

Unaudited Interim Condensed Consolidated Financial
Statements
Telecomunicaciones Digitales, S. A. and its subsidiaries
For the six months ended June 30, 2023

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Telecomunicaciones Digitales, S.A. and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Financial
Position as of June 30, 2023

(Figures stated in B/. balboas)

<i>Notes</i>		June 2023	December 2022
	Assets		
	Currents Assets		
3	Cash	B/. 74,076,409	B/. 109,332,906
4	Accounts receivable - client, net	193,601,653	86,548,130
	Other accounts receivable	7,075,195	9,262,489
	Contract assets	8,215,523	5,944,741
5	Inventory	39,368,814	35,866,968
	Prepaid expenses	11,246,380	6,295,076
	Prepaid taxes	5,556,151	7,714,713
		<u>339,140,125</u>	<u>260,965,023</u>
	Non-current assets		
	Severance fund, net	3,068,665	2,834,277
	Guarantee deposits and other assets	5,514,966	5,513,866
6	Intangible assets, net	181,790,458	196,791,725
	Goodwill	472,268,560	472,268,560
7	Right of use assets, net	162,797,509	156,439,509
8	Property, plan and equipment, net	382,835,762	401,510,592
		<u>1,208,275,920</u>	<u>1,235,358,529</u>
	TOTAL ASSETS	<u>B/. 1,547,416,045</u>	<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 Financial
Position as of June 30, 2023

(Figures stated in B/. balboas)

<i>Notes</i>		June 2023	December 2022
LIABILITIES AND STOCKHOLDERS' EQUITY			
Currents liabilities			
9	Accounts payable	B/. 87,637,943	B/. 122,130,752
	Lease liabilities	22,659,694	22,268,363
10	Employee benefits	9,426,293	11,911,349
	Customer deposits	3,841,279	3,896,427
12	Contract liabilities	103,154,345	15,364,765
	Accrued expenses and other liabilities	46,176,424	62,291,352
	Income tax payable	2,638,602	2,649,870
		<u>275,534,580</u>	<u>240,512,878</u>
Non-current liabilities			
	Lease liabilities	145,320,558	145,208,873
11	Long-term loans payable	185,000,000	185,000,000
13	Bonds payable, net	588,696,143	588,064,644
12	Contract liabilities	13,753,498	14,051,922
19	Deferred income tax	34,652,770	33,716,806
	Obligations for retirement of assets and other liabilities	14,748,603	14,872,459
		<u>982,171,572</u>	<u>980,914,704</u>
		<u>1,257,706,152</u>	<u>1,221,427,582</u>
Stockholders' equity			
	Issued capital 243,356 common shares with no par value, issued and outstanding	57,648,922	57,648,922
	Additional paid in capital	4,152,908	3,351,629
	Supplemental tax	(7,241,416)	(6,160,671)
	Retained earnings	235,149,479	220,448,885
		289,709,893	275,288,765
	Non-controlling interest	-	(392,795)
	Total stockholders' equity	289,709,893	274,895,970
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY			
		<u>B/. 1,547,416,045</u>	<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 six months ended June 30, 2023 and 2022

(Figures stated in B/. balboas)

		Three moths ended June 30, 2023	Six months ended June 30, 2023	Three moths ended June 30, 2022	Six months ended June 30, 2022
<i>Notes</i>					
Revenue					
	TV subscriptions	B/. 27,356,735	B/. 55,328,467	B/. 29,977,755	B/. 60,429,750
	Data transmission, internet and data center	55,067,608	109,441,396	52,731,263	105,004,723
	Fixed line services	6,465,166	13,166,580	7,169,128	14,528,177
	Mobile services	70,503,063	139,325,241	63,590,915	124,803,210
	Sales of mobile equipment	9,073,464	17,296,240	7,409,547	12,797,333
14	Other services and revenue	2,037,976	4,203,618	1,544,495	2,666,078
		<u>170,504,012</u>	<u>338,761,542</u>	<u>162,423,103</u>	<u>320,229,271</u>
Costs and expenses					
15	Programming and operating costs	40,671,166	81,868,599	37,506,054	70,769,036
16	Depreciation and amortization	39,129,364	77,455,574	36,889,661	73,296,143
17	Personnel expenses	20,470,428	42,804,752	20,266,734	40,628,016
18	General, sales and administrative expenses	46,045,727	88,842,196	28,173,075	61,518,752
		<u>146,316,685</u>	<u>290,971,121</u>	<u>122,835,524</u>	<u>246,211,947</u>
	Operating income	24,187,327	47,790,421	39,587,579	74,017,324
	Financial expenses, net	10,250,810	20,719,884	11,651,108	22,360,673
	Income before tax	13,936,517	27,070,537	27,936,471	51,656,651
19	Income tax	(5,738,673)	(11,679,050)	(8,147,198)	(13,928,142)
	Net Income	<u>B/. 8,197,844</u>	<u>B/. 15,391,487</u>	<u>B/. 19,789,273</u>	<u>B/. 37,728,509</u>
Attributable to:					
	Equity holders of the parent	B/. 8,197,844	B/. 15,447,159	B/. 19,786,939	B/. 37,770,959
	Non-controlling interest	-	(55,672)	2,334	(42,450)
	Net Income	<u>B/. 8,197,844</u>	<u>B/. 15,391,487</u>	<u>B/. 19,789,273</u>	<u>B/. 37,728,509</u>

