

Unaudited Interim Condensed Consolidated Financial
Statements

**Telecomunicaciones Digitales, S.A. (formerly Cable
Onda, S.A.) and its subsidiaries**

For the six months ended June 30, 2022

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Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Financial
Position as of June 30, 2022

(Figures stated in B/. balboas)

<i>Notes</i>	June 2022	December 2021
Assets		
Currents Assets		
3	B/. 131,399,812	B/. 154,391,742
4	86,800,571	80,285,735
	21,278,994	6,567,102
	3,937,411	3,774,009
5	34,345,115	26,888,655
	10,424,176	14,159,929
	<u>288,186,079</u>	<u>286,067,172</u>
Non-current assets		
	2,849,190	1,992,208
	5,544,280	5,530,438
6	175,472,366	179,030,584
	472,268,560	472,268,560
7	155,175,920	121,060,805
8	397,467,648	413,112,941
	<u>1,208,777,964</u>	<u>1,192,995,536</u>
TOTAL ASSETS	<u><u>B/. 1,496,964,043</u></u>	<u><u>B/. 1,479,062,708</u></u>

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

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Financial
Position as of June 30, 2022

(Figures stated in B/. balboas)

<i>Notes</i>	June	December
	2022	2021
LIABILITIES AND STOCKHOLDERS'		
EQUITY		
Currents liabilities		
9	B/. 84,768,149	B/. 85,684,491
	19,331,009	19,031,868
10	10,268,299	14,169,592
11	16,071,429	5,357,143
	3,982,031	4,069,400
12	15,187,324	14,293,284
	46,758,491	86,569,614
	3,631,786	10,245,273
	<u>199,998,518</u>	<u>239,420,665</u>
Non-current liabilities		
	143,849,120	109,478,758
11	243,928,571	254,642,857
13	587,145,933	586,293,874
12	15,086,715	15,502,678
19	34,399,474	37,462,043
	18,593,034	19,674,930
	<u>1,043,002,847</u>	<u>1,023,055,140</u>
	<u>1,243,001,365</u>	<u>1,262,475,805</u>
Stockholders' equity		
	57,648,922	57,648,922
	3,084,595	2,518,315
	(4,847,109)	(3,705,453)
	198,580,147	160,586,522
	254,466,555	217,048,306
	(503,877)	(461,403)
	253,962,678	216,586,903
TOTAL LIABILITIES AND		
STOCKHOLDERS' EQUITY		
	<u>B/. 1,496,964,043</u>	<u>B/. 1,479,062,708</u>

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

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Income
For the six months ended June 30, 2022 and 2021

(Figures stated in B/. balboas)

<i>Notes</i>	Three months ended		Six months ended		Three months ended		Six months ended	
	June 30, 2022		June 30, 2022		June 30, 2021		June 30, 2021	
	Revenue							
	B/.	29,977,755	B/.	60,429,750	B/.	31,355,458	B/.	62,901,809
		52,731,263		105,004,723		49,084,256		97,593,594
		7,169,128		14,528,177		8,967,942		17,952,265
		63,590,915		124,803,210		60,466,667		116,405,131
		7,409,547		12,797,333		7,182,338		12,885,900
		-		-		195,901		584,574
14		1,544,495		2,666,078		986,985		2,296,854
		<u>162,423,103</u>		<u>320,229,271</u>		<u>158,239,547</u>		<u>310,620,127</u>
	Costs and expenses							
15		37,506,054		70,769,036		38,069,267		75,427,120
16		36,889,661		73,296,143		40,333,952		77,993,043
17		20,266,734		40,628,016		19,918,019		37,465,894
18		28,173,075		61,518,752		28,436,552		65,483,407
		<u>122,835,524</u>		<u>246,211,947</u>		<u>126,757,790</u>		<u>256,369,464</u>
		39,587,579		74,017,324		31,481,757		54,250,663
		11,651,108		22,360,673		11,843,324		23,416,154
		<u>27,936,471</u>		<u>51,656,651</u>		<u>19,638,433</u>		<u>30,834,509</u>
19		(8,147,198)		(13,928,142)		(7,224,739)		(11,295,994)
		<u>B/. 19,789,273</u>		<u>B/. 37,728,509</u>		<u>B/. 12,413,694</u>		<u>B/. 19,538,515</u>
	Attributable to:							
		19,786,939		37,770,959		12,468,201		19,607,774
		2,334		(42,450)		(54,507)		(69,259)
		<u>B/. 19,789,273</u>		<u>B/. 37,728,509</u>		<u>B/. 12,413,694</u>		<u>B/. 19,538,515</u>

