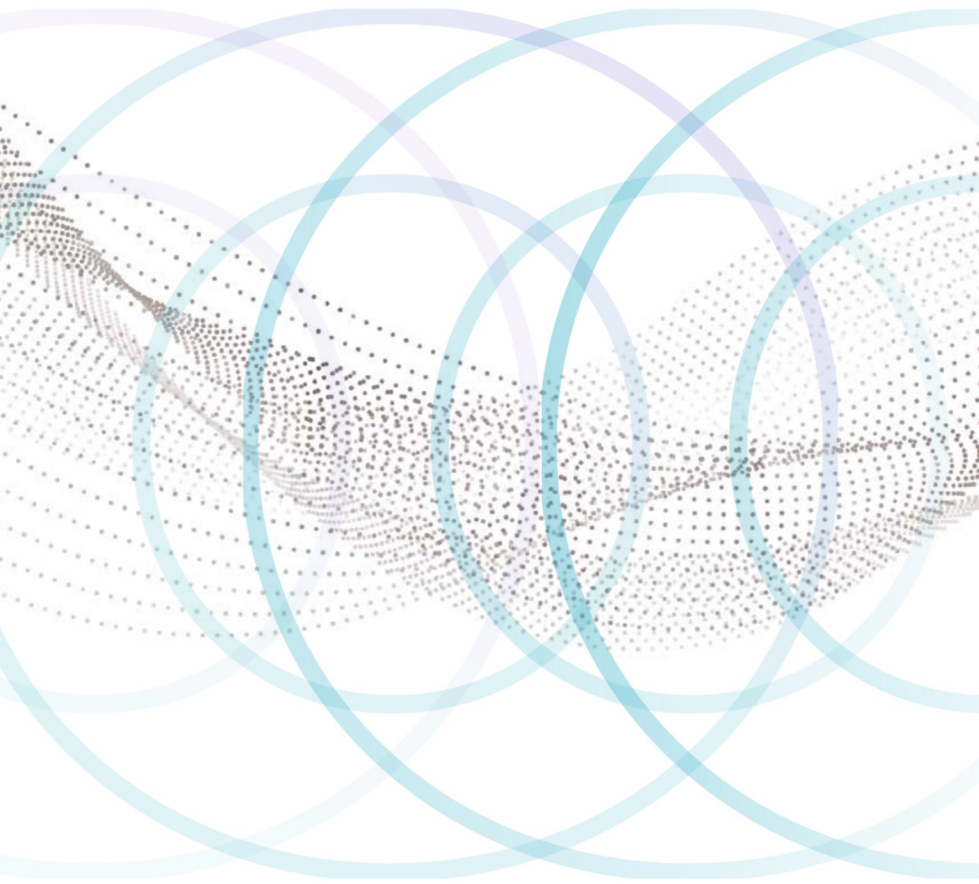


SIX MONTH REPORT 2020



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One Plan

As with many businesses around the globe the emergence of Covid-19 meant that much of this first six months was spent adapting our day-to-day operating model to maintain the high-performance levels of our networks and customer service.

The wellbeing and safety of our team and our customers was paramount as we looked to serve and be of support as we transitioned through the pandemic response. This highly unusual situation tested our capabilities to pivot quickly and drive value added changes that will benefit us for the long term and ensure we continue to meet our strategic and financial goals.

Investments in our networks over the last several years has allowed customers to transition seamlessly to a "work and learn from home" model during the peak of Covid-19. Our networks performed well even with record levels of data and voice traffic.

In Bermuda, with so many families operating remotely, we temporarily boosted the speed of all residential internet customers to a minimum of 50 Mbps at no additional charge. On July 1, 2020, this was replaced with a free permanent speed boost of at least 50% for the vast majority of residential customers. As a result, we were the first provider in Bermuda to provide 500 Mbps service to the home. During this timeframe the importance of having great connectivity and wifi coverage in the home became increasingly obvious for many customers and our exclusive OneHome mesh wifi product easily proved itself as the preferred solution.

Campaigns to convert our customers to digital billing and payments and the launch of curbside fulfillment services has also been successful. We plan to continue this momentum into the second half of the year with a goal of simplifying how our customers interact with us, which will also lower our cost to service them.

