

**ATTACHMENT 2**

**Balance Sheets**

Cable One VoIP LLC (the “Company”) is a subsidiary of Cable One, Inc. (“Cable One”), a publicly traded company (NYSE: CABO). The Company’s financial reporting is consolidated with its parent Cable One. The Balance Sheets of Cable One are attached, and a Letter of Guarantee is set forth in **ATTACHMENT 3**. Additional financial information concerning Cable One can be found at: <https://ir.cableone.net/corporate-profile/default.aspx>.

- our ability to retain key employees (who we refer to as associates);
- legislative or regulatory efforts to impose network neutrality and other new requirements on our data services;
- additional regulation of our video and voice services;
- our ability to renew cable system franchises;
- increases in pole attachment costs;
- changes in local governmental franchising authority and broadcast carriage regulations;
- the potential adverse effect of our level of indebtedness on our business, financial condition or results of operations and cash flows;
- the restrictions the terms of our indebtedness place on our business and corporate actions;
- the possibility that interest rates will rise, causing our obligations to service our variable rate indebtedness to increase significantly;
- our ability to incur future indebtedness, including the expected timing for closing the Notes Offering (as defined below);
- fluctuations in our stock price;
- our ability to continue to pay dividends;
- dilution from equity awards and potential stock issuances;
- provisions in our charter, by-laws and Delaware law that could discourage takeovers and limit the judicial forum for certain disputes and the liabilities for directors; and
- the other risks and uncertainties detailed from time to time in our filings with the Securities and Exchange Commission (the “SEC”), including but not limited to in our 2019 Form 10-K and this Quarterly Report on Form 10-Q.

Any forward-looking statements made by us in this document speak only as of the date on which they are made. We are under no obligation, and expressly disclaim any obligation, except as required by law, to update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

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**PART I: FINANCIAL INFORMATION**

**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**CABLE ONE, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)**

(dollars in thousands, except par values)

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 625,332	\$ 125,271
Accounts receivable, net	50,176	38,452
Income taxes receivable	43,024	2,146
Prepaid and other current assets	21,263	15,619
Total Current Assets	<u>739,795</u>	<u>181,488</u>
Equity method investment	25,250	-
Property, plant and equipment, net	1,244,264	1,201,271
Intangible assets, net	1,298,226	1,312,381
Goodwill	434,876	429,597
Other noncurrent assets	84,397	27,094
Total Assets	<u>\$ 3,826,808</u>	<u>\$ 3,151,831</u>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 167,754	\$ 136,993
Deferred revenue	25,439	23,640
Current portion of long-term debt	33,350	28,909
Total Current Liabilities	<u>226,543</u>	<u>189,542</u>
Long-term debt	1,688,973	1,711,937
Deferred income taxes	322,155	303,314
Interest rate swap liability	176,409	78,612
Other noncurrent liabilities	28,329	26,857
Total Liabilities	<u>2,442,409</u>	<u>2,310,262</u>
Commitments and contingencies (refer to note 14)		
Stockholders' Equity		
Preferred stock (\$0.01 par value; 4,000,000 shares authorized; none issued or outstanding)	-	-
Common stock (\$0.01 par value; 40,000,000 shares authorized; 6,175,399 and 5,887,899 shares issued; and 6,024,029 and 5,715,377 shares outstanding as of September 30, 2020 and December 31, 2019, respectively)	62	59
Additional paid-in capital	531,508	51,198
Retained earnings	1,137,010	980,355

Accumulated other comprehensive loss	(156,435)	(68,158)
Treasury stock, at cost (151,370 and 172,522 shares held as of September 30, 2020 and December 31, 2019, respectively)	(127,746)	(121,885)
Total Stockholders' Equity	1,384,399	841,569
Total Liabilities and Stockholders' Equity	\$ 3,826,808	\$ 3,151,831

See accompanying notes to the condensed consolidated financial statements.