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Changes in Stockholders' Equity
For the six months ended June 30, 2022 and 2021

(Figures stated in B/. balboas)

	<i>Attributable to the Controlling Interest</i>					<i>Non-controlling interest</i>	<i>Total stockholders' equity</i>
	<i>Issued Capital</i>	<i>Additional paid in capital</i>	<i>Supplemental tax</i>	<i>Retained earnings</i>	<i>Total</i>		
January 1, 2021	B/. 57,648,922	B/. 1,835,860	B/. (1,946,463)	B/. 111,157,885	B/. 168,696,204	B/. (325,890)	B/. 168,370,314
Share-based compensation	-	470,778	-	-	470,778	-	470,778
Supplemental tax	-	-	(1,085,859)	(834,151)	(1,920,010)	(23)	(1,920,033)
Net Income	-	-	-	19,607,774	19,607,774	(69,259)	19,538,515
June 30, 2021	B/. 57,648,922	B/. 2,306,638	B/. (3,032,322)	B/. 129,931,508	B/. 186,854,746	B/. (395,172)	B/. 186,459,574
January 1, 2022	B/. 57,648,922	B/. 2,518,315	B/. (3,705,453)	B/. 160,586,522	B/. 217,048,306	B/. (461,403)	B/. 216,586,903
Share-based compensation	-	566,280	-	-	566,280	-	566,280
Supplemental tax	-	-	(1,141,656)	222,666	(918,990)	(24)	(919,014)
Net Income	-	-	-	37,770,959	37,770,959	(42,450)	37,728,509
June 30, 2022	B/. 57,648,922	B/. 3,084,595	B/. (4,847,109)	B/. 198,580,147	B/. 254,466,555	B/. (503,877)	B/. 253,962,678

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Cash Flows
For the six months ended June 30, 2022 and 2021

(Figures stated in B/. balboas)

<i>Notes</i>	June 2022	June 2021
Cash flows from operating activities		
Income before income tax	B/. 51,656,651	B/. 30,834,509
Adjustments to reconcile income before tax to net cash flows:		
8 Depreciation and amortization of fixed assets	48,235,330	53,664,426
7 Depreciation on right of use assets	11,100,309	10,477,781
6 Amortization of intangible assets	13,960,504	13,850,836
Provision (Reversal of) for seniority premium	1,793,098	(393,943)
4 Provisions for expected credit losses	3,405,041	2,374,318
Amortization of deferred financing cost	852,059	833,204
Interest	22,360,673	23,416,154
Share-based compensation	566,280	470,778
Cash flows before changes in working capital	153,929,945	135,528,063
Accounts receivables - client	(9,919,877)	3,345,566
Other accounts receivables	(14,711,892)	2,219,793
Contract assets	(163,402)	(838,991)
Inventory	(7,456,460)	(5,194,108)
Prepaid expenses	3,735,753	(6,116,160)
Guarantee deposits and other assets	(13,842)	80,097
Accounts payable	1,272,247	(33,632,185)
Employee benefits	(3,901,293)	660,858
Accrued expenses and other liabilities	(43,745,602)	(3,633,016)
Customer deposits	(87,369)	(458,303)
Deferred income	478,077	(5,234,780)
Other long term liabilities	(1,081,896)	(3,048,495)
	78,334,389	83,678,339
Income tax paid	(23,381,556)	(6,908,302)
Interest paid for bonds and loans	(18,426,194)	(16,666,477)
Interest paid for leases	(3,457,618)	(1,284,197)
Net cash flow (used in) provided by operating activities	33,069,021	58,819,363
Continued...	B/. 33,069,021	B/. 58,819,363

