

The results of discontinued operations included in profit or loss, and cash flow information are for the period from July 1, 2019 through January 21, 2020. For the year ended June 30, 2021 there were no profit or loss or cash flows recognized from the discontinued operations.

#### **Profit for the year from discontinued operations**

	<b>2021</b>	<b>2020</b>
REVENUE	\$ -	\$ 42,468,868
OPERATING EXPENSES	-	(33,036,253)
	-	9,432,615
Depreciation and amortization	-	(11,595,857)
OPERATING LOSS	-	(2,163,242)
Interest expense	-	(1,198,896)
Loss on disposal of assets	-	(142,883)
Gain on joint venture	-	287,036
Net loss before income tax expense	-	(3,217,985)
Income tax expense	-	-
COMPREHENSIVE LOSS FOR THE PERIOD	-	(3,217,985)
<i>Eliminations</i>		
Inter-company fees	-	182,736
Inter-company interest	-	-
Operating loss for the year from discontinued operations	-	(3,035,249)
Gain on sale	-	112,165,560
<b>Profit for the year from discontinued operations</b>	<b>\$ -</b>	<b>\$ 109,130,311</b>
Basic earnings per share from discontinued operations	\$ -	\$ 2.49
Diluted earnings per share from discontinued operations	\$ -	\$ 2.45

#### **Cash flows from discontinued operations**

	<b>2021</b>	<b>2020</b>
Net cash from operating activities	\$ -	\$ 9,758,530
Net cash used in investing activities	-	(9,237,652)
Net cash (used in)/from financing activities	-	(6,085,045)
<b>NET (DECREASE)/INCREASE IN CASH</b>	<b>\$ -</b>	<b>\$ (5,564,167)</b>

### *Details of the sale of the discontinued operations*

The negotiated base price for the sale of SVI was \$301,500,000. This amount was adjusted and is presented in the table below after deductions as set out in the sale agreement for: (i) closing net working capital adjustments, (ii) the closing indebtedness of the subsidiary and (iii) other transaction costs. The consideration following the adjustments totaled \$253,135,352 of which \$251,648,306 was received in cash during the year ended June 30, 2020.

A gain on disposal of discontinued operations was recognized in the amount of \$112,165,560 in the June 30, 2020 consolidated statement of profit or loss and other comprehensive income, calculated as the difference between (i) the aggregate of the fair value of the consideration received and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of SVI at the date of the sale.

Upon the closure of the sale, no interest in SVI was retained. No further gain (or loss) on disposal of discontinued operations was recognized during the year ended June 30, 2021.

	<b>2020</b>
Consideration received or receivable	
Cash received	\$ 251,648,306
Deferred consideration	1,487,046
Fair value of consideration received	253,135,352
Carrying amount of Investment in SVI prior to sale	(140,726,313)
Costs to sell	(243,479)
<b>Gain on sale</b>	<b>\$ 112,165,560</b>

As of June 30, 2020, the deferred consideration was held in a separate escrow account that was established to indemnify the buyer or the seller against any future losses arising out of or as a result of any breaches of any representations or warranties made by each in the purchase and sales agreement, or breaches by SVI of its covenants and agreements contained therein for a period of one year from the date of closing, subject to certain limitations as outlined in Section VII of the agreement. According to the terms of the agreement, the aggregate amount that would be required to be paid by the seller in respect of any losses incurred by the buyer in respect of the indemnifications shall in no event exceed \$4,500,000.

As of June 30, 2021, the deferred consideration has been received in cash of \$1,496,615 inclusive of the interest earned during the period it was held in escrow.

### *Assets and liabilities previously classified as held for sale*

The following is the net asset position of SVI at the beginning of the date of sale. As at June 30, 2020 and at June 30, 2021, there are no assets held for sale.

## January 21, 2020

CURRENT ASSETS:	
Cash	\$ 1,626,798
Trade and other receivables, net	1,877,810
Prepaid expenses and deposits	1,817,507
Inventory	2,958,487
Contract costs	1,169,361
Total current assets	<u>9,449,963</u>
NON-CURRENT ASSETS:	
Investment in a joint venture	7,298,119
Property, plant and equipment, net	150,295,445
Goodwill	13,074,165
Contract costs	2,731,017
Intangible assets	17,254,492
Total non-current assets	<u>190,653,238</u>
TOTAL ASSETS	<u>\$ 200,103,201</u>

