

Unaudited Interim Condensed Consolidated Financial  
Statements  
**Telecomunicaciones Digitales, S. A. and its subsidiaries**  
For the three months ended March 31, 2023

## *CONTENTS*

Unaudited Interim Condensed Consolidated Statement of Financial Position .....	2
Unaudited Interim Condensed Consolidated Statement of Income .....	4
Unaudited Interim Condensed Consolidated Statement of Changes in Equity .....	5
Unaudited Interim Condensed Consolidated Statement of Cash Flows.....	6
Notes to the Unaudited Interim Condensed Consolidated Financial Statements .....	8 - 20

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Financial**  
**Position as of March 31, 2023**

*(Figures stated in B/. balboas)*

<i>Notes</i>		<b>March 2023</b>	<b>December 2022</b>
	<b>Assets</b>		
	<b>Currents Assets</b>		
3	Cash	<b>B/. 64,975,195</b>	B/. 109,332,906
4	Accounts receivable - client, net	<b>96,400,573</b>	86,548,130
	Other accounts receivable	<b>7,145,331</b>	9,262,489
	Contract assets	<b>6,274,808</b>	5,944,741
5	Inventory	<b>40,578,652</b>	35,866,968
	Prepaid expenses	<b>10,780,947</b>	6,295,076
	Prepaid taxes	<b>7,051,743</b>	7,714,713
		<b><u>233,207,249</u></b>	<b><u>260,965,023</u></b>
	<b>Non-current assets</b>		
	Severance fund, net	<b>2,850,387</b>	2,834,277
	Guarantee deposits and other assets	<b>5,513,866</b>	5,513,866
6	Intangible assets, net	<b>185,843,250</b>	196,791,725
	Goodwill	<b>472,268,560</b>	472,268,560
7	Right of use assets, net	<b>153,632,528</b>	156,439,509
8	Property, plan and equipment, net	<b>395,207,408</b>	401,510,592
		<b><u>1,215,315,999</u></b>	<b><u>1,235,358,529</u></b>
	<b>TOTAL ASSETS</b>	<b><u>B/. 1,448,523,248</u></b>	<b><u>B/. 1,496,323,552</u></b>

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

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Financial**  
**Position as of March 31, 2023**

*(Figures stated in B/. balboas)*

<i>Notes</i>	<b>March 2023</b>	<b>December 2022</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Currents liabilities</b>		
9 Accounts payable	<b>B/. 88,010,095</b>	B/. 122,130,752
Lease liabilities	<b>22,704,843</b>	22,268,363
10 Employee benefits	<b>8,160,065</b>	11,911,349
Customer deposits	<b>3,884,824</b>	3,896,427
12 Deferred income	<b>15,145,748</b>	15,364,765
Accrued expenses and other liabilities	<b>45,081,969</b>	62,291,352
Income tax payable	<b>4,041,672</b>	2,649,870
	<b><u>187,029,216</u></b>	<u>240,512,878</u>
<b>Non-current liabilities</b>		
Lease liabilities	<b>142,589,325</b>	145,208,873
11 Long-term loans payable	<b>185,000,000</b>	185,000,000
13 Bonds payable, net	<b>588,514,244</b>	588,064,644
12 Deferred income	<b>13,452,769</b>	14,051,922
19 Deferred income tax	<b>35,039,556</b>	33,716,806
Obligations for retirement of assets and other liabilities	<b>14,906,917</b>	14,872,459
	<b><u>979,502,811</u></b>	<u>980,914,704</u>
	<b><u>1,166,532,027</u></b>	<u>1,221,427,582</u>
<b>Stockholders' equity</b>		
Issued capital 243,356 common shares with no par value, issued and outstanding	<b>57,648,922</b>	57,648,922
Additional paid in capital	<b>3,565,736</b>	3,351,629
Supplemental tax	<b>(6,160,671)</b>	(6,160,671)
Retained earnings	<b>226,937,234</b>	220,448,885
	<b>281,991,221</b>	275,288,765
Non-controlling interest	<b>-</b>	(392,795)
<b>Total stockholders' equity</b>	<b>281,991,221</b>	274,895,970
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>B/. 1,448,523,248</u></b>	<u>B/. 1,496,323,552</u>

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

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Income**  
**For the three months ended March 31, 2023 and 2022**