As an extension of our new FibreWire TV platform we launched an updated Video on Demand product. At a time where much of the world is more reliant than ever on home entertainment, we are pleased to be able to add yet another service option to our portfolio of services.

In the Business Solutions area, we have worked hard to remain flexible with our existing corporate customers in the face of the pandemic, and sought additional opportunities to support both new and existing organizations as they navigate their own Covid-19 success story. We continue to fine tune our processes and organizational structure in relation to delivering our full range of cloud, managed service and IT products to complement our existing connectivity services.

Internally, we have implemented a new human resource performance management program focused on aligning the organization's goals and measures of success with that of our managers and employees. This has been timely as we have been able to derive increased benefits from the system even though we continue to be less "physically connected" with our employees than ever before.

In both Bermuda and Cayman, the Company made substantial community contributions during the pandemic. Several not-for-profit sectors received \$100,000 in cash donations to fund programs targeted at those families most impacted. In addition, various groups in the educational and medical fields received free or upgraded connectivity services to ensure that they could better meet the challenges presented.

With respect to the Company's operations in the Cayman Islands, we continue to focus on expanding our fibre footprint albeit at a slower pace given the pandemic and dependencies on third parties. Our products and brand continue to be successful, with market leading customer satisfaction scores, and we continue to see subscriber count growth, despite the current economic crisis.

From a regulatory perspective, many ongoing matters were set aside or delayed in the first six months of the year, as pandemic relief became the focus. Industry participants in Bermuda and Cayman voluntarily suspended normal payment terms and disconnect policies as a temporary support for customers negatively affected during the pandemic. To provide a measure of relief for telecom companies, the Cayman Utility Regulation and Competition Office granted a limited deferral of royalty fee payments.

In Bermuda, the Regulatory Authority implemented an Emergency General Determination that codified the voluntary measures already undertaken and asserted regulatory discretion for their eventual removal. As pandemic concerns abate, and the Bermuda economy continues to reopen, we are hopeful that regulatory intervention will soon give way to normal commercial terms in Bermuda.

Financial Summary – Six months period ended June 30, 2020

The unaudited consolidated financial statements enclosed within this Report present the financial results for the six month period ended June 30, 2020. Consolidated revenue for the period was \$63.7 million consisting of \$50.3 million in Bermuda and \$15.9 million in Cayman. Total operating expenses were \$54.2 million and operating income for the period was \$9.5 million. Net income and comprehensive income attributable to equity holders of the Company for the period was \$8.9 million and \$8.7 million, respectively. Earnings before interest, depreciation, amortization and one-time charges for the period were \$20.9 million.

Earnings per share for continuing operations for the six month period June 30, 2020 and 2019, were \$0.22 and \$0.19 per share, respectively. Our financial statements continue to reflect the positive impact of our improved infrastructure, better customer experience, and increased operating efficiency. As a result, the Company declared a dividend of \$0.08 per share for shareholders of record on April 30, 2020. There were \$3.2 million and \$3.3 million dividends declared and paid in the six-month periods ended June 30, 2020 and 2019.

In 2017, the Company amended and restated its Long-Term Debt agreement to provide a maximum facility of \$37.5 million with an available \$10 million overdraft facility. This Long-Term Debt agreement will mature on May 22, 2022. The Company made \$1.9 million in principal repayments in the current financial six month period, leaving a balance of \$25.2 million in debt outstanding. The Company did not use the overdraft facility in the six months ended June 30, 2020 and had \$22.4 million in cash and cash equivalents at June 30, 2020.

The Management and Board of Directors thank all of the Company's employees for their focus and hard work as we continue to improve our processes and products to the benefit of our customers, and in turn increase long-term value for our shareholders. This has been a particularly challenging period both personally and professionally for our teams, and we continue to be impressed by the commitment, adaptability and drive our employees have shown during these uncertain times.

GARY L. PHILLIPS, OBE, J.P., CIARB
CHEVALIER DE LA LEGION D'HONNEUR
CHAIRMAN OF THE BOARD
FRANK AMARAL
CHIEF EXECUTIVE OFFICER

Board of Directors

CHAIRMAN

Mr. Gary L. Phillips, OBE, J.P., CI Arb
Chevalier de la Legion d'Honneur

DEPUTY CHAIRMAN

Mr. Kurt Eve
Cofounder
Bermuda Digital
Communications Ltd.