Telecomunicaciones Digitales, S.A. and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Changes in Stockholders' Equity
For the six months ended June 30, 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	-	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
January 1, 2023	B/. 57,648,922	B/. 3,351,629	B/. (6,160,671)	B/. 220,448,885	B/. 275,288,765	B/. (392,795)	B/. 274,895,970
Share-based compensation	-	801,279	-	-	801,279	-	801,279
Effect of the buy-out of non-controlling interests	-	-	-	(760,966)	(760,966)	448,467	(312,499)
Supplemental tax	-	-	(1,080,745)	14,401	(1,066,344)	-	(1,066,344)
Net Income	-	-	-	15,447,159	15,447,159	(55,672)	15,391,487
June 30, 2023	<u>B/. 57,648,922</u>	<u>B/. 4,152,908</u>	<u>B/. (7,241,416)</u>	<u>B/. 235,149,479</u>	<u>B/. 289,709,893</u>	<u>B/. -</u>	<u>B/. 289,709,893</u>

On 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 six months ended June 30, 2023 and 2022

(Figures stated in B/. balboas)

	2023	2022
<i>Notes</i>		
Cash flows from operating activities		
Income before income tax	B/. 27,070,537	B/. 51,656,651
Adjustments to reconcile income before tax to net cash flows:		
8 Depreciation and amortization of fixed assets	52,368,160	48,235,330
7 Depreciation on right of use assets	12,020,020	11,100,309
6 Amortization of intangible assets	13,067,394	13,960,504
Provision for seniority premium	526,989	1,793,098
4 Provisions for expected credit losses	6,414,523	3,405,041
Amortization of deferred financing cost	631,499	852,059
Interest	20,719,884	22,360,673
Share-based compensation	801,279	566,280
Cash flows before changes in working capital	133,620,285	153,929,945
Accounts receivables - client	(113,468,046)	(9,919,877)
Other accounts receivables	2,187,294	(14,711,892)
Contract assets	(2,270,782)	(163,402)
Inventory	(3,501,846)	(7,456,460)
Prepaid expenses	(4,951,304)	3,735,753
Guarantee deposits and other assets	(1,100)	(13,842)
Accounts payable	(35,267,460)	1,272,247
Employee benefits	(2,485,056)	(3,901,293)
Accrued expenses and other liabilities	(21,654,526)	(43,745,602)
Customer deposits	(55,148)	(87,369)
Contracts liabilities	87,491,156	478,077
Other long term liabilities	(123,856)	(1,081,896)
	39,519,611	78,334,389
Income tax paid	(8,798,793)	(23,381,556)
Interest paid for bonds and loans	(15,180,286)	(18,426,194)
Interest paid for leases	(1,189,375)	(3,457,618)
Seniority premium and severance paid	(1,454,905)	-
Net cash flow provided by operating activities	12,896,252	33,069,021

Telecomunicaciones Digitales, S.A. and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Cash Flows
For the six months ended June 30, 2023 and 2022

(Figures stated in B/. balboas)