*(Figures stated in B/. balboas)*

		Three months ended March 31, 2023	Three months ended March 31, 2022
<i>Notes</i>			
<b>Revenue</b>			
	TV subscriptions	B/. 27,971,732	B/. 30,451,995
	Data transmission, internet and data center	54,373,788	52,273,460
	Fixed line services	6,701,414	7,359,049
	Mobile services	68,822,178	61,212,295
	Sales of mobile equipment	8,222,776	5,387,786
14	Other services and revenue	2,165,642	1,121,583
		<u>168,257,530</u>	<u>157,806,168</u>
<b>Costs and expenses</b>			
15	Programming and operating costs	41,197,433	33,262,982
16	Depreciation and amortization	38,326,210	36,406,482
17	Personnel expenses	22,334,324	20,361,282
18	General, sales and administrative expenses	42,796,469	33,345,677
		<u>144,654,436</u>	<u>123,376,423</u>
	<b>Operating income</b>	23,603,094	34,429,745
	Financial expenses, net	10,469,074	10,709,565
	<b>Income before tax</b>	13,134,020	23,720,180
19	Income tax	(5,940,377)	(5,780,944)
	<b>Net Income</b>	<u>B/. 7,193,643</u>	<u>B/. 17,939,236</u>
<b>Attributable to:</b>			
	Equity holders of the parent	B/. 7,249,315	B/. 17,984,020
	Non-controlling interest	(55,672)	(44,784)
	<b>Net Income</b>	<u>B/. 7,193,643</u>	<u>B/. 17,939,236</u>

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Changes in Stockholders' Equity**  
**For the three months ended March 31, 2023 and 2022**

*(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, 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	-	283,140	-	-	283,140	-	283,140
Supplemental tax	-	-	-	222,703	222,703	-	222,703
Net Income	-	-	-	17,984,020	17,984,020	(44,784)	17,939,236
March 31, 2022	B/. 57,648,922	B/. 2,801,455	B/. (3,705,453)	B/. 178,793,245	B/. 235,538,169	B/. (506,187)	B/. 235,031,982
<b>January 1, 2023</b>	<b>B/. 57,648,922</b>	<b>B/. 3,351,629</b>	<b>B/. (6,160,671)</b>	<b>B/. 220,448,885</b>	<b>B/. 275,288,765</b>	<b>B/. (392,795)</b>	<b>B/. 274,895,970</b>
<b>Share-based compensation</b>	<b>-</b>	<b>214,107</b>	<b>-</b>	<b>-</b>	<b>214,107</b>	<b>-</b>	<b>214,107</b>
<b>Effect of the buy-out of non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(760,966)</b>	<b>(760,966)</b>	<b>448,467</b>	<b>(312,499)</b>
<b>Net Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,249,315</b>	<b>7,249,315</b>	<b>(55,672)</b>	<b>7,193,643</b>
<b>March 31, 2023</b>	<b><u>B/. 57,648,922</u></b>	<b><u>B/. 3,565,736</u></b>	<b><u>B/. (6,160,671)</u></b>	<b><u>B/. 226,937,234</u></b>	<b><u>B/. 281,991,221</u></b>	<b><u>B/. -</u></b>	<b><u>B/. 281,991,221</u></b>

As of March 31, 2023, Telecomunicaciones Digitales, S.A. acquired for \$312,500 the remaining 40% of the shares of Fronteras Security, Inc. which were held by the non-controlling interest.

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Cash Flows**  
**For the three months ended March 31, 2023 and 2022**

(Figures stated in B/. balboas)