## January 21, 2020

CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	\$ 11,227,177
Deferred income	364,805
Due to Parent	3,775,806
Current portion of other liabilities	936,167
Current portion of long-term debt	-
Total current liabilities	<u>16,303,955</u>
NON-CURRENT LIABILITIES:	
Other liabilities	15,503,224
Deferred income	207,144
Long-term debt	31,138,371
Note payable	-
Total non-current liabilities	<u>46,848,739</u>
TOTAL LIABILITIES	<u>63,152,694</u>
<i>Eliminations</i>	
Note payable to the parent	-
Intercompany fees and other accruals payable to the parent	<u>3,775,806</u>
NET ASSETS	<u>\$ 140,726,313</u>

## 23. NON-CONTROLLING INTEREST

On July 1, 2016 the Shareholders Agreement was executed between the Group and HoldingCo as it relates to the ownership of Be Aliv Limited. The agreement provides guidance and specific requirements and commitments to each of the parties inclusive of ownership structure, capitalization, change of control, reporting and strategic initiatives, investments and related party

transactions, and the structure of the Board of Directors. In accordance with the agreement, 51.75% of the capital requirements of the Group of \$70,167,306 was provided by HoldingCo and the remaining 48.25% in the amount of \$65,421,691 was provided by the Group. As at June 30, 2021 and at June 30, 2020 there were no outstanding capital commitments from the shareholders.

The non-controlling interest relates to the 51.75% of ordinary shares in Be Aliv Limited, held by The Government of The Bahamas through its special purpose holding company, HoldingCo. The Group has a 48.25% shareholding in Be Aliv Limited, and has board and management control.

The movement in non-controlling interest is as follows:

	2021	2020
Balance at beginning of year	\$ (48,296,427)	\$ (21,722,965)
Share of loss for the year	(22,107,111)	(26,573,462)
Balance, end of year	<u>\$ (70,403,538)</u>	<u>\$ (48,296,427)</u>

## 24. RISK MANAGEMENT

There are a number of risks inherent in the telecommunications industry that the Group manages on an ongoing basis. Among these risks, the more significant are credit, liquidity, market (foreign exchange, interest rate, price), and capital risks.

**Credit risk** - Credit risk arises from the failure of a counterparty to perform according to the terms of contracts. From this perspective, the Group's significant exposure to credit risk is primarily concentrated with cash and cash equivalents, trade and other receivables, and its investment in short-term government debt securities. Subscriber deposits are maintained until the services are terminated to offset any outstanding balances due to the Group. In order to limit the amount of credit exposure, accounts in arrears at 90 days are disconnected depending on their credit history. Cash and cash equivalents are predominantly in Bahamian or United States dollars and have been placed with high quality financial institutions.

**Liquidity risk** - Liquidity risk reflects the risk that the Group will not be able to meet an obligation when it becomes due or honor a credit request to a customer and/or related party. The Group maintains a satisfactory portion of its assets in cash and other liquid assets to mitigate this risk. In addition, the Group keeps its trade payables within agreed upon terms with its vendors. On a daily basis, the Group monitors its cash and other liquid assets to ensure that they sufficiently meet the Group's liquidity requirements.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets, and non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets, and the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and

## liability basis.

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total	Carrying Amount
Cash and term deposits	\$ 57,833,861	\$ -	\$ 6,596,996	\$ -	\$ -	\$ 64,430,857	\$ 64,430,857
Short-term investments	-	9,999,800	34,990,800	-	-	44,990,600	44,990,600
Trade and other receivables	22,321,542	1,824,140	-	-	-	24,145,682	16,399,980
Financial assets at June 30, 2021	\$ 80,155,403	\$ 11,823,940	\$ 41,587,796	\$ -	\$ -	\$ 133,567,139	\$ 125,821,437

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total	Carrying Amount
Accounts payable and accrued liabilities	\$ 8,258,119	\$ 12,135,322	\$ 18,418,893	\$ 1,783,807	\$ -	\$ 40,596,141	\$ 40,596,141
Preferred shares and dividends payable	-	-	23,097,203	288,677,855	36,423,014	348,198,072	273,314,658
Notes payable	-	-	4,995,950	42,941,728	41,227,722	89,165,400	58,620,304
Loans	29,925	29,925	125,044	1,902,379	23,635,106	25,722,379	14,517,844
Lease liabilities	1,949,894	1,117,194	4,793,128	21,320,437	138,019,445	167,200,098	57,677,669
Financial liabilities at June 30, 2021	\$ 10,237,938	\$ 13,282,441	\$ 51,430,218	\$ 356,626,206	\$ 239,305,287	\$ 670,882,090	\$ 444,726,616