	Continued...	B/. 12,896,252	B/. 33,069,021
Notes			
Cash flows from investing activities			
Contribution to severance fund, net		693,528	(2,650,080)
Acquisition of intangible assets, net		(2,278,623)	(10,402,286)
Acquisition of Non-controlling interest		(312,500)	-
8 Acquisition of tangible assets		<u>(29,480,834)</u>	<u>(32,590,037)</u>
Net cash flows used in investing activities		<u>(31,378,429)</u>	<u>(45,642,403)</u>
Cash flows from financing activities			
Supplemental tax		(1,080,745)	(1,141,656)
Payment of lease liabilities		<u>(15,693,575)</u>	<u>(9,276,892)</u>
Net cash flows used in financing activities		<u>(16,774,320)</u>	<u>(10,418,548)</u>
Net decrease in cash		(35,256,497)	(22,991,930)
Cash at beginning of year		<u>109,332,906</u>	<u>154,391,742</u>
Cash at end of period		<u><u>B/. 74,076,409</u></u>	<u><u>B/. 131,399,812</u></u>

Telecomunicaciones Digitales, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 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 six months ended June 30, 2023 were authorized for issuance by Management on August 30, 2023.

2. Basis for Preparation and accounting policies

The interim condensed consolidated financial statements as of June 30, 2023 and for the six months ended June 30, 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
June 30, 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
June 30, 2023

(Figures stated in B/. balboas)

2. Basis for Preparation and accounting policies (Continued)

Amendments to standards effective for annual periods starting on January 1, 2023:

- Amendments to IAS 12, 'Income taxes: International Tax Reform – Pillar Two Model Rules': These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Cooperation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. This amendment is not applicable for interim periods ending on or before December 31, 2023. The potential impact of the adoption of these amendments is currently being assessed by Management.

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' - 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': 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.
- Amendments to IAS 7, 'Statement of Cash Flows' and IFRS 7, 'Financial Instruments: Disclosures: Supplier Finance Arrangements': These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Telecomunicaciones Digitales, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2023

(Figures stated in B/. balboas)

2. Basis for Preparation and accounting policies (Continued)

2.2. Change in accounting estimate

During the six-month period ended June 30, 2023, the estimated useful lives of some property, plant and equipment were revised. As a result, the estimated useful lives of the Group's towers, poles and ducts were changed from 15 to 25 years, while the related civil works' useful lives were increased from 10 to 15 years. These changes are considered as a change in accounting estimate per IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and are therefore accounted for prospectively, meaning that no changes should be accounted for past periods. This also applies to assets that are fully depreciated – and for which no new cost should be reset. i.e., they remain fully depreciated.

For the full year 2023, the expected net effect of the changes is a decrease in depreciation expense of approximately B/.1,202,552 compared to what we expected the depreciation charge to be using previous estimated useful lives. Management considers it is impracticable to estimate the net effect of the changes in depreciation for the future years.

This change in accounting estimate also affects the lease right-of-use assets (for those being depreciated over the shorter of useful life and lease term) and on asset retirement obligation provisions. Though, its impact is immaterial.

2.3. Valuation basis and reporting currency

- The interim condensed consolidated financial statements of Telecomunicaciones Digitales, S. A. and Subsidiaries as of June 30, 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.

2.4. 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
June 30, 2023

(Figures stated in B/. balboas)

3. Cash

As of June 30, 2023, cash on hand and banks are broken down as follows:

	June 2023	December 2022
Cash on hand	B/. 38,420	B/. 75,816
Millicom International Cellular, S.A.	49,003,361	B/. 70,675,656
Banco General	7,877,895	12,439,838
Citibank	12,083,523	17,720,366
Banco Panamá	7,683	6,230
Banesco	117,574	77,002
Banistmo	259,515	368,161
Bac Panamá	3,223,252	4,931,023
Banco Nacional de Panamá	218,920	250,077
Global Bank	81,242	79,588
Caja de Ahorros	98,520	113,206
The Bank of Nova Scotia	50,886	1,050,660
St Georges Bank	1,015,618	1,545,283
	<u>B/. 74,076,409</u>	<u>B/. 109,332,906</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, 2023, the balance amounts to B/.49,003,361 (December 31, 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
June 30, 2023

(Figures stated in B/. balboas)

4. Accounts receivable, Net

As of June 30, 2023, accounts receivable, net, are broken down as follows:

	June 2023	December 2022
Cable, telephone and other services	B/. 191,096,900	B/. 87,722,881
Operators	<u>9,947,876</u>	<u>5,264,243</u>
	201,044,776	92,987,124
Less: provisions for expected credit losses	<u>(7,443,123)</u>	<u>(6,438,994)</u>
	<u>B/. 193,601,653</u>	<u>B/. 86,548,130</u>