		2023	2022
<i>Notes</i>			
	<b>Cash flows from operating activities</b>		
	Income before income tax	B/. 13,134,020	B/. 23,720,180
	Adjustments to reconcile income before tax to net cash flows:		
8	Depreciation and amortization of fixed assets	26,443,435	23,891,597
7	Depreciation on right of use assets	5,614,917	5,384,975
6	Amortization of intangible assets	6,267,858	7,129,910
	Provision (Reversal of) for seniority premium	256,032	671,201
4	Provisions for expected credit losses	2,967,602	1,642,101
	Amortization of deferred financing cost	449,600	469,091
	Interest	10,469,074	10,709,565
	Share-based compensation	214,107	283,140
	<b>Cash flows before changes in working capital</b>	<b>65,816,645</b>	<b>73,901,760</b>
	Accounts receivables - client	(12,820,045)	(7,871,733)
	Other accounts receivables	2,117,158	1,431,494
	Contract assets	(330,067)	72,570
	Inventory	(4,711,684)	(3,588,475)
	Prepaid expenses	(4,485,871)	1,493,641
	Guarantee deposits and other assets	-	(11,342)
	Accounts payable	(34,895,308)	(16,332,643)
	Employee benefits	(3,751,284)	(5,813,779)
	Accrued expenses and other liabilities	(12,498,171)	(22,286,928)
	Customer deposits	(11,603)	(41,416)
	Deferred income	(818,170)	479,570
	Other long term liabilities	34,458	1,902,665
		(6,353,942)	23,335,384
	Income tax paid	(2,780,257)	(9,893,246)
	Interest paid for bonds and loans	(15,180,286)	(16,187,118)
	Interest paid for leases	(1,189,375)	(1,285,662)
	Seniority premium and severance paid	(1,037,237)	-
	<b>Net cash flow used in operating activities</b>	<b>(26,541,097)</b>	<b>(4,030,642)</b>

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Unaudited Interim Condensed Consolidated Statement of Cash Flows**  
**For the three months ended March 31, 2023 and 2022**

*(Figures stated in B/. balboas)*

	Continued...	B/. (26,541,097)	B/. (4,030,642)
Notes			
<b>Cash flows from investing activities</b>			
Contribution to severance fund, net		765,095	(1,034,276)
Acquisition of intangible assets, net		263,305	(4,850,401)
Acquisition of Non-controlling interest		(312,500)	-
8 Acquisition of tangible assets		<u>(15,722,939)</u>	<u>(13,273,192)</u>
<b>Net cash flows used in investing activities</b>		<u>(15,007,039)</u>	<u>(19,157,869)</u>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		<u>(2,809,575)</u>	<u>(3,931,104)</u>
<b>Net cash flows used in financing activities</b>		<u>(2,809,575)</u>	<u>(3,931,104)</u>
Net decrease in cash		(44,357,711)	(27,119,615)
Cash at beginning of year		<u>109,332,906</u>	<u>154,391,742</u>
<b>Cash at end of period</b>		<u><b>B/. 64,975,195</b></u>	<u><b>B/. 127,272,127</b></u>

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**March 31, 2023**

---

*(Figures stated in B/. balboas)*

**1. Corporate information**

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries (“Telecomunicaciones Digitales” or the “Group”) 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. is a wholly owned subsidiary of Millicom LIH S.A. The ultimate parent company is Millicom International Cellular S.A. ("MIC S.A."), a Luxembourg Société Anonyme whose shares are listed on the Stockholm Stock Exchange under the symbol TIGO SDB and, since January 9, 2019, on the Nasdaq Stock Market in the United States under the symbol TIGO.

The Group is primarily engaged in providing cable television services, mobile telecommunication services and the sale of cellular phones necessary for the provision of the cellular mobile telephone service, 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).

The interim condensed consolidated financial statements of the Group for the three months ended March 31, 2023 were authorized for issuance by Management on May 30th, 2023.

**2. Basis for Preparation and accounting policies**

The interim condensed consolidated financial statements as of March 31, 2023 and for the three months ended March 31, 2023 and 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. 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, 2022.

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**March 31, 2023**

---

*(Figures stated in B/. balboas)*

**2. Basis for Preparation and accounting policies (Continued)**

**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, 2022

The Group applied for the first-time certain interpretations and amendments to standards that became effective as of January 1, 2023 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 Groups accounting policies or disclosures and did not require retrospective adjustments:

- 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.
- IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates.
- 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. The Group has been applying the so-called "Linked transaction approach" in the calculation of deferred taxes related to leases (and ARO) since the adoption of IFRS 16 (in compliance with these amendments). Therefore, the adoption of these amendments did not have an impact for the Group.

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**March 31, 2023**

---

*(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 Group consolidated financial statements is currently being assessed by Management:

- Amendments to IFRS 16 'Leases: Lease Liability in a Sale and Leaseback' (not yet endorsed by the EU)- 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.
- Amendments to IAS 1, 'Presentation of Financial Statements' (not yet endorsed by the EU): These amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period.

**Valuation basis and reporting currency**

- The interim condensed consolidated financial statements of Telecomunicaciones Digitales, S. A. and Subsidiaries as of March 31, 2023 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.