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Cash Flows
For the six months ended June 30, 2022 and 2021

(Figures stated in B/. balboas)

		June 2022	June 2021
	Continued...	B/. <u>33,069,021</u>	B/. <u>58,819,363</u>
Notes			
	Cash flows from investing activities		
	Contribution to severance fund, net	(2,650,080)	(2,072,940)
	Acquisition of intangible assets, net	(10,402,286)	(14,840,321)
8	Acquisition of tangible assets	<u>(32,590,037)</u>	<u>(34,922,803)</u>
	Net cash flows used in investing activities	<u>(45,642,403)</u>	<u>(51,836,064)</u>
	Cash flows from financing activities		
11	Issuance of new bonds and loans	-	25,000,000
13	Repayment of bonds and loans	-	(25,000,000)
	Financing cost	-	(158,108)
	Supplemental tax	(1,141,656)	(1,085,859)
	Payment of lease liabilities	<u>(9,276,892)</u>	<u>(7,184,613)</u>
	Net cash flows used in financing activities	<u>(10,418,548)</u>	<u>(8,428,580)</u>
	Net decrease in cash	(22,991,930)	(1,445,281)
	Cash at beginning of year	<u>154,391,742</u>	<u>84,847,382</u>
	Cash at end of period	<u><u>B/. 131,399,812</u></u>	<u><u>B/. 83,402,101</u></u>

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2022

(Figures stated in B/. balboas)

1. Corporate information

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

Telecomunicaciones Digitales, S.A. and Subsidiaries is primarily engaged in providing cable television services, mobile telecommunication services, high-tech telecommunication services that include the transmission, storage and hosting of data, information backup and retrieval, internet access, application and e-commerce services, cable modem and basic residential and corporate telephone service with both national and international long distance service. These services are under the supervision of the National Public Services Authorities of the Republic of Panama (ASEP).

As of June 1, 2022, Cable Onda, S.A. changed its company name to Telecomunicaciones Digitales, S.A. maintaining all the rights and obligations acquired by Cable Onda, S.A. and will continue to provide services under the TIGO brand.

The interim condensed consolidated financial statements of the Group for the six months ended June 30, 2022 were authorized for issuance by Management on August 29, 2022.

2. Basis for Preparation and accounting policies

The interim condensed consolidated financial statements as of June 30, 2022 and for the six months ended June 30, 2022 and 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). In management's opinion, these interim condensed consolidated financial statements reflect all the adjustments necessary for an adequate presentation of results in interim periods. The Group's operations are not affected by significant cyclical or temporary patterns.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and must be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2021.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with that followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but has not yet entered into force.

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2022

(Figures stated in B/. balboas)

2. Basis for Preparation and accounting policies (Continued)

The Group applied for the first-time certain interpretations and amendments to standards that became effective as of January 1, 2022 in accordance with the provisions of the (“IASB”). The application of these interpretations and amendments had no significant impact on the Group’s consolidated financial statements.

The following changes to standards have been adopted by the Group and did not have any significant impact on the Group’s accounting policies or disclosures and did not require retrospective adjustments:

- IFRS 3 “Business Combinations” - Reference to Conceptual Framework.
- IAS 16 “Property, Plant and Equipment” - Proceeds before intended use.
- IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” - Cost of fulfilling a contract.
- Annual improvements to IFRS Standards 2018-2020, affecting IFRS 1, IFRS 9, IFRS 16 and IAS 41.