5. Inventory

As of June 30, 2023, the breakdown of inventory is as follows:

	June 2023	December 2022
Materials and equipment	B/. 39,365,798	B/. 33,772,092
Inventory in transit	130,134	2,325,696
Provision for inventory obsolescence	<u>(127,118)</u>	<u>(230,820)</u>
	<u>B/. 39,368,814</u>	<u>B/. 35,866,968</u>

Telecomunicaciones Digitales, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2023

(Figures stated in B/. balboas)

6. Intangible assets

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

	June 2023	December 2022
At the beginning of the period, net of accumulated amortization	B/. 196,791,725	B/. 179,030,584
Additions	8,759,552	57,755,109
Project in progress	(6,480,929)	(10,855,850)
Impairment	-	(1,874,316)
Transfer	(4,212,496)	-
Amortization	(13,067,394)	(27,263,802)
At the end of the period, net of accumulated amortization	<u>B/. 181,790,458</u>	<u>B/. 196,791,725</u>
At the beginning of the period		
At Cost	B/. 508,156,228	B/. 463,131,285
Accumulated amortization	(311,364,503)	(284,100,701)
Net Balance	<u>B/. 196,791,725</u>	<u>B/. 179,030,584</u>
At the end of the period		
At Cost	B/. 506,222,355	B/. 508,156,228
Accumulated amortization	(324,431,897)	(311,364,503)
Net Balance	<u>B/. 181,790,458</u>	<u>B/. 196,791,725</u>

Telecomunicaciones Digitales, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2023

(Figures stated in B/. balboas)

7. Right of use assets

The movements in right of use assets are as follows:

	June 2023	December 2022
Cost		
At the beginning of the period	B/. 229,970,421	B/. 169,110,079
New agreement	20,569,937	35,885,277
Expired contracts	(320,112)	(9,742,091)
Contract modifications	1,218,070	34,717,156
At the end of the period	<u>B/. 251,438,316</u>	<u>B/. 229,970,421</u>
Accumulated Depreciation		
At the beginning of the period	(73,530,912)	(48,049,274)
Contract modifications	(3,089,875)	(2,678,231)
Depreciation of right of use assets	(12,020,020)	(22,803,407)
At the end of the period	<u>B/. (88,640,807)</u>	<u>B/. (73,530,912)</u>
Net balance	<u>B/. 162,797,509</u>	<u>B/. 156,439,509</u>

Telecomunicaciones Digitales, S.A. and Subsidiaries
Notes of the Interim Consolidation of Financial Statements
June 30, 2023

(Figures stated in B/. balboas)

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

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

	June 2023	December 2022
At the beginning of the period, net of		
Accumulated depreciation	B/. 401,510,592	B/. 413,112,941
Capitalized additions	38,020,634	98,393,920
Construction in progress	(8,525,573)	(10,266,411)
Disposal, net	(14,227)	(306,214)
Transfers	4,212,496	-
Adjustments and reclassifications	-	51,554
Depreciation	(52,368,160)	(99,475,198)
At the end of the period, net of accumulated depreciation	<u>B/. 382,835,762</u>	<u>B/. 401,510,592</u>
At the beginning of the period		
At cost	1,340,787,788	1,252,914,939
Accumulated depreciation	<u>(939,277,196)</u>	<u>(839,801,998)</u>
Net balance	<u>B/. 401,510,592</u>	<u>B/. 413,112,941</u>
At the end of the period		
At cost	1,374,481,118	1,340,787,788
Accumulated depreciation	<u>(991,645,356)</u>	<u>(939,277,196)</u>
Net balance	<u>B/. 382,835,762</u>	<u>B/. 401,510,592</u>

Telecomunicaciones Digitales, S.A. and Subsidiaries
Notes of the Interim Consolidation of Financial Statements
June 30, 2023

(Figures stated in B/. balboas)

9. Accounts payable

At June 30, 2023, the accounts payable balance amounts to B/.87,637,943 (December 31, 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, and are not subject to discount for prompt payment. They also 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:

	June 2023	December 2022
Employee benefits	B/. 1,914,366	B/. 2,741,715
Labor reserves	<u>7,511,927</u>	<u>9,169,634</u>
	<u>B/. 9,426,293</u>	<u>B/. 11,911,349</u>

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>	June 2023	December 2022
Scotiabank	2.96%-4.38%	2025 - 2026	<u>185,000,000</u>	<u>185,000,000</u>
			<u>B/. 185,000,000</u>	<u>B/. 185,000,000</u>