Ms. Fiona E. Beck
Director
Twilio IP Holdings Ltd

Mr. Alasdair Younie
Director
ICM Limited

**Mr. E. Michael Leverock,
B. Eng., P. Eng., MBA**
Cofounder
Bermuda Digital Communications Ltd.

Mr. Michael Prior
Chief Executive Officer
ATN International

Mr. Justin Benincasa
Chief Financial Officer
ATN International

Executives and Officers

Mr. Frank Amaral
Chief Executive Officer

Ms. Vicki Steele
Chief Financial Officer

Mr. Michael Tanglao
Chief Legal & Regulatory Officer

Common shares held by Directors – 2,143,649
Common shares held by One Communications Ltd.
Executive Management – 95,834

Consolidated Balance Sheets

(Unaudited) As at June 30, 2020 and December 31, 2019
(in thousands, except per share data)

	June 30, 2020	December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 22,352	\$ 20,040
Accounts receivable, net of allowances of \$3,548 and \$5,049 respectively	6,073	5,818
Materials and supplies	2,067	2,159
Other current assets	7,705	6,495
	<u>38,197</u>	<u>34,512</u>
Non-current assets		
Fixed assets	138,533	143,748
Intangible assets	20,641	21,169
Goodwill	3,740	3,740
Other assets	4,843	5,388
Operating lease right of use assets	3,790	3,394
	<u>171,507</u>	<u>177,439</u>
Total assets	\$ 209,744	\$ 211,951
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 17,044	\$ 20,340
Advance payments and deposits	2,705	2,836
Current portion of long term debt	3,750	3,750
Other current liabilities	1,305	1,272
Current portion of operating lease liabilities	963	1,110
	<u>25,767</u>	<u>29,308</u>
Non-current liabilities		
Long-term debt, excluding current portion	21,431	23,274
Other liabilities	958	772
Operating lease liabilities, excluding current portion	2,848	2,295
	<u>25,237</u>	<u>26,341</u>
Total liabilities	\$ 51,004	\$ 55,649
SHAREHOLDERS' EQUITY		
Common Stock, \$0.25 par value per share; 58,000,000 shares authorized; 39,513,250 shares issued and outstanding (40,273,504 as of December 31, 2019)	9,878	10,068
Additional paid in capital	90,540	92,414
Accumulated other comprehensive income	(224)	(56)
Retained earnings	58,546	53,876
	<u>158,740</u>	<u>156,302</u>
Total equity	158,740	156,302
Total liabilities and shareholders' equity	\$ 209,744	\$ 211,951

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

One Communications Six Month Report 2020

Consolidated Statements of Comprehensive Income

(Unaudited) For the six months ended June 30, 2020 and 2019
(in thousands, except per share data)

	2020	2019
TOTAL REVENUES	\$ 63,744	\$ 64,323
OPERATING EXPENSES		
Termination and access fees and equipment expense	19,063	19,438
Engineering and operations	9,958	10,405
Sales and marketing	5,345	5,906
General and administrative	8,478	8,841
Depreciation and amortization	11,392	11,099
Gain on disposition of fixed assets	-	(14)
Total operating expenses	\$ 54,236	\$ 55,675
Operating income	9,508	8,648
OTHER INCOME / (EXPENSE)		
Interest income	26	-
Interest expense	(548)	(766)
Other income, net	(83)	(158)
Other (expense), net	(605)	(924)
Net Income	\$ 8,903	\$ 7,724
Net Income per weighted average basic share attributable to One Communications Ltd. shareholders		
BASIC	\$ 0.22	\$ 0.19
DILUTED	\$ 0.22	\$ 0.19
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
BASIC	39,917,704	41,114,467
DILUTED	39,949,624	41,163,869
Dividends per share applicable to common stock	\$ 0.08	\$ 0.08
Net income	8,903	7,724
Other Comprehensive Income		
Net unrealized (loss) gains on derivatives	(168)	(172)
COMPREHENSIVE INCOME	\$ 8,735	\$ 7,552

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

Consolidated Statements of Changes in Shareholders' Equity

(Unaudited) For the six months ended June 30, 2020 and 2019
(in thousands)