Amendments effective for annual periods starting on January 1, 2023 that are not expected to have a significant impact on the Group financial statements:

- Amendments to IAS 1, 'Disclosure of Accounting Policies' that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.
- Amendments to IAS 1, 'Presentation of Financial Statements': These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendments also clarify what IAS 1 means when it refers to the ‘settlement’ of a liability.
- IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates.

The following changes to standards are effective for annual periods starting on January 1, 2023 and their potential impact on the Combined Group financial statements is currently being assessed by Management:

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

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2022

(Figures stated in B/. balboas)

3. Basis for Preparation and accounting policies (Continued)

The standards or interpretations and modifications described above are only those that, according to Management's criteria, may have a material effect on the Group's financial disclosures, position or performance when applied at a future date. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.2. Valuation basis and reporting currency

- The interim condensed consolidated financial statements of Telecomunicaciones Digitales, S. A. and Subsidiaries as of June 30, 2022 have been prepared on a historical cost basis of accounting.
- The interim condensed consolidated financial statements are stated in balboas (B/.), the legal tender of the Republic of Panama, which is at par with the US dollar. The Republic of Panama does not issue its own paper money and, instead, the US dollar is used as the functional currency and legal tender.

2.3. Judgements, estimations and assumptions

- Preparation of the interim condensed consolidated financial statements in accordance with IFRS requires that Management make judgments, estimations and assumptions that affect the amounts reported for revenues, expenses, assets, liabilities, and the disclosures of contingent liabilities at the date of the interim condensed consolidated financial statements.
- Due to the uncertainty implicit in these estimations and assumptions, significant adjustments could arise that could affect the amounts recorded or disclosed of future assets and liabilities.

2.4. Reclassifications

Some amounts in the consolidated financial statements as of December 31, 2021 were reclassified for purposes of comparison with the figures as of June 30, 2022. These reclassifications do not have material effects on the financial position or results of operations of the Group.

	December 2021 (Interim)	Reclassifications	December 2021 (Audited)
Cash and cash equivalents	<u>B/. 154,391,742</u>	<u>B/. 52,206,463</u>	<u>B/. 102,185,279</u>
Other accounts receivable	<u>B/. 6,567,102</u>	<u>B/. (52,206,463)</u>	<u>B/. 58,773,565</u>

The reclassification corresponds to cash pooling accounts which were not reported as cash and cash equivalents (see note 3)

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2022

(Figures stated in B/. balboas)

3. Cash and cash equivalents

As of June 30, 2022, cash on hand and at banks, and cash equivalents are broken down as follows:

	June 2022	December 2021
Cash on hand	B/. 80,024	B/. 85,004
Millicom International Cellular, S.A.	44,099,526	B/. 52,206,463
Banco General	19,194,856	32,003,973
Citibank	18,338,851	31,965,474
Banco Panamá	1,004,229	1,015,620
Banesco	114,414	232,971
Banistmo	534,978	951,063
Bac Panamá	4,780,765	4,724,704
Banco Nacional de Panamá	511,293	676,592
Global Bank	214,885	245,859
Caja de Ahorros	59,614	272,429
JP Morgan	40,899,695	28,782,933
The Bank of Nova Scotia	25,000	91,854
St Georges Bank	1,541,682	1,136,803
	<u>B/. 131,399,812</u>	<u>B/. 154,391,742</u>

The Group signed a cash fund management agreement with the parent company (Millicom International Cellular, S.A.), which is used to manage funds and its working capital. As of June 30, 2022, the balance amounts to B/.44,099,526 (2021 – B/.52,206,463). This balance is payable on demand and therefore qualifies as cash and cash equivalent. The corresponding interests is agreed between the parties through a base interest rate plus a margin.

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2022

(Figures stated in B/. balboas)

4. Accounts receivable, Net

As of June 30, 2022, accounts receivable, net, are broken down as follows:

	June 2022	December 2021
Cable, telephone and other services	B/. 93,556,829	B/. 88,246,729
Operators	<u>558,313</u>	<u>580,386</u>
	94,115,142	88,827,115
Less: provisions for expected credit losses	<u>(7,314,571)</u>	<u>(8,541,380)</u>
	<u>B/. 86,800,571</u>	<u>B/. 80,285,735</u>

5. Inventory

As of June 30, 2022, the breakdown of inventory is as following.