**Net liquidity gap as at June 30, 2021** \$ 69,917,465 \$ (1,458,501) \$ (9,842,422) \$ (356,626,206) \$ (239,305,287) \$ (537,314,951)

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total	Carrying Amount
Cash and term deposits	\$ 174,902,357	\$ -	\$ 5,618,667	\$ -	\$ -	\$ 180,521,024	\$ 180,521,024
Short-term investments	-	-	-	-	-	-	-
Trade and other receivables	22,492,824	468,371	4,806,913	-	-	27,768,108	19,158,222
Financial assets at June 30, 2020	\$ 197,395,181	\$ 468,371	\$ 10,425,580	\$ -	\$ -	\$ 208,289,132	\$ 199,679,246

	Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total	Carrying Amount
Accounts payable and accrued liabilities	\$ 12,087,973	\$ 11,092,100	\$ 25,259,327	\$ 22,159,513	\$ -	\$ 70,598,913	\$ 70,598,913
Preferred shares and dividends payable	-	-	22,297,000	257,910,355	84,460,514	364,667,869	310,088,183
Notes payable	58,455,397	-	-	-	-	58,455,397	58,455,397
Loans	29,925	653,057	1,516,963	13,628,493	2,187,736	18,016,174	12,951,877
Lease liabilities	1,032,953	4,251,083	15,677,940	27,378,386	146,402,694	194,743,056	79,056,058
Financial liabilities at June 30, 2020	\$ 71,606,248	\$ 15,996,240	\$ 64,751,230	\$ 321,076,747	\$ 233,050,944	\$ 706,481,409	\$ 531,150,428

**Net liquidity gap as at June 30, 2020** \$ 125,788,933 \$ (15,527,869) \$ (54,325,650) \$ (321,076,747) \$ (233,050,944) \$ (498,192,277)

**Market risk**

**Foreign currency risk** - Foreign currency risk relates to the Group operating in different currencies and converting non-Bahamian earnings at different foreign exchange levels when adverse changes in foreign currency exchange rates occur. The Group is not directly exposed to foreign currency risk, as operations are denominated in Bahamian dollars (and US dollars), which is fixed to the US dollar at the following rate: B\$1 = US\$1. The Group mitigates this risk by utilizing funds received in US dollars to pay the US dollar invoices.

**Interest rate risk** - Interest rate risk is the potential for a negative impact on the consolidated statement of financial position or the consolidated statement of profit or loss and other comprehensive income arising from adverse changes in the value of financial instruments as a result of changes in interest rates. The Group manages interest cost using a mixture of fixed-rate and variable-rate debt.

## Sensitivity analysis

The Group is exposed to variable interest rates on certain financial liabilities. For floating rate

liabilities, the analysis is prepared assuming the amount outstanding at the end of the reporting year was outstanding for the whole year. A 25, 50 and 75 basis point increase or decrease is used

when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Should effective interest rates increase or decrease, the Group would be exposed to a cash flow risk. The effect on cash flows, and net and comprehensive income would be as follows:

		2021	2020
0.75%	\$	80,625	\$ 211,657
0.50%	\$	53,750	\$ 141,105
0.25%	\$	26,875	\$ 70,552

**Price risk** – The Group's exposure to price risk arises from short-term investments held by the Group and classified in the consolidated statement of financial position as fair value through profit or loss. The Group mitigates this risk by investing in government debt securities which are regarded as conservative, low-risk investments.

**Capital risk management** - The Board of Directors manages the Group's capital to ensure that it has a strong capital base to support the development of its business. The Board of Directors seeks to maximize the return to shareholders through optimization of the Group's debt and equity balance. The Group's risk management structure promotes making sound business decisions by balancing risk and reward. The Group is not subject to any externally imposed capital requirements.

The Directors promote revenue generating activities that are consistent with the Group's risk appetite, policies and the maximization of shareholder return. The capital structure of the Group consists of preference shares and equity attributable to the common equity holders of the Group, comprising issued capital and retained earnings as disclosed in Notes 13 and 14. The Board of Directors review the capital structure at least annually. As part of this review, the Board considers the cost of the capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group manages its capital structure through the payment of common and preferred dividends, the redemption of preferred shares, ordinary share purchases through normal share repurchase, and the restructuring of the capital base.

**25. SUBSEQUENT EVENTS**

Subsequent to June 30, 2021, the Group's board of directors approved and paid a dividend on Series 6, 5.75% non-voting cumulative, redeemable preference shares on October 26<sup>th</sup> 2021 in the amount of \$3,000,082. The Group's board of directors approved and paid a dividend on Series 1, 8% cumulative, redeemable preference shares on October 27<sup>th</sup> 2021 in the amount of \$2,823,014.