	Common Stock	Additional paid in capital	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity
Balance December 31, 2018	\$ 10,297	94,344	130	45,450	150,221
Net Income	-	-	-	7,724	7,724
Other comprehensive income	-	-	(172)	-	(172)
	\$ 10,297	94,344	(42)	53,174	157,773
Purchase of common stock	(24)	(219)	-	(54)	(297)
Dividends	-	-	-	(3,289)	(3,289)
Stock based compensation	-	21	-	-	21
Balance June 30, 2019	\$ 10,273	94,146	(42)	49,831	154,208
Balance December 31, 2019	\$ 10,068	92,414	(56)	53,876	156,302
Net Income	-	-	-	8,903	8,903
Other comprehensive income	-	-	(168)	-	(168)
	\$ 10,068	92,414	(224)	62,779	165,037
Issuance of restricted shares of common stock	11	(11)	-	-	-
Purchase of common stock	(201)	(1,854)	-	(1,058)	(3,113)
Dividends	-	-	-	(3,175)	(3,175)
Stock based compensation	-	(9)	-	-	(9)
Balance June 30, 2020	\$ 9,878	90,540	(224)	58,546	158,740

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

Consolidated Statements of Cash Flows

(Unaudited) For the six months ended June 30, 2020 and 2019
(in thousands)

	2020	2019
Cash flows from operating activities		
Net income	\$ 8,903	\$ 7,724
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	11,392	11,099
Stock based compensation	(9)	21
Gain on disposition of fixed assets	-	(14)
Amortization of debt issuance costs	32	33
Changes in operating assets and liabilities:		
Accounts receivable	(255)	333
Materials and supplies	92	(646)
Other current assets and other assets	(655)	(3,138)
Accounts payable, accrued and other current liabilities and other non-current liabilities	(1,923)	443
Advanced payments and deposits	(131)	(261)
Net cash provided by operating activities	\$ 17,446	\$ 15,594
Cash flows from investing activities		
Capital expenditures	(6,971)	(8,142)
Proceeds from disposition of fixed assets	-	14
Purchase of term deposit	-	(5,000)
Net cash used for investing activities	\$ (6,971)	\$ (13,128)
Cash flows from financing activities		
Principal repayments of long-term debt	(1,875)	(1,875)
Dividends paid on common stock	(3,175)	(3,289)
Purchase of common shares	(3,113)	(297)
Net cash used in financing activities	\$ (8,163)	\$ (5,461)
Net change in cash and cash equivalents	\$ 2,312	\$ (2,995)
Cash and cash equivalents, beginning of year	\$ 20,040	\$ 14,871
Cash and cash equivalents, end of year	\$ 22,352	\$ 11,876
Supplemental cash flow information:		
Interest Paid	\$ 484	\$ 378
Non-cash investing activity:		
Purchases of fixed assets included in accrued and other current liabilities	\$ 2,975	\$ 872

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

Notes to Consolidated Financial Statements

(Unaudited) For the six months ended June 30, 2020 and 2019

1. Nature of the Business

One Communications Ltd. (the "Company" or "One Communications") is incorporated in Bermuda under the Companies Act 1981. The Company through its subsidiaries is a supplier of information and communication services, providing a wide range of data, internet, voice, and media services.

The Company is listed on the Bermuda Stock Exchange ("BSX") and has operations in Bermuda and the Cayman Islands. The registered office is located at 30 Victoria Street, Hamilton, HM 12, Bermuda.

ATN International, Inc. (the "Parent" or "ATN") owns a controlling interest in the Company. The Parent is a listed company on the NASDAQ stock exchange.

The Company's following subsidiaries operate in Bermuda:

Logic Communications Ltd. (trading as One Communications) - provides a wide range of data internet products and services, internet access, long distance and local voice services as well as subscription television services in Bermuda.

Bermuda Digital Communications Ltd. (trading as One Communications) - provides a range of cellular products and solutions in Bermuda.

Cable Co. Ltd. - provides international data services on its submarine cable system between Bermuda and the United States.

The following subsidiary operates in Cayman:

WestTel Limited (trading as Logic) - provides fixed wireless, wireline voice and data services, and subscription television services in the Cayman Islands.