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12. Contracts Liabilities

As of June 30, 2023, deferred income is broken down as follows:

	June 2023	December 2022
Current portion		
Early cash collections from monthly payments (a)	<u>B/. 102,674,657</u>	<u>B/. 15,364,765</u>
Non-Current portion		
Adaption projects (b)	B/. 12,739,627	B/. 13,933,253
Installation services	-	51,047
Project contracts (c)	<u>1,493,559</u>	<u>67,622</u>
	<u>B/. 14,233,186</u>	<u>B/. 14,051,922</u>

- a. corresponds to early cash collection on monthly payments from clients, which are classified as business, residential, and corporate to B/.15,811,021 and Teleradiology project with Caja del Seguro Social (CSS) to B/.86,863,636.
- 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 June 30, 2023, the Group's Management is complying with the financial conditions established in the bond purchase-sale contract.

Bonds are broken as follows:

	June 2023	December 2022
Bonds – Note Senior – Interest rate 4.50%	600,000,000	600,000,000
Financial costs	<u>(11,303,857)</u>	<u>(11,935,356)</u>
	<u>B/. 588,696,143</u>	<u>B/. 588,064,644</u>

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14. Other services and revenue

	Period ended June 30,	
	2023	2022
IT solutions sales	1,228,760	1,079,245
Adaption projects	1,599,810	446,855
Other income	938,961	688,507
Advertising	436,087	451,471
	<u>B/. 4,203,618</u>	<u>B/. 2,666,078</u>

15. Programming and operating costs

	Period ended June 30,	
	2023	2022
Programming costs	B/. 30,270,398	B/. 26,548,883
Telephony costs	24,032,594	24,115,573
Digital services costs	2,845,761	2,799,633
Selling costs of mobile equipment and accesories	19,771,292	15,568,344
Data transmission and internet costs	3,541,967	1,179,844
Sundry costs	1,406,587	556,759
	<u>B/. 81,868,599</u>	<u>B/. 70,769,036</u>

16. Depreciation and amortization

	Period ended June 30,	
	2023	2022
Depreciation and amortization of fixed assets	B/. 52,368,160	B/. 48,235,330
Depreciation of right of use assets	12,020,020	11,100,309
Amortization of intangibles assets	13,067,394	13,960,504
	<u>B/. 77,455,574</u>	<u>B/. 73,296,143</u>

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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 June 30,	
	2023	2022
Salaries, commissions and other	B/. 23,646,151	B/. 22,558,334
Social security and employer education insurance	4,545,141	4,590,766
Vacation	2,308,133	2,226,301
Bonuses	2,808,307	2,984,522
Net profit sharing	5,025,188	4,354,425
Travel and representation expenses	306,814	314,013
Shared-based compensations	801,279	566,280
Seniority premium and indemnities	1,981,894	1,793,098
Other expenses	1,381,845	1,240,277
	<u>B/. 42,804,752</u>	<u>B/. 40,628,016</u>

18. General sales and administrative expenses

General sales and administrative expenses are as follows:

	Period ended June 30,	
	2023	2022
Rent	B/. 1,379,984	B/. 2,221,652
Professional services fees	44,664,676	21,107,875
Services expenses	12,809,165	14,444,825
Repairs and maintenance support	1,199,961	1,955,643
Marketing and advertising	5,720,648	5,545,568
Electricity	3,629,698	3,297,487
Local and municipal taxes	5,628,828	6,255,935
Bad debts	6,414,523	3,405,041
Repairs, maintenance and other operating expenses	4,021,454	5,661,852
Office expenses	975,972	999,716
Insurance and bond	276,888	282,679
Other expenses	2,120,399	(3,659,521)
	<u>B/. 88,842,196</u>	<u>B/. 61,518,752</u>

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19. Income tax

Income tax expense is as follows:

	Period ended	
	<u>June 30,</u>	
	2023	2022
Current	B/. 10,743,088	B/. 17,992,699
Deferred tax	<u>935,962</u>	<u>(4,064,557)</u>
	<u>B/. 11,679,050</u>	<u>B/. 13,928,142</u>

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>	
	June	December	June	December
	2023	2022	2023	2022
Notes and other long term liabilities	<u>B/. 773,696,143</u>	<u>B/. 773,064,644</u>	<u>B/. 671,396,143</u>	<u>B/. 767,004,644</u>