

Unaudited Interim Condensed Consolidated Financial
Statements

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

For the nine months ended September 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 September 30, 2022

(Figures stated in B/. balboas)

<i>Notes</i>	September 2022	December 2021
Assets		
Currents Assets		
3	B/. 45,120,209	B/. 154,391,742
4	89,522,781	80,285,735
	10,186,809	6,567,102
	4,975,064	3,774,009
5	34,329,320	26,888,655
	9,682,809	14,159,929
	<u>193,816,992</u>	<u>286,067,172</u>
Non-current assets		
	3,156,468	1,992,208
	5,543,511	5,530,438
6	195,383,044	179,030,584
	472,268,560	472,268,560
7	157,026,055	121,060,805
8	390,213,908	413,112,941
	<u>1,223,591,546</u>	<u>1,192,995,536</u>
TOTAL ASSETS	<u>B/. 1,417,408,538</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 Financial
Position as of September 30, 2022

(Figures stated in B/. balboas)

<i>Notes</i>	September 2022	December 2021
LIABILITIES AND STOCKHOLDERS'		
EQUITY		
Currents liabilities		
9	B/. 73,869,302	B/. 85,684,491
	19,588,001	19,031,868
10	11,586,638	14,169,592
11	-	5,357,143
	3,906,729	4,069,400
12	15,506,158	14,293,284
	37,158,828	86,569,614
	9,025,925	10,245,273
	<u>170,641,581</u>	<u>239,420,665</u>
Non-current liabilities		
	146,210,706	109,478,758
11	185,000,000	254,642,857
13	587,611,048	586,293,874
12	14,016,029	15,502,678
19	33,670,480	37,462,043
	17,489,764	19,674,930
	<u>983,998,027</u>	<u>1,023,055,140</u>
	<u>1,154,639,608</u>	<u>1,262,475,805</u>
Stockholders' equity		
	57,648,922	57,648,922
	3,350,488	2,518,315
	(4,847,109)	(3,705,453)
	207,114,397	160,586,522
	263,266,698	217,048,306
	(497,768)	(461,403)
	262,768,930	216,586,903
TOTAL LIABILITIES AND		
STOCKHOLDERS' EQUITY		
	<u>B/. 1,417,408,538</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 nine months ended September 30, 2022 and 2021

(Figures stated in B/. balboas)

<i>Notes</i>	Three months ended		Nine months ended		Three months ended		Nine months ended	
	September 30, 2022		September 30, 2022		September 30, 2021		September 30, 2021	
	Revenue							
	B/.	28,976,219	B/.	89,405,969	B/.	31,005,892	B/.	93,907,701
		53,343,857		158,348,580		50,573,831		148,167,425
		7,014,273		21,542,450		8,544,129		26,496,394
		65,840,815		190,644,025		61,404,487		177,809,618
		8,045,297		20,842,630		6,249,296		19,135,196
		-		-		10,323		594,897
14		3,086,822		5,752,900		921,377		3,218,231
		166,307,283		486,536,554		158,709,335		469,329,462
	Costs and expenses							
15		38,011,530		108,780,566		35,847,236		111,274,356
16		38,438,361		111,734,504		39,761,925		117,754,968
17		20,494,892		61,122,908		18,849,579		56,315,473
18		34,460,460		95,979,212		33,168,913		98,652,320
		131,405,243		377,617,190		127,627,653		383,997,117
		34,902,040		108,919,364		31,081,682		85,332,345
		11,657,022		34,017,695		12,695,343		36,111,497
		23,245,018		74,901,669		18,386,339		49,220,848
19		(14,704,659)		(28,632,801)		(7,072,523)		(18,368,517)
		B/. 8,540,359		B/. 46,268,868		B/.		B/.
	Attributable to:							
		8,534,250		46,305,209		11,377,895		30,985,669
		6,109		(36,341)		(64,079)		(133,338)
		B/. 8,540,359		B/. 46,268,868		B/.		B/.