	June 2022	December 2021
Materials and equipment	B/. 32,799,160	B/. 25,940,057
Inventory in transit	1,678,279	1,034,747
Provision for inventory obsolescence	<u>(132,324)</u>	<u>(86,149)</u>
	<u>B/. 34,345,115</u>	<u>B/. 26,888,655</u>

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2022

(Figures stated in B/. balboas)

6. Intangible assets

The movements for intangible assets, net, are as follows:

	June 2022	December 2021
At the beginning of the period, net of accumulated amortization	B/. 179,030,584	B/. 166,886,745
Additions	17,670,811	46,341,743
Disposals, net	(7,268,525)	(11,813,287)
Transfer	-	4,353,666
Amortization	(13,960,504)	(26,738,283)
At the end of the period, net of accumulated amortization	<u>B/. 175,472,366</u>	<u>B/. 179,030,584</u>
At the beginning of the period		
At Cost	B/. 463,131,285	B/. 426,209,314
Accumulated amortization	(284,100,701)	(259,322,569)
Net Balance	<u>B/. 179,030,584</u>	<u>B/. 166,886,745</u>
At the end of the period		
At Cost	B/. 473,533,571	B/. 463,131,285
Accumulated amortization	(298,061,205)	(284,100,701)
Net Balance	<u>B/. 175,472,366</u>	<u>B/. 179,030,584</u>

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2022

(Figures stated in B/. balboas)

7. Right of use assets

The movements for right of use assets are as follows:

	June	December
	2022	2021
Cost		
At the beginning of the period	B/. 169,110,079	B/. 134,794,118
New contracts	44,656,968	44,958,834
Modified and terminated contracts	(3,995,065)	(6,656,340)
Adjustments and reclassifications	-	(3,986,533)
At the end of the period	<u>B/. 209,771,982</u>	<u>B/. 169,110,079</u>
Accumulated Depreciation		
At the beginning of the period	(48,049,274)	(32,250,783)
Adjustments and reclassifications	4,553,521	5,998,864
Depreciation of right of use assets	(11,100,309)	(21,797,355)
At the end of the period	<u>B/. (54,596,062)</u>	<u>B/. (48,049,274)</u>
Net balance	<u><u>B/. 155,175,920</u></u>	<u><u>B/. 121,060,805</u></u>

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Notes of the Interim Consolidation of Financial Statements
June 30, 2022

(Figures stated in B/. balboas)

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

The movements for property, furniture, equipment and leasehold improvements, net, are as follows:

	June 2022	December 2021
At the beginning of the period, net of		
Accumulated depreciation	B/. 413,112,941	B/. 431,866,424
Capitalized additions	34,287,423	92,251,017
Disposal, net	(1,697,386)	(1,563,636)
Transfers	-	(4,353,666)
Depreciation	(48,235,330)	(105,087,198)
At the end of the period, net of accumulated depreciation	<u>B/. 397,467,648</u>	<u>B/. 413,112,941</u>
At the beginning of the period		
At cost	1,252,914,939	1,166,581,224
Accumulated depreciation	(839,801,998)	(734,714,800)
Net balance	<u>B/. 413,112,941</u>	<u>B/. 431,866,424</u>
At the end of the period		
Accumulated depreciation	1,285,504,976	1,252,914,939
	(888,037,328)	(839,801,998)
Net balance	<u>B/. 397,467,648</u>	<u>B/. 413,112,941</u>

9. Accounts payable

At June 30, 2022, the accounts payable balance amounts to B/.84,768,149 (December 2021 - B/.85,684,491). The terms for payment of accounts payable to commercial suppliers are extended up to 120 days, as from the date of issuance of the respective notes or invoice, and not subject to discount for prompt payment and do not generate interest and are recoverable in the functional currency of the interim condensed consolidated financial statements.