**2.2. 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. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**March 31, 2023**

---

*(Figures stated in B/. balboas)*

### **3. Cash**

As of March 31, 2023, cash on hand and banks are broken down as follows:

	<b>March 2023</b>	<b>December 2022</b>
Cash on hand	<b>B/. 39,511</b>	B/. 75,816
Millicom International Cellular, S.A.	<b>29,283,509</b>	B/. 70,675,656
Banco General	<b>14,254,226</b>	12,439,838
Citibank	<b>13,716,981</b>	17,720,366
Banco Panamá	<b>6,982</b>	6,230
Banesco	<b>111,345</b>	77,002
Banistmo	<b>530,063</b>	368,161
Bac Panamá	<b>4,992,373</b>	4,931,023
Banco Nacional de Panamá	<b>241,408</b>	250,077
Global Bank	<b>68,672</b>	79,588
Caja de Ahorros	<b>179,149</b>	113,206
The Bank of Nova Scotia	<b>51,218</b>	1,050,660
St Georges Bank	<b>1,499,758</b>	1,545,283
	<b><u>B/. 64,975,195</u></b>	<b><u>B/. 109,332,906</u></b>

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 March 31, 2023 the balance amounts to B/.29,283,509 (2022 – B/.70,675,656). 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. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**March 31, 2023**

---

*(Figures stated in B/. balboas)*

**4. Accounts receivable, Net**

As of March 31, 2023, accounts receivable, net, are broken down as follows:

	<b>March 2023</b>	December 2022
Cable, telephone and other services	<b>B/. 97,741,815</b>	B/. 87,722,881
Operators	<u><b>6,365,402</b></u>	<u>5,264,243</u>
	<b>104,107,217</b>	92,987,124
Less: provisions for expected credit losses	<u><b>(7,706,644)</b></u>	<u>(6,438,994)</u>
	<u><b>B/. 96,400,573</b></u>	<u>B/. 86,548,130</u>

**5. Inventory**

As of March 31, 2023, the breakdown of inventory is as following.

	<b>March 2023</b>	December 2022
Materials and equipment	<b>B/. 40,148,033</b>	B/. 33,772,092
Inventory in transit	<b>531,704</b>	2,325,696
Provision for inventory obsolescence	<u><b>(101,085)</b></u>	<u>(230,820)</u>
	<u><b>B/. 40,578,652</b></u>	<u>B/. 35,866,968</u>

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**March 31, 2023**

---

*(Figures stated in B/. balboas)*

**6. Intangible assets**

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

	<b>March 2023</b>	<b>December 2022</b>
At the beginning of the period, net of accumulated amortization	<b>B/. 196,791,725</b>	B/. 179,030,584
Additions	<b>4,558,319</b>	57,755,109
Project in process	<b>(4,821,625)</b>	(10,855,850)
Impairment	<b>-</b>	(1,874,316)
Transfer	<b>(4,417,312)</b>	-
Amortization	<b>(6,267,858)</b>	(27,263,802)
At the end of the period, net of accumulated amortization	<b><u>B/. 185,843,249</u></b>	<b><u>B/. 196,791,725</u></b>
At the beginning of the period		
At Cost	<b>B/. 508,156,228</b>	B/. 463,131,285
Accumulated amortization	<b>(311,364,503)</b>	(284,100,701)
Net Balance	<b><u>B/. 196,791,725</u></b>	<b><u>B/. 179,030,584</u></b>
At the end of the period		
At Cost	<b>B/. 503,475,610</b>	B/. 508,156,228
Accumulated amortization	<b>(317,632,361)</b>	(311,364,503)
Net Balance	<b><u>B/. 185,843,249</u></b>	<b><u>B/. 196,791,725</u></b>

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Notes to the Unaudited Interim Condensed Consolidated Financial Statements**  
**March 31, 2023**

---

*(Figures stated in B/. balboas)*

**7. Right of use assets**

Following are the movements of right of use assets:

	<b>March 2023</b>	<b>December 2022</b>
<b>Cost</b>		
At the beginning of the period	<b>B/. 229,970,421</b>	B/. 169,110,079
New agreement	<b>1,939,847</b>	35,885,277
Expired contracts	<b>(476,528)</b>	(9,742,091)
Contract modifications	<b>1,429,234</b>	34,717,156
At the end of the period	<b><u>B/. 232,862,974</u></b>	<b><u>B/. 229,970,421</u></b>
<b>Accumulated Depreciation</b>		
At the beginning of the period	<b>(73,530,912)</b>	(48,049,274)
Contract modifications	<b>(84,617)</b>	(2,678,231)
Depreciation of assets for right of use	<b>(5,614,917)</b>	(22,803,407)
At the end of the period	<b><u>B/. (79,230,446)</u></b>	<b><u>B/. (73,530,912)</u></b>
<b>Net balance</b>	<b><u>B/. 153,632,528</u></b>	<b><u>B/. 156,439,509</u></b>