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Changes in Stockholders' Equity
For the nine months ended September 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	-	662,265	-	-	662,265	-	662,265
Supplemental tax	-	-	(1,085,859)	(834,152)	(1,920,011)	(22)	(1,920,033)
Net Income	-	-	-	30,985,669	30,985,669	(133,338)	30,852,331
September 30, 2021	B/. 57,648,922	B/. 2,498,125	B/. (3,032,322)	B/. 141,309,402	B/. 198,424,127	B/. (459,250)	B/. 197,964,877
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	-	832,173	-	-	832,173	-	832,173
Supplemental tax	-	-	(1,141,656)	222,666	(918,990)	(24)	(919,014)
Net Income	-	-	-	46,305,209	46,305,209	(36,341)	46,268,868
September 30, 2022	B/. 57,648,922	B/. 3,350,488	B/. (4,847,109)	B/. 207,114,397	B/. 263,266,698	B/. (497,768)	B/. 262,768,930

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

(Figures stated in B/. balboas)

<i>Notes</i>	September 2022	September 2021
Cash flows from operating activities		
Income before income tax	B/. 74,901,669	B/. 49,220,848
Adjustments to reconcile income before tax to net cash flows:		
8 Depreciation and amortization of fixed assets	73,656,695	93,426,351
7 Depreciation on right of use assets	16,845,507	10,477,781
6 Amortization of intangible assets	21,232,302	13,850,836
Provision (Reversal of) for seniority premium	1,111,306	(393,943)
4 Provisions for expected credit losses	4,804,501	2,374,318
Amortization of deferred financing cost	1,317,174	1,891,108
Interest	34,017,695	36,111,497
Share-based compensation	832,173	662,265
Cash flows before changes in working capital	228,719,022	207,621,061
Accounts receivables - client	(14,041,547)	(10,678,740)
Other accounts receivables	(3,619,707)	1,832,931
Contract assets	(1,201,055)	(1,312,257)
Inventory	(7,440,665)	(3,085,180)
Prepaid expenses	4,477,120	(4,339,412)
Guarantee deposits and other assets	(13,073)	5,051,206
Accounts payable	(9,626,600)	(45,112,152)
Employee benefits	(2,582,954)	1,794,943
Accrued expenses and other liabilities	(49,095,658)	(5,489,445)
Customer deposits	(162,671)	(67,804)
Deferred income	(273,775)	(4,609,099)
Other long term liabilities	(2,185,166)	(1,943,946)
	142,953,271	139,662,106
Income tax paid	(33,421,070)	(12,426,646)
Interest paid for bonds and loans	(34,332,823)	(16,666,477)
Interest paid for leases	(3,457,618)	(1,284,197)
Seniority premium and severance paid	(1,621,909)	-
Net cash flow (used in) provided by operating activities	70,119,851	109,284,786

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

(Figures stated in B/. balboas)

	September 2022	September 2021
Continued...	B/. <u>70,119,851</u>	B/. <u>109,284,786</u>
Notes		
Cash flows from investing activities		
Contribution to severance fund, net	(653,657)	(1,779,315)
Acquisition of intangible assets, net	(37,584,762)	(13,069,436)
8 Acquisition of tangible assets	<u>(50,757,662)</u>	<u>(69,173,580)</u>
Net cash flows used in investing activities	<u>(88,996,081)</u>	<u>(84,022,331)</u>
Cash flows from financing activities		
11 Issuance of new bonds and loans	-	75,000,000
13 Repayment of bonds and loans	(75,000,000)	(100,000,000)
Financing cost	-	(158,108)
Supplemental tax	(1,141,656)	(1,085,859)
Payment of lease liabilities	<u>(14,253,647)</u>	<u>(5,507,123)</u>
Net cash flows used in financing activities	<u>(90,395,303)</u>	<u>(31,751,090)</u>
Net decrease in cash	(109,271,533)	(6,488,635)
Cash at beginning of year	<u>154,391,742</u>	<u>84,847,382</u>
Cash at end of period	<u>B/. 45,120,209</u>	<u>B/. 78,358,747</u>

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
September 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 nine months ended September 30, 2022 were authorized for issuance by Management on November 29, 2022.

2. Basis for Preparation and accounting policies

The interim condensed consolidated financial statements as of September 30, 2022 and for the nine months ended September 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
September 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
September 30, 2022

(Figures stated in B/. balboas)

2. Basis for Preparation and accounting policies (Continued)

The following changes to standards are effective for annual periods starting on January 1, 2024 and their potential impact on the Combined Group financial statements is currently being assessed by Management:

- Amendments to IFRS 16 'Leases: Lease Liability in a Sale and Leaseback' - The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

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 September 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.

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

(Figures stated in B/. balboas)

2. Basis for Preparation and accounting policies (Continued)

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 September 30, 2022. These reclassifications do not have material effects on the financial position or results of operations of the Group.