On October 1st, 2021, the Group repaid its mortgage loan of \$2,520,000 fully extinguishing the balance due.

## 2021 CBL Group Finance Team



NERIKA BURROWS  
Vice President, Finance



FELICITY CAREY  
Finance Manager



NICOLA ROY  
ALIV Finance Director



STACY JOHNSON  
ALIV Director Financial  
Planning



BARRY WILLIAMS  
ALIV Chief Financial  
Officer



DAVID DOCKTER  
Head of Strategy

## Executive Team



FRANKLYN BUTLER II  
President & CEO



JOHN GOMEZ  
Chief ALIV Officer



DWAYNE DAVIS  
Vice President,  
Information Technology



BEVERLY SAUNDERS  
Vice President,  
Human Resources



STEPHEN CURRAN  
Chief Technical Officer



Victor Marcial  
Chief Financial Officer



RAWIYA RAHMING  
Vice President, Legal



GRAVETTE BROWN  
Chief ALIV Innovator



ALLISON LEVARITY  
Vice President,  
Customer Experience



CHARNETTE THOMPSON  
Vice President,  
Enterprise Solutions

# Corporate Information

## DIRECTORS

Ross McDonald	Chairman	Businessman
Franklyn Butler II	Executive Vice Chairman	President & CEO, Cable Bahamas Ltd.
Gary Kain	Director	Businessman
Michael Maura Jr	Director	Chairman of APD Ltd.
Michele Merrell	Director	Vice President, Global Marketing & Communications
Ranford Patterson	Director	Reverend/Pastor
Marylee Braynen Symonette	Director	Counsel and Attorney-at-Law

## OFFICERS/ EXECUTIVES

### BAHAMAS

Franklyn Butler II	Executive Vice Chairman, President & CEO
Victor Marcial	Chief Financial Officer (Group)
Rawiya Rahming	VP Legal/Corporate Secretary
Stephen Curran	Chief Technology Officer (Group)
David Burrows	Vice President of Media
Beverly Saunders	Vice President of Human Resources
Chris Annesley	Vice President of Engineering & Technology
Nerika Burrows	Vice President of Finance
Allison Levarity	Vice President Customer Experience
Charnette Thompson	Vice President Enterprise Solutions

### ALIV

John Gomez	Chief ALIV Officer
Barry Williams	Chief Money Maestro
Gravette Brown	Chief Commercial Officer
Dwayne Davis	Chief Information Officer
Patrice Thompson	General Manager New Providence

## ANNUAL REPORT CREDITS

### Creative Director

Cedric Storr Jr.  
Visual Communications Designer

Corporate Communications Office

### Proofing and Printing

Cable Bahamas Group

**Photos:** Cable Bahamas Group

## SHARE REGISTRAR AND TRANSFER AGENT

Bahamas Central  
Securities Depository  
Suite 202, Fort Nassau Centre  
British Colonial Hilton  
West Bay Street  
P O Box N 9307  
Nassau, The Bahamas  
Tel (242) 322 5523

## LEGAL ADVISORS

Graham Thompson & Co  
Sassoon House  
Shirley Street & Victoria Avenue  
P O Box N 213  
Nassau, The Bahamas  
Tel (242) 322 4130

## AUDITORS

PricewaterHouseCoopers  
2 Bayside Executive Park,  
West Bay Street & Blake Road,  
Nassau, The Bahamas  
P O Box N 3910  
Tel (242)-302-5300

## PRINCIPAL BANKERS

Royal Bank of Canada  
Royal Bank House  
East Hill Street  
P O Box N 7549  
Nassau, The Bahamas  
Tel (242) 356 8500

## Audit Committee Composition

The Audit Committee is comprised of independent Directors who are neither officers nor employees of the Company or any of its subsidiaries. The Audit Committee is responsible for oversight of the financial reporting and internal controls of the Company, which includes the review and evaluation of the appropriate accounting principles and practices to be observed in the preparation of the accounts of the Company and its subsidiaries inclusive of tax planning initiatives and tax compliance. The Audit Committee is responsible for the initial review of the Company's annual audited consolidated financial statements prior to consideration thereof by the Board of Directors and direct oversight of the internal audit function. It approves the internal and external audit activities proposed each year to be conducted by the appointed independent auditors. The Committee also recommends the appointment and approves the terms of engagement of the independent auditors.

Gary Kain chairs the Audit Committee.