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Notes of the Interim Consolidation of Financial Statements
June 30, 2022

(Figures stated in B/. balboas)

10. Employee benefits payable

Employee benefits are broken down as follows:

	June 2022	December 2021
Employee benefits	B/. 1,600,815	B/. 3,283,127
Labor reserves	<u>8,667,484</u>	<u>10,886,465</u>
	<u>B/. 10,268,299</u>	<u>B/. 14,169,592</u>

11. Loans payable

At June 30, 2022 the balances of loans payable are broken down as follow:

	June 2022	December 2021
Short-term loans payable	16,071,429	5,357,143
Long-term loans payable	<u>243,928,571</u>	<u>254,642,857</u>
	<u>B/. 260,000,000</u>	<u>B/. 260,000,000</u>

The term of the loans payable is presented below:

	<u>Interest rate</u>	<u>Expiration</u>	June 2022	December 2021
The Bank of Nova Scotia	2.96%-4.38%	2024 - 2025	<u>260,000,000</u>	<u>260,000,000</u>
			<u>B/. 260,000,000</u>	<u>B/. 260,000,000</u>

On August 31, 2021, Telecomunicaciones Digitales, S.A. executed an agreement with The Bank of Nova Scotia for B/.75 million at 3.5% fixed rate. The facility was used to repay Telecomunicaciones Digitales, S.A. remaining B/.75 million under the 5.75% local bond, which was initially due on September 3, 2025.

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12. Deferred income

As of June 30, 2022, deferred income is broken down as follows:

	June 2022	December 2021
Current portion		
Early cash collections from monthly payments (a)	<u>B/. 14,922,754</u>	<u>B/. 14,293,284</u>
Non-Current portion		
Adaptation and relocation projects (b)	B/. 13,800,765	B/. 13,192,197
Deferred income from installation services	1,036,302	2,310,481
Deferred income (c)	<u>514,218</u>	<u>-</u>
	<u>B/. 15,351,285</u>	<u>B/. 15,502,678</u>

- a. Deferred income corresponding to early collection on monthly payments from clients, which are classified as business, residential and corporate.
- b. From time to time, the Group is requested to adapt and/or relocate its wiring and telephony equipment, which includes changing, burying of cables in areas where network changes are made. When these changes are made on request of a third party, and the Group is indemnified for these, the Group recognizes a corresponding deferred income which is amortized over 180 months (similar to the corresponding asset's useful life).
- c. These are obligations arising from large-scale contracts, which are executed in phases as per the terms and conditions of said contracts

13. Bonds payable, net

As of June 30, 2022, the Group's Management is complying with the financial conditions established in the bond purchase-sale contract.

Bonds are broken as follows:

	June 2022	December 2021
Bonds – Note Senior – Interest rate 4.50% - Expiration 2030	600,000,000	600,000,000
Financial costs	<u>(12,854,067)</u>	<u>(13,706,126)</u>
	<u>B/. 587,145,933</u>	<u>B/. 586,293,874</u>

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14. Other services and revenue

	Six months ended	
	<u>June 30,</u>	
	2022	2021
Installations	B/. 112,032	B/. 202,456
IT solutions sales	1,079,246	964,811
Adaptation and relocation projects	446,855	582,675
Other income	429,537	158,911
Advertising	451,471	204,500
Additional services	146,937	183,501
	<u>2,666,078</u>	<u>2,296,854</u>

15. Programming and operating costs

	Six months ended	
	<u>June 30,</u>	
	2022	2021
Programming costs	B/. 26,548,883	B/. 26,954,163
Telephony costs	24,115,573	24,001,265
Projects costs	2,799,633	3,213,923
Selling costs of mobile equipment and accessories	15,568,344	16,166,830
Data transmission and internet costs	1,179,844	4,542,219
Sundry costs	556,759	548,720
	<u>70,769,036</u>	<u>75,427,120</u>