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Notes of the Interim Consolidation of Financial Statements**  
**March 31, 2023**

*(Figures stated in B/. balboas)*

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

Following are the movements of property, furniture, equipment and leasehold improvements, net:

	<b>March 2023</b>	<b>December 2022</b>
At the beginning of the period, net of		
Accumulated depreciation	<b>B/.401,510,592</b>	B/.413,112,941
Capitalized additions	<b>17,520,590</b>	98,393,920
Construction in progress	<b>(1,436,364)</b>	(10,266,411)
Disposal, net	<b>(311,287)</b>	(306,214)
Transfers	<b>4,417,312</b>	-
Adjustments and reclassifications	-	51,554
Depreciation	<b>(26,443,435)</b>	(99,475,198)
At the end of the period, net of accumulated depreciation	<b><u>B/.395,257,408</u></b>	<b><u>B/.401,510,592</u></b>
At the beginning of the period		
At cost	<b>1,340,787,788</b>	1,252,914,939
Accumulated depreciation	<b>(939,277,196)</b>	(839,801,998)
Net balance	<b><u>B/.401,510,592</u></b>	<b><u>B/.413,112,941</u></b>
At the end of the period	<b>1,360,978,039</b>	1,340,787,788
Accumulated depreciation	<b>(965,720,631)</b>	(939,277,196)
Net balance	<b><u>B/.395,257,408</u></b>	<b><u>B/.401,510,592</u></b>

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Notes of the Interim Consolidation of Financial Statements**  
**March 31, 2023**

*(Figures stated in B/. balboas)*

**9. Accounts payable**

At March 31, 2023, the accounts payable balance amounts to B/.88,01,095 (December 2022 - B/.122,130,752). 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, are 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.

**10. Employee benefits payable**

Employee benefits are broken down as follows:

	<b>March 2023</b>	<b>December 2022</b>
Employee benefits	<b>B/. 2,701,163</b>	B/. 2,741,715
Labor reserves	<b><u>5,458,902</u></b>	<u>9,169,634</u>
	<b><u>B/. 8,160,065</u></b>	<b><u>B/. 11,911,349</u></b>

**11. Long-term loans payable**

The term of the long-term loans payable and lines of credit is presented below:

	<u>Interest rate</u>	<u>Expiration</u>	<b>March 2023</b>	<b>December 2022</b>
Scotiabank	2.96%-4.38%	2024 - 2025	<b><u>185,000,000</u></b>	<u>185,000,000</u>
			<b><u>B/. 185,000,000</u></b>	<b><u>B/. 185,000,000</u></b>

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Notes of the Interim Consolidation of Financial Statements**  
**March 31, 2023**

*(Figures stated in B/. balboas)*

**12. Deferred income**

As of March 31, 2023, deferred income is broken down as follows:

	<b>March 2023</b>	<b>December 2022</b>
<b>Current portion</b>		
Early cash collections from monthly payments (a)	<b><u>B/. 14,489,126</u></b>	<b><u>B/. 15,364,765</u></b>
<b>Non-Current portion</b>		
Adaption projects (b)	<b>B/. 13,453,792</b>	B/. 13,933,253
Deferred income from installation services	-	51,047
Deferred income (c)	<b><u>655,599</u></b>	<u>67,622</u>
	<b><u>B/. 14,109,391</u></b>	<b><u>B/. 14,051,922</u></b>

- a. Deferred income corresponding to early collection on monthly payments from clients, which are classified as business, residential and corporate.
- b. Adaptation and relocation of wiring and telephony, which includes changes, burying of cables in areas where network changes are made. Once concluded, works are amortized over 180 months.
- 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 March 31, 2023, the Group's Management is complying with the financial conditions established in the bond purchase-sale contract.