## Members of the Audit Committee include:

<b>Gary Kain</b>	<b>Chairperson</b>
<b>Ross McDonald</b>	<b>Member</b>
<b>Michael J. Maura Jr.</b>	<b>Member</b>

## Corporate Governance Guidelines

Our governance and internal control framework helps the Board to exercise proper oversight of the company's governance policies and procedures whilst retaining overall accountability. The Corporate Governance Rules and associated compliance systems are operating efficiently and effectively in all respects. The Guidelines can be found at the bottom of our webpage under Corporate - Company Profile.

<https://www.rev.bs/about>

The Directors of the Company received aggregate compensation, including salary, performance bonuses, stock options and post-employment benefits amounting to \$200,000 in the financial year 2020-2021

## CORPORATE GOVERNANCE COMPLIANCE STATEMENT

As required by Rule 23(5) of the Securities Industry (Corporate Governance) Rules 2019, as amended (the "Rules"), Cable Bahamas Ltd. hereby confirms that it is in compliance with the Rules.

Dated the 10th day of November 2010

The Chairman and the CFO have confirmed to the Board that the audited financial statements included within this Annual Report present a true and fair view of the affairs of the company.

All Directors noted under the corporate information section of this Annual Report are standing for re-election for the FY 22. The biographical details can be found in the following link on the Groups Website

<https://www.rev.bs/about/board-of-directors/>

**The table below represents the meetings held during the year by the board and its committees in discharging its responsibilities to the Group.**

CBL BOARD OF DIRECTORS	
Date of Meeting	
Sept. 3, 2020	Ross McDonald, Franklyn Butler II, Michele Merrell, Gary Kain, Michael Maura Jr., Ranford Patterson
October 22, 2020	Ross McDonald, Franklyn Butler II, Michele Merrell, Gary Kain, Michael Maura Jr., Ranford Patterson
Nov. 13, 2020	Ross McDonald, Franklyn Butler II, Michele Merrell, Gary Kain, Michael Maura Jr.
Dec. 9, 2020	Ross McDonald, Franklyn Butler II, Michele Merrell, Gary Kain, Michael Maura Jr., Ranford Patterson, Marylee Braynen Symonette
Feb. 10, 2021	Ross McDonald, Franklyn Butler II, Michele Merrell, Gary Kain, Ranford Patterson, Marylee Braynen Symonette
Mar. 22, 2021	Ross McDonald, Franklyn Butler II, Michele Merrell, Gary Kain, Marylee Braynen Symonette
May 12, 2021	Ross McDonald, Franklyn Butler II, Michele Merrell, Gary Kain, Michael Maura Jr., Ranford Patterson, Marylee Braynen Symonette
June 15, 2021	Ross McDonald, Franklyn Butler II, Michele Merrell, Gary Kain, Ranford Patterson, Marylee Braynen Symonette
Aug. 12, 2021	Ross McDonald, Franklyn Butler II, Michele Merrell, Gary Kain, Ranford Patterson, Marylee Braynen Symonette, Michael Maura Jr.
Sept. 23, 2021	Ross McDonald, Franklyn Butler II, Michele Merrell, Gary Kain, Ranford Patterson, Marylee Braynen Symonette
AUDIT & RISK COMMITTEE	
May 27, 2021	Gary Kain, Ross McDonald, Michael Maura Jr.
Sept. 22, 2021	Gary Kain, Ross McDonald

## HR & COMPENSATION COMMITTEE

Sept. 21, 2021	Ross McDonald, Michael Maura Jr., Ranford Patterson
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## NOMINATING & CORPORATE GOVERNANCE COMMITTEE

April 7, 2021	Michele Merrell, Marylee Braynen-Symonette
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## Annual Attestation

- During the year the Board of Directors are fully compliant with all the Group's Rules of Business Conduct and Ethics.
- The Financial Statements are presented to and approved by the Board of Directors and the Balance Sheet is Signed by at least 1 Active Director.
- The Board of Directors confirm that the operations of Cable Bahamas Group are a Going Concern.
- On an Annual Basis the Board or Directors through its Audit and Risk Committee assess the key risks affecting the Group. This involves meeting with external auditors to review findings from the audit as well as input from Legal and Regulatory team as well as Finance Executive Management. The Board ensure appropriate controls to mitigate identified risks have been implemented where necessary ensure new and update controls are put in place. The process for the identification and management of risks in FY 21 was deemed to be effective.
- To the best of its knowledge, information and belief, The Board has complied in all material respects with the requirements of The Securities Industry (Corporate Governance) Rules.





EXCELLENCE IS THE GRADUAL RESULT OF  
ALWAYS STRIVING TO DO BETTER  
- PAT RILEY

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