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**CABLE ONE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
(Unaudited)

(dollars in thousands, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues	\$ 338,962	\$ 284,991	\$ 988,461	\$ 849,246
Costs and Expenses:				
Operating (excluding depreciation and amortization)	107,303	94,898	319,259	285,104
Selling, general and administrative	62,596	58,861	190,474	180,407
Depreciation and amortization	71,421	48,737	202,284	157,416
(Gain) loss on asset sales and disposals, net	1,511	2,362	(3,122)	4,375
Total Costs and Expenses	242,831	204,858	708,895	627,302
Income from operations	96,131	80,133	279,566	221,944
Interest expense	(17,560)	(16,079)	(52,849)	(52,691)
Other income (expense), net	3,231	1,582	6,620	(6,248)
Income before income taxes	81,802	65,636	233,337	163,005
Income tax provision	15,515	15,801	35,184	38,036
Net income	\$ 66,287	\$ 49,835	\$ 198,153	\$ 124,969
Net Income per Common Share:				
Basic	\$ 11.04	\$ 8.77	\$ 33.91	\$ 22.01
Diluted	\$ 10.96	\$ 8.68	\$ 33.60	\$ 21.81
Weighted Average Common Shares Outstanding:				
Basic	6,001,561	5,682,167	5,844,330	5,676,681
Diluted	6,050,415	5,741,666	5,897,445	5,730,798
Unrealized gain (loss) on cash flow hedges and other, net of tax	\$ 5,807	\$ (28,066)	\$ (88,277)	\$ (91,105)
Comprehensive income	\$ 72,094	\$ 21,769	\$ 109,876	\$ 33,864

See accompanying notes to the condensed consolidated financial statements.

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**CABLE ONE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Unaudited)

(dollars in thousands, except per share data)	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock, at cost	Total Stockholders' Equity
	Shares	Amount					
<b>Balance at June 30, 2020</b>	6,019,834	\$ 62	\$ 527,641	\$ 1,085,793	\$ (162,242)	\$ (127,708)	\$ 1,323,546
Net income	-	-	-	66,287	-	-	66,287
Unrealized gain on cash flow hedges and other, net of tax	-	-	-	-	5,807	-	5,807
Equity-based compensation	-	-	3,867	-	-	-	3,867
Issuance of equity awards, net of forfeitures	4,216	-	-	-	-	-	-
Withholding tax for equity awards	(21)	-	-	-	-	(38)	(38)
Dividends paid to stockholders (\$2.50 per							