	December 2021 (Interim)	Reclasificaciones	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
September 30, 2022

(Figures stated in B/. balboas)

3. Cash and cash equivalents

As of September 30, 2022, cash on hand and at banks, and cash equivalents are detailed as follows:

	September 2022	December 2021
Cash on hand	B/. 82,723	B/. 85,004
Millicom International Cellular, S.A.	2,897,772	B/. 52,206,463
Banco General	10,453,172	32,003,973
Citibank	25,993,092	31,965,474
Banco Panamá	5,301	1,015,620
Banesco	172,014	232,971
Banistmo	459,424	951,063
Bac Panamá	3,582,128	4,724,704
Banco Nacional de Panamá	273,010	676,592
Global Bank	101,548	245,859
Caja de Ahorros	118,601	272,429
JP Morgan	7,721	28,782,933
The Bank of Nova Scotia	24,950	91,854
St Georges Bank	948,753	1,136,803
	<u>B/. 45,120,209</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 September 30, 2022, the balance amounts to B/.2,897,772 (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
September 30, 2022

(Figures stated in B/. balboas)

4. Accounts receivable, Net

As of September 30, 2022, accounts receivable, net, are detailed as follows:

	September 2022	December 2021
Cable, telephone and other services	B/. 94,933,460	B/. 88,246,729
Operators	<u>547,326</u>	<u>580,386</u>
	95,480,786	88,827,115
Less: provisions for expected credit losses	<u>(5,958,005)</u>	<u>(8,541,380)</u>
	<u>B/. 89,522,781</u>	<u>B/. 80,285,735</u>

5. Inventory

As of September 30, 2022, inventory is detailed as follows.

	September 2022	December 2021
Materials and equipment	B/. 34,057,750	B/. 25,940,057
Inventory in transit	449,844	1,034,747
Provision for inventory obsolescence	<u>(178,274)</u>	<u>(86,149)</u>
	<u>B/. 34,329,320</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
September 30, 2022

(Figures stated in B/. balboas)

6. Intangible assets

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

	September 2022	December 2021
At the beginning of the period, net of accumulated amortization	B/. 179,030,584	B/. 166,886,745
Additions	43,816,386	46,341,743
Disposals, net	(6,231,624)	(11,813,287)
Transfer	-	4,353,666
Amortization	(21,232,302)	(26,738,283)
At the end of the period, net of accumulated amortization	<u>B/. 195,383,044</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/. 500,716,047	B/. 463,131,285
Accumulated amortization	(305,333,003)	(284,100,701)
Net Balance	<u>B/. 195,383,044</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
September 30, 2022

(Figures stated in B/. balboas)

7. Right of use assets

The movements for right of use assets are as follows:

	September 2022	December 2021
Cost		
At the beginning of the period	B/. 169,110,079	B/. 134,794,118
New contracts	57,123,236	44,958,834
Modified and terminated contracts	(9,825,926)	(6,656,340)
Adjustments and reclassifications	-	(3,986,533)
At the end of the period	<u>B/. 216,407,389</u>	<u>B/. 169,110,079</u>
Accumulated Depreciation		
At the beginning of the period	(48,049,274)	(32,250,783)
Adjustments and reclassifications	5,513,447	5,998,864
Depreciation of right of use assets	(16,845,507)	(21,797,355)
At the end of the period	<u>B/. (59,381,334)</u>	<u>B/. (48,049,274)</u>
Net balance	<u>B/. 157,026,055</u>	<u>B/. 121,060,805</u>

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

	September 2022	December 2021
At the beginning of the period, net of Accumulated depreciation	B/. 413,112,941	B/.431,866,424
Capitalized additions	52,545,340	92,251,017
Disposal, net	(1,787,678)	(1,563,636)
Transfers	-	(4,353,666)
Depreciation	(73,656,695)	(105,087,198)
At the end of the period, net of accumulated depreciation	B/. 390,213,908	B/.413,112,941
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	B/. 413,112,941	B/.431,866,424
At the end of the period Accumulated depreciation	1,303,672,601 (913,458,693)	1,252,914,939 (839,801,998)
Net balance	B/. 390,213,908	B/.413,112,941

9. Accounts payable

At September 30, 2022, the accounts payable balance amounts to B/.73,869,302 (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
September 30, 2022

(Figures stated in B/. balboas)

10. Employee benefits payable

Employee benefits are broken down as follows:

	September 2022	December 2021
Employee benefits	B/. 2,100,169	B/. 3,283,127
Labor reserves	<u>9,486,469</u>	<u>10,886,465</u>
	<u>B/. 11,586,638</u>	<u>B/. 14,169,592</u>

11. Loans payable

At September 30, 2022 the balances of loans payable are detailed as follow:

	September 2022	December 2021
Short-term loans payable	-	5,357,143
Long-term loans payable	<u>185,000,000</u>	<u>254,642,857</u>
	<u>B/. 185,000,000</u>	<u>B/. 260,000,000</u>