2. Significant Accounting Policies

These unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim period financial information. As a result, these interim unaudited consolidated financial statements do not include all the information and disclosures required by U.S. GAAP. These interim unaudited consolidated financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2019. These unaudited consolidated financial statements include the accounts of the Company and its subsidiaries.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). ASU 2016-13 requires entities to use a new forward-looking, expected loss model to estimate credit losses. It also requires additional disclosure relating to the credit quality of trade and other receivables, including information relating to management's estimate of credit allowances. The Company adopted ASU 2016-13 using the modified retrospective approach on its January 1, 2020 effective date.

Notes to Consolidated Financial Statements

(Unaudited) For the six months ended June 30, 2020 and 2019

3. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. The Company's most significant estimates relate to the allowance for doubtful accounts, useful lives of the Company's fixed and finite-lived intangible assets, allocation of purchase price to assets acquired and liabilities assumed in business combinations, fair value of indefinite-lived intangible assets and goodwill. Actual results could differ significantly from those estimates.

4. Revenue Recognition

Contract Assets and Liabilities

The Company recognizes contract assets and liabilities on its balance sheet. Contract assets represent unbilled amounts typically resulting from retail wireless contracts with both a multiyear service period and a promotional discount. In these contracts, the revenue recognized exceeds the amount billed to the customer. The current portion of the contract asset is recorded in prepayments and other current assets and the noncurrent portion is included in other assets on the Company's balance sheets.

Contract liabilities consist of advance payments and billings in excess of revenue recognized. Retail revenue for postpaid customers is generally billed one month in advance and recognized over the period that the corresponding service is rendered to customers. To the extent the service is not provided by the reporting date the amount is recognized as a contract liability. Prepaid service, including mobile voice and data services, sold to customers is recorded as deferred revenue prior to the commencement of services. Contract liabilities are recorded in advanced payments and deposits on the Company's balance sheets.

Contract assets and liabilities consisted of the following (amounts in thousands):

	June 30, 2020	December 31, 2019	\$ Change	% Change
Contract asset – current	\$ 2,217	\$ 2,413	\$ (196)	(8)%
Contract asset – noncurrent	651	905	(254)	(28)%
Contract liabilities	(2,644)	(1,672)	(972)	58%
Net contract asset	\$ 224	\$ 1,646	\$ (1,422)	(86)%

The decrease in the Company's net contract asset was due to the timing of bundled wireless equipment and service contracts as well as customer payments. During the six months ended June 30, 2020, the Company recognized revenue of \$0.7 million related to its December 31, 2019 contract liability and amortized \$1.3 million of the December 31, 2019 contract asset into revenue. The Company did not recognize any revenue in the six months ended June 30, 2020 related to performance obligations that were satisfied or partially satisfied in previous periods.

Contract Acquisition Costs

The June 30, 2020 balance sheet includes current contract acquisition costs of \$0.9 million in other current assets and long-term contract acquisition costs of \$0.9 million in other assets. During the six months ended June 30, 2020, the Company amortized \$0.5 million of contract acquisition cost.

Remaining Performance Obligations

Remaining performance obligations represent the transaction price allocated to unsatisfied performance obligations of certain multiyear retail wireless contracts that include a promotional discount. The

Notes to Consolidated Financial Statements

(Unaudited) For the six months ended June 30, 2020 and 2019

4. Revenue Recognition (continued)

transaction price allocated to unsatisfied performance obligations was \$10.2 million at June 30, 2020 (December 31, 2019 - \$12.1 million). The Company expects to satisfy the remaining performance obligations and recognize the transaction price within 24 months.

Disaggregation

The Company's revenue is presented on a disaggregated basis in Note 7 based on an evaluation of disclosures outside the financial statements, information regularly reviewed by the chief operating decision maker for evaluating the financial performance of operating segments and other information that is used for performance evaluation and resource allocations. This includes revenue from the Company's Bermuda and Cayman segments. This disaggregation of revenue depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

5. Leases

Impact of Adoption

The Company adopted ASC 842 on January 1, 2019, utilizing the optional transition method with a cumulative adjustment on the date of adoption. Under this approach, the guidance was applied to leases that had commenced as of January 1, 2019, with a cumulative effect adjustment as of that date and prior periods were not adjusted. Upon adoption, the Company recognized an operating lease right-of-use ("ROU") asset of \$2.8 million, a short-term lease liability of \$1.0 million, and a long-term lease liability of \$1.8 million. The adoption had no impact on retained earnings or other components of equity.