Bonds are broken as follows:

	<b>March 2023</b>	<b>December 2022</b>
Bonds – Note Senior – Interest rate 4.50%	<b>600,000,000</b>	600,000,000
Financial costs	<b><u>(11,485,756)</u></b>	<u>(11,935,356)</u>
	<b><u>B/. 588,514,244</u></b>	<b><u>B/. 588,064,644</u></b>

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Notes of the Interim Consolidation of Financial Statements**  
**March 31, 2023**

*(Figures stated in B/. balboas)*

**14. Other services and revenue**

	Period ended March 31,	
	2023	2022
IT solutions sales	550,337	523,525
Adaptions project	1,254,169	192,031
Other income	334,132	199,934
Advertising	27,004	204,500
Additional services	-	1,593
	<u>B/. 2,165,642</u>	<u>B/. 1,121,583</u>

**15. Programming and operating costs**

	Period ended March 31,	
	2023	2022
Programming costs	B/. 15,390,323	B/. 13,165,128
Telephony costs	12,185,616	11,335,919
Digital services costs	1,739,022	1,274,117
Selling costs of mobile equipment and accesories	9,523,050	6,646,347
Data transmission and internet costs	1,818,860	556,319
Sundry costs	540,562	285,152
	<u>B/. 41,197,433</u>	<u>B/. 33,262,982</u>

**16. Depreciation and amortization**

	Period ended March 31,	
	2023	2022
Depreciation and amortization of fixed asset	B/. 26,443,435	B/. 23,891,597
Depreciation for right of use	5,614,917	5,384,975
Amortization of intangibles assets	6,267,858	7,129,910
	<u>B/. 38,326,210</u>	<u>B/. 36,406,482</u>

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Notes of the Interim Consolidation of Financial Statements**  
**March 31, 2023**

*(Figures stated in B/. balboas)*

**17. Employee benefits**

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

	Period ended March 31,	
	2023	2022
Salaries, commissions and other	<b>B/. 11,832,786</b>	B/. 11,357,686
Social security and employer education insurance	<b>2,312,149</b>	2,345,902
Vacation	<b>1,142,161</b>	1,047,137
Bonuses	<b>1,348,985</b>	1,474,200
Net profit sharing	<b>3,365,697</b>	2,334,183
Travel and representation expenses	<b>190,589</b>	151,937
Shared-based compensations	<b>208,328</b>	283,140
Seniority premium and indemnities	<b>1,293,269</b>	671,201
Other expenses	<b>640,360</b>	695,896
	<b><u>B/. 22,334,324</u></b>	<b><u>B/. 20,361,282</u></b>

**18. General sales and administrative expenses**

General sales and administrative expenses are as follows:

	Period ended March 31,	
	2023	2022
Rent	<b>B/. 720,465</b>	B/. 1,557,845
Professional services fees	<b>21,958,623</b>	9,906,569
Services expenses	<b>5,758,105</b>	7,072,829
Repairs and maintenance support	<b>555,792</b>	844,466
Marketing and advertising	<b>2,810,042</b>	2,956,184
Electricity	<b>1,746,245</b>	1,690,966
Local and municipal taxes	<b>2,700,083</b>	3,238,896
Bad debts	<b>2,967,602</b>	1,642,101
Repairs, maintenance and other operating expenses	<b>1,929,232</b>	2,914,083
Office expenses	<b>407,934</b>	487,774
Insurance and bond	<b>131,536</b>	131,909
Other expenses	<b>1,110,810</b>	902,055
	<b><u>B/. 42,796,469</u></b>	<b><u>B/. 33,345,677</u></b>

**Telecomunicaciones Digitales, S.A. and Subsidiaries**  
**Notes of the Interim Consolidation of Financial Statements**  
**March 31, 2023**

*(Figures stated in B/. balboas)*

**19. Income tax**

Income tax expense is as follows:

	Period ended <u>March 31,</u>	
	<b>2023</b>	<b>2022</b>
Current	<b>B/. 4,617,627</b>	B/. 6,655,021
Deferred tax	<b><u>1,322,750</u></b>	<u>(874,077)</u>
	<b><u><u>B/. 5,940,377</u></u></b>	<b><u><u>B/. 5,780,944</u></u></b>

**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 price 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>	
	<b>March</b>	December	<b>March</b>	December
	<b>2023</b>	2022	<b>2023</b>	2022
Notes and other long term liabilities	<b><u>B/. 773,514,244</u></b>	<u>B/. 773,064,644</u>	<b><u>B/. 767,454,244</u></b>	<u>B/. 767,004,644</u>