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16. Depreciation and amortization

	Six months ended	
	<u>June 30,</u>	
	2022	2021
Depreciation and amortization of fixed assets	B/. 48,235,330	B/. 53,664,426
Depreciation for right of use assets	11,100,309	10,477,781
Amortization of intangibles assets	<u>13,960,504</u>	<u>13,850,836</u>
	<u><u>B/. 73,296,143</u></u>	<u><u>B/. 77,993,043</u></u>

17. Employee benefits

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

	Six months ended	
	<u>June 30,</u>	
	2022	2021
Salaries, commissions and other	B/. 22,558,334	B/. 23,703,051
Social security and employer education insurance	4,590,766	4,449,540
Vacation	2,226,301	2,171,752
Bonuses	2,984,522	2,297,039
Net profit sharing	4,354,425	3,281,110
Travel and representation expenses	314,013	311,649
Share-based compensations	566,280	470,778
Seniority premium and indemnities	1,793,098	(393,943)
Other expenses	<u>1,240,277</u>	<u>1,174,918</u>
	<u><u>B/. 40,628,016</u></u>	<u><u>B/. 37,465,894</u></u>

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18. General sales and administrative expenses

General sales and administrative expenses are as follows:

	Six months ended	
	<u>June 30,</u>	
	2022	2021
Rent	B/. 2,221,652	B/. 2,496,748
Professional services fees	21,107,875	21,592,811
Services expenses	14,444,825	11,416,387
Repairs and maintenance support	1,955,643	3,538,483
Marketing and advertising	5,545,568	6,526,707
Electricity	3,297,487	3,203,065
Local and municipal taxes	6,255,935	5,545,928
Bad debts	3,405,041	2,374,318
Repairs, maintenance and other operating expenses	5,661,852	4,944,194
Office expenses	999,716	688,655
Insurance and bond	282,679	203,988
Other expenses	<u>(3,659,521)</u>	<u>2,952,123</u>
	<u>B/. 61,518,752</u>	<u>B/. 65,483,407</u>

19. Income tax

Income tax expense is as follows:

	Six months ended	
	<u>June 30,</u>	
	2022	2021
Current	B/. 17,992,699	B/. 8,520,727
Deferred tax	<u>(4,064,557)</u>	<u>2,775,267</u>
	<u>B/. 13,928,142</u>	<u>B/. 11,295,994</u>

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20. Fair value of financial instruments

Fair value estimations are conducted at the date of the interim condensed consolidated financial statements, based on the relevant market and other information related to the financial instruments. Those estimations reflect no prize or discount that could result from holding the financial instruments as available for sale, due to the fact that none of them is held for that purpose.

The nature of these estimations is objective and involves uncertain aspects and management's judgment, as a result of which, the amounts thereof cannot be determined with absolute accuracy. Consequently, changes, if any, in the assumptions on which the estimations are based could differ from the final results.

The assumptions used by the Group Management to establish the fair market value of the financial instruments are as follows:

- a. The values of cash and bank, accounts receivable, net clients, other accounts receivable, accounts payable, leases and documents and loans payable approximate their fair market value, as they are financial instruments maturing in the short term.

The table below states the comparison between the book values and fair values of the financial instruments for which carrying values do not approximate their fair values:

	<u>Book Value</u>		<u>Fair Value</u>	
	June 2022	December 2021	June 2022	December 2021
Notes and other long term liabilities	<u>B/. 847,145,933</u>	<u>B/. 846,293,874</u>	<u>B/. 841,145,933</u>	<u>B/. 840,233,874</u>

21. Subsequent events

On July 1, 2022, Grupo de Comunicaciones Digitales, S.A. acquired 30MHZ spectrum in the AWS Band valid up to July 2027 for a total consideration of B/.24,892,883.50, which will be paid in 2 instalments, B/.12,446,441.75 paid in July 2022 and a final payment to be made in January 2023.