The Company elected the package of practical expedients. Under the package of practical expedients, for existing leases, the Company does not reassess: i) whether the arrangement contains a lease; ii) lease classification and; iii) initial direct costs.

The Company has operating and financing leases for towers, land, corporate offices, retail facilities, and data transport capacity. The lease terms are generally between three and ten years, some of which include additional renewal options.

Supplemental lease information

The components of lease expense were as follows (in thousands):

	Six months ended June 30, 2020	Six months ended June 30, 2019
Operating lease cost:		
Operating lease cost	\$ 715	\$ 597
Short-term lease cost	1,084	231
Variable lease cost	266	647
Total operating lease cost	\$ 2,065	\$ 1,457
Finance lease cost:		
Amortization of right-of-use asset	\$ 369	\$ 406
Variable costs	46	40
Total finance lease cost	\$ 415	\$ 446

Notes to Consolidated Financial Statements

(Unaudited) For the six months ended June 30, 2020 and 2019

5. Leases (continued)

During the six months ended June 30, 2020 and 2019, the Company paid \$0.7 million and \$0.6 million, respectively, of operating cash flows related to lease liabilities. In addition, during the six months ended June 30, 2020 and 2019, the Company recorded \$1.0 million and \$0.8 million of lease liabilities arising from right-of-use assets. At June 30, 2020, finance leases with a cost of \$7.7 million and accumulated amortization of \$2.8 million were included in fixed assets. At December 31, 2019, finance leases with a cost of \$7.7 million and accumulated amortization of \$2.4 million were included in fixed assets.

The weighted average remaining lease terms and discount rates are noted in the table below:

	June 30, 2020	December 31, 2019
Weighted average remaining lease term		
Operating leases	6.9 years	4.7 years
Finance leases	8.0 years	8.4 years
Weighted average discount rate		
Operating leases	4.8%	5.0%
Finance leases	n/a	n/a

Maturities of lease liabilities as of June 30, 2020 were as follows (in thousands):

	Operating Leases	
2020 (excluding the six months ended June 30, 2020)	\$	624
2021		962
2022		612
2023		491
2024		384
Thereafter		1,388
Total lease payments	\$	4,461
Less imputed interest		(651)
Total	\$	3,810

Maturities of lease liabilities as of December 31, 2019 were as follows (in thousands):

	Operating Leases	
2020	\$	1,250
2021		848
2022		497
2023		394
2024		288
Thereafter		555
Total lease payments	\$	3,832
Less imputed interest		(427)
Total	\$	3,405

As of June 30, 2020, the Company did not have any material operating or finance leases that have not yet commenced.

Notes to Consolidated Financial Statements

(Unaudited) For the six months ended June 30, 2020 and 2019

6. Related Party Transactions

The Company incurred management fees of \$1.8 million for the six month period ended June 30, 2020, in respect of a management services contract entered into on May 3, 2016 with its Parent (June 30, 2019: \$1.8 million).

Management fees are calculated at 2.75% of gross revenues since August 1, 2017. Pursuant to its management contract, \$0.6 million remained outstanding at June 30, 2020 (June 30, 2019: \$0.3 million).

The Company also purchased goods and other services from its Parent and its affiliates amounting to \$4.8 million for the period ended June 30, 2020 (June 30, 2019: \$6.2 million) of which \$3.3 million was payable at June 30, 2020 (June 30, 2019: \$3.2 million). These related party balances are unsecured, interest free, and are due on demand.

7. Segment Reporting

Reportable segments correspond to the Company's internal organizational structure. The Company operates the following reportable segments, which are managed as separate business units, as they both operate in different geographic regions, and therefore require different market strategies.

The Company's Bermuda segment operates under the brand "One" providing a wide range of data internet products and services, cellular products and solutions, internet access, long distance and local voice services as well as subscription television services in Bermuda.

The Company's Cayman segment operates under the brand "Logic" providing fixed wireless, wireline voice and data services, and subscription television services in the Cayman Islands.