common share)	-	-	-	(15,070)	-	-	(15,070)
<b>Balance at September 30, 2020</b>	<u>6,024,029</u>	<u>\$ 62</u>	<u>\$ 531,508</u>	<u>\$ 1,137,010</u>	<u>\$ (156,435)</u>	<u>\$ (127,746)</u>	<u>\$ 1,384,399</u>
	<b>Common Stock</b>		<b>Additional</b>	<b>Retained</b>	<b>Accumulated</b>	<b>Treasury</b>	<b>Total</b>
(dollars in thousands, except per share data)	<b>Shares</b>	<b>Amount</b>	<b>Paid-In</b>	<b>Earnings</b>	<b>Other</b>	<b>Stock,</b>	<b>Stockholders'</b>
			<b>Capital</b>		<b>Comprehensive</b>	<b>at cost</b>	<b>Equity</b>
<b>Balance at June 30, 2019</b>	5,706,812	\$ 59	\$ 45,001	\$ 902,615	\$ (63,135)	\$ (121,632)	\$ 762,908
Net income	-	-	-	49,835	-	-	49,835
Unrealized loss on cash flow hedges and other, net of tax	-	-	-	-	(28,066)	-	(28,066)
Equity-based compensation	-	-	3,058	-	-	-	3,058
Issuance of equity awards, net of forfeitures	2,882	-	-	-	-	-	-
Withholding tax for equity awards	(101)	-	-	-	-	(128)	(128)
Dividends paid to stockholders (\$2.25 per common share)	-	-	-	(12,848)	-	-	(12,848)
<b>Balance at September 30, 2019</b>	<u>5,709,593</u>	<u>\$ 59</u>	<u>\$ 48,059</u>	<u>\$ 939,602</u>	<u>\$ (91,201)</u>	<u>\$ (121,760)</u>	<u>\$ 774,759</u>
	<b>Common Stock</b>		<b>Additional</b>	<b>Retained</b>	<b>Accumulated</b>	<b>Treasury</b>	<b>Total</b>
(dollars in thousands, except per share data)	<b>Shares</b>	<b>Amount</b>	<b>Paid-In</b>	<b>Earnings</b>	<b>Other</b>	<b>Stock,</b>	<b>Stockholders'</b>
			<b>Capital</b>		<b>Comprehensive</b>	<b>at cost</b>	<b>Equity</b>
<b>Balance at December 31, 2019</b>	5,715,377	\$ 59	\$ 51,198	\$ 980,355	\$ (68,158)	\$ (121,885)	\$ 841,569
Net income	-	-	-	198,153	-	-	198,153
Unrealized loss on cash flow hedges and other, net of tax	-	-	-	-	(88,277)	-	(88,277)
Equity-based compensation	-	-	10,514	-	-	-	10,514
Issuance of common stock	287,500	3	469,796	-	-	-	469,799
Issuance of equity awards, net of forfeitures	24,962	-	-	-	-	-	-
Withholding tax for equity awards	(3,810)	-	-	-	-	(5,861)	(5,861)
Dividends paid to stockholders (\$7.00 per common share)	-	-	-	(41,498)	-	-	(41,498)
<b>Balance at September 30, 2020</b>	<u>6,024,029</u>	<u>\$ 62</u>	<u>\$ 531,508</u>	<u>\$ 1,137,010</u>	<u>\$ (156,435)</u>	<u>\$ (127,746)</u>	<u>\$ 1,384,399</u>
	<b>Common Stock</b>		<b>Additional</b>	<b>Retained</b>	<b>Accumulated</b>	<b>Treasury</b>	<b>Total</b>
(dollars in thousands, except per share data)	<b>Shares</b>	<b>Amount</b>	<b>Paid-In</b>	<b>Earnings</b>	<b>Other</b>	<b>Stock,</b>	<b>Stockholders'</b>
			<b>Capital</b>		<b>Comprehensive</b>	<b>at cost</b>	<b>Equity</b>
<b>Balance at December 31, 2018</b>	5,703,402	\$ 59	\$ 38,898	\$ 850,292	\$ (96)	\$ (113,795)	\$ 775,358
Lease accounting standard adoption cumulative adjustment	-	-	-	8	-	-	8
Net income	-	-	-	124,969	-	-	124,969
Unrealized loss on cash flow hedges and other, net of tax	-	-	-	-	(91,105)	-	(91,105)
Equity-based compensation	-	-	9,161	-	-	-	9,161
Issuance of equity awards, net of forfeitures	15,599	-	-	-	-	-	-
Repurchases of common stock	(5,984)	-	-	-	-	(5,073)	(5,073)
Withholding tax for equity awards	(3,424)	-	-	-	-	(2,892)	(2,892)
Dividends paid to stockholders (\$6.25 per common share)	-	-	-	(35,667)	-	-	(35,667)
<b>Balance at September 30, 2019</b>	<u>5,709,593</u>	<u>\$ 59</u>	<u>\$ 48,059</u>	<u>\$ 939,602</u>	<u>\$ (91,201)</u>	<u>\$ (121,760)</u>	<u>\$ 774,759</u>

See accompanying notes to the condensed consolidated financial statements.