The term of the loans payable is presented below:

	<u>Interest rate</u>	<u>Expiration</u>	September 2022	December 2021
The Bank of Nova Scotia	2.96%-4.38%	2024 - 2025	<u>185,000,000</u>	<u>260,000,000</u>
			<u>B/. 185,000,000</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 September 30, 2022, deferred income is detailed as follows:

	September 2022	December 2021
Current portion		
Early cash collections from monthly payments (a)	<u>B/. 14,793,350</u>	<u>B/. 14,293,284</u>
Non-Current portion		
Adaptation and relocation projects (b)	B/. 13,599,666	B/. 13,192,197
Deferred income from installation services	311,002	2,310,481
Deferred income (c)	<u>818,169</u>	<u>-</u>
	<u>B/. 14,728,837</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 September 30, 2022, the Group's Management is complying with the financial conditions established in the bond purchase-sale contract.

Bonds are detailed as follows:

	September 2022	December 2021
Bonds – Note Senior – Interest rate 4.50% - Expiration 2030	600,000,000	600,000,000
Financial costs	<u>(12,388,952)</u>	<u>(13,706,126)</u>
	<u>B/. 587,611,048</u>	<u>B/. 586,293,874</u>

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14. Other services and revenue

	Nine months ended September 30,	
	2022	2021
Installations	B/. 187,677	B/. 269,675
IT solutions sales	2,038,890	1,331,609
Adaptation and relocation projects	635,919	912,287
Other income	1,932,204	179,098
Advertising	765,948	272,667
Additional services	192,262	252,895
	<u>5,752,900</u>	<u>3,218,231</u>

15. Programming and operating costs

	Nine months ended September 30,	
	2022	2021
Programming costs	B/. 40,742,802	B/. 40,024,892
Telephony costs	36,369,756	36,352,781
Projects costs	4,200,256	4,387,826
Selling costs of mobile equipment and accesories	24,588,140	23,440,842
Data transmission and internet costs	1,761,084	6,235,764
Sundry costs	1,118,528	832,251
	<u>108,780,566</u>	<u>111,274,356</u>

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16. Depreciation and amortization

	Nine months ended September 30,	
	2022	2021
Depreciation and amortization of fixed assets	B/. 73,656,695	B/. 81,693,155
Depreciation for right of use assets	16,845,507	15,808,077
Amortization of intangibles assets	21,232,302	20,253,737
	<u>B/. 111,734,504</u>	<u>B/. 117,754,969</u>

17. Employee benefits

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

	Nine months ended September 30,	
	2022	2021
Salaries, commissions and other	B/. 34,524,041	B/. 34,893,527
Social security and employer education insurance	6,892,570	6,735,213
Vacation	3,318,873	2,401,668
Bonuses	4,250,599	3,948,496
Net profit sharing	6,271,288	5,717,661
Travel and representation expenses	457,656	522,721
Share-based compensations	832,173	662,265
Seniority premium and indemnities	2,733,215	45,658
Other expenses	1,842,493	1,388,264
	<u>B/. 61,122,908</u>	<u>B/. 56,315,473</u>

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18. General sales and administrative expenses

General sales and administrative expenses are detailed as follows:

	Nine months ended September 30,	
	2022	2021
Rent	B/. 3,632,590	B/. 4,387,148
Professional services fees	34,598,325	32,376,346
Services expenses	21,742,563	17,782,512
Repairs and maintenance support	2,814,288	5,562,171
Marketing and advertising	7,885,794	9,217,903
Electricity	4,997,729	7,761,525
Local and municipal taxes	8,686,504	7,786,091
Bad debts	4,804,501	3,802,198
Repairs, maintenance and other operating expenses	6,167,438	4,789,598
Office expenses	1,465,494	1,076,063
Insurance and bond	417,387	324,524
Other (income) expenses	<u>(1,233,401)</u>	<u>3,786,241</u>
	<u>B/. 95,979,212</u>	<u>B/. 98,652,320</u>

19. Income tax

Income tax expense is detailed as follows:

	Nine months ended September 30,	
	2022	2021
Current	B/. 33,426,352	B/. 16,316,683
Deferred tax	<u>(4,793,551)</u>	<u>2,051,834</u>
	<u>B/. 28,632,801</u>	<u>B/. 18,368,517</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>	
	September	December	September	December
	2022	2021	2022	2021
Notes and other long term liabilities	<u>B/. 772,611,048</u>	<u>B/. 846,293,874</u>	<u>B/. 766,611,048</u>	<u>B/. 840,233,874</u>