For the six month period ended June 30, 2020 (in \$000)	Bermuda	Cayman	Corporate and Other	Total
Revenues	\$ 50,281	\$ 15,888	\$ (2,425)	\$ 63,744
Depreciation and amortization	9,509	2,510	(627)	11,392
Operating expenses	31,161	10,472	1,211	42,844
Segment operating income / (loss)	9,611	2,906	(3,009)	9,508
Net fixed assets	\$ 85,396	\$ 43,278	\$ 9,859	\$ 138,533
Capital expenditures	2,894	2,848	1,229	6,971
Goodwill	3,740	-	-	3,740
Segment total assets	139,114	58,860	11,770	209,744
For the six month period ended June 30, 2019 (in \$000)	Bermuda	Cayman	Corporate and Other	Total
Revenues	\$ 51,526	\$ 15,126	\$ (2,329)	\$ 64,323
Depreciation and amortization	8,891	2,366	(158)	11,099
Operating expenses	32,312	10,509	1,755	44,576
Segment operating income / (loss)	10,323	2,251	(3,926)	8,648
Net fixed assets	\$ 93,652	\$ 40,886	\$ 10,669	\$ 145,207
Capital expenditures	2,417	2,693	3,032	8,142
Goodwill	3,740	-	-	3,740
Segment total assets	146,708	50,255	14,129	211,092

Corporate and other includes corporate overhead items and consolidating adjustments.

Notes to Consolidated Financial Statements

(Unaudited) For the six months ended June 30, 2020 and 2019

8. Long-term debt

On May 22, 2017, the Company amended and restated the long-term debt agreement with HSBC Bank Bermuda Limited to increase the facility to \$37.5 million. The amended and restated debt is scheduled to mature on May 22, 2022 and bears interest at the three month LIBOR rate and an applicable margin rate ranging between 2.5% to 2.75% paid quarterly. The amended and restated debt contains customary representations, warranties and affirmative and negative covenants (including limitations on additional debt, guaranties, sale of assets and liens) and financial covenants that limit the ratio of tangible net worth to long term debt and total net debt to certain earnings metrics and require a minimum debt service coverage ratio (net cash generated from operating activities plus interest expense less net capital expenditures to debt repayments plus interest expense). The covenants are tested annually commencing the fiscal year ending December 31, 2017. The Company has pledged substantially all of the assets of the Company to guarantee the debt. As at June 30, 2020 and December 31, 2019, the Company was in compliance with its covenants.

As a condition of the amended and restated agreement, the Company was required to enter into a hedging arrangement equal to at least 30% of the notional amount of the debt and a term equal to the maturity of the debt. On July 14, 2017, the Company entered into a swap transaction effective June 30, 2017, for a notional amount of \$11.0 million with a fixed rate of 1.874%. This swap has been designated as a cash flow hedge. The fair value of the hedge was nil at inception and \$(0.2) million at June 30, 2020 (\$0.4) million at June 30, 2019). The unamortized notional amount was \$7.9 million at June 30, 2020 (December 31, 2019: \$8.5 million).

The Company capitalized \$0.3 million of fees associated with the debt, which is recorded as a reduction to the debt carrying amount and will be amortized over the life of the debt.

The principal balance outstanding at June 30, 2020 was \$25.2 million (December 31, 2019 was \$27.2 million) of which \$3.8 million is payable within twelve months (\$3.8 million as at December 31, 2019), and \$0.1 million of the capitalized fees remain unamortized (\$0.2 million as at December 31, 2019). Total interest expense in relation to the loan was \$0.5 million for the six months ended June 30, 2020 (\$0.4 million for the six month ended June 30, 2019) and is included in interest expense in the consolidated statement of comprehensive income.

9. Comparative Information

Certain prior year figures on the Unaudited Consolidated Statements of Comprehensive Income and Cash Flows have been reclassified to conform to current year presentation.

PRINCIPAL SUBSIDIARIES

Logic Communications Ltd.
(trading as "One Communications")
30 Victoria Street
Hamilton HM 12
Bermuda
www.onecomm.bm

Bermuda Digital Communications Ltd.
(trading as "One Communications")
30 Victoria Street
Hamilton HM 12
Bermuda
www.onecomm.bm

Cable Co. Ltd.
30 Victoria Street
Hamilton HM 12
Bermuda

WestTel Limited
(trading as "Logic")
43 Eclipse Dr.
Grand Cayman
Cayman Islands
www.logic.ky

One Communications Ltd.
P.O. Box HM 2445
Hamilton HM JX
Bermuda

Tel: +1 441 295 5009

www.onecomm.bm