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**CABLE ONE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

(in thousands)	Nine Months Ended September 30,	
	2020	2019
<b>Cash flows from operating activities:</b>		
Net income	\$ 198,153	\$ 124,969
Adjustments to reconcile net income to net cash provided by operating activities:		

Depreciation and amortization	202,284	157,416
Amortization of debt issuance costs	3,330	3,527
Equity-based compensation	10,514	9,161
Write-off of debt issuance costs	-	4,207
Increase in deferred income taxes	47,826	22,712
(Gain) loss on asset sales and disposals, net	(3,122)	4,375
Changes in operating assets and liabilities, net of effects from acquisitions:		
(Increase) decrease in accounts receivable, net	(11,269)	310
(Increase) decrease in income taxes receivable	(40,878)	8,952
Increase in prepaid and other current assets	(5,561)	(4,177)
Increase in accounts payable and accrued liabilities	1,882	8,723
Increase (decrease) in deferred revenue	1,427	(709)
Other, net	(5,606)	(4,281)
Net cash provided by operating activities	398,980	335,185
<b>Cash flows from investing activities:</b>		
Purchase of business, net of cash acquired	(38,296)	(356,917)
Purchases of equity investments	(37,245)	-
Capital expenditures	(217,994)	(176,324)
Decrease in accrued expenses related to capital expenditures	(5,638)	(1,431)
Proceeds from sales of property, plant and equipment	617	7,050
Issuance of note and other receivables	(7,288)	-
Settlement of note and other receivables	6,000	-
Net cash used in investing activities	(299,844)	(527,622)
<b>Cash flows from financing activities:</b>		
Proceeds from equity issuance	488,750	-
Proceeds from long-term debt borrowings	100,000	825,000
Payment of equity issuance costs	(18,951)	-
Payment of debt issuance costs	-	(11,756)
Payments on long-term debt	(121,515)	(695,440)
Repurchases of common stock	-	(5,073)
Payment of withholding tax for equity awards	(5,861)	(2,892)
Dividends paid to stockholders	(41,498)	(35,667)
Net cash provided by financing activities	400,925	74,172
Increase (decrease) in cash and cash equivalents	500,061	(118,265)
Cash and cash equivalents, beginning of period	125,271	264,113
Cash and cash equivalents, end of period	\$ 625,332	\$ 145,848
<b>Supplemental cash flow disclosures:</b>		
Cash paid for interest, net of capitalized interest	\$ 49,017	\$ 49,740
Cash paid for income taxes, net of refunds received	\$ 28,245	\$ 3,823

See accompanying notes to the condensed consolidated financial statements.

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**CABLE ONE, INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION**

**Description of Business.** Cable One is a fully integrated provider of data, video and voice services to residential and business subscribers in 21 Western, Midwestern and Southern U.S. states. As of September 30, 2020, Cable One provided service to approximately 984,000 residential and business customers, of which approximately 866,000 subscribed to data services, 277,000 subscribed to video services and 132,000 subscribed to voice services.

On January 8, 2019, the Company acquired Delta Communications, L.L.C. (“Clearwave”) for a purchase price of \$358.8 million in cash on a debt-free basis. On October 1, 2019, the Company acquired Fidelity Communications Co.’s data, video and voice business and certain related assets (collectively, “Fidelity”) for a purchase price of \$531.4 million in cash on a debt-free basis. On July 1, 2020, the Company acquired Valu-Net LLC, an all-fiber internet service provider headquartered in Kansas (“Valu-Net”), for a purchase price of \$38.9 million in cash on a debt-free basis. Refer to note 2 for details on these transactions.

On May 4, 2020, we made a \$27.2 million minority equity investment (less than 10%) in AMG Technology Investment Group, LLC, a wireless internet service provider (“Nextlink”). On July 10, 2020, the Company acquired a minority equity interest (approximately 40%) in Wisper ISP, LLC, a wireless internet service provider (“Wisper”), for total consideration of \$25.3 million. The Company funded \$11.9 million of the total consideration for Wisper in July 2020 and expects to