

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

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

(Figures stated in B/. balboas)

<i>Notes</i>		September 2023	December 2022
	Assets		
	Currents Assets		
3	Cash	B/. 100,608,633	B/. 109,332,906
4	Accounts receivable - client, net	114,613,693	86,548,130
	Other accounts receivable	8,816,446	9,262,489
	Contract assets	8,655,721	5,944,741
5	Inventory	35,185,491	35,866,968
6	Prepaid expenses	79,947,449	6,295,076
	Prepaid taxes	3,234,935	7,714,713
		<u>351,062,368</u>	<u>260,965,023</u>
	Non-current assets		
	Severance fund, net	3,086,124	2,834,277
	Guarantee deposits and other assets	5,515,715	5,513,866
7	Intangible assets, net	176,684,595	196,791,725
	Goodwill	472,268,560	472,268,560
8	Right of use assets, net	159,444,937	156,439,509
9	Property, plan and equipment, net	385,117,920	401,510,592
		<u>1,202,117,851</u>	<u>1,235,358,529</u>
	TOTAL ASSETS	<u>B/. 1,553,180,219</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 September 30, 2023

(Figures stated in B/. balboas)

<i>Notes</i>		September 2023	December 2022
LIABILITIES AND STOCKHOLDERS' EQUITY			
Currents liabilities			
10	Accounts payable	B/. 87,162,304	B/. 122,130,752
	Lease liabilities	24,775,060	22,268,363
11	Employee benefits	11,190,295	11,911,349
	Customer deposits	3,810,125	3,896,427
13	Contract liabilities	97,246,272	15,364,765
	Accrued expenses and other liabilities	48,904,452	62,291,352
	Income tax payable	2,196,716	2,649,870
		<u>275,285,224</u>	<u>240,512,878</u>
Non-current liabilities			
	Lease liabilities	141,803,235	145,208,873
12	Long-term loans payable	185,000,000	185,000,000
14	Bonds payable, net	589,080,536	588,064,644
13	Contract liabilities	13,083,886	14,051,922
20	Deferred income tax	34,405,055	33,716,806
	Obligations for retirement of assets and other liabilities	14,627,061	14,872,459
		<u>977,999,773</u>	<u>980,914,704</u>
		<u>1,253,284,997</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	4,926,612	3,351,629
	Supplemental tax	(7,241,416)	(6,160,671)
	Retained earnings	244,561,104	220,448,885
		299,895,222	275,288,765
	Non-controlling interest	-	(392,795)
	Total stockholders' equity	299,895,222	274,895,970
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY			
		<u>B/. 1,553,180,219</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 nine months ended September 30, 2023 and 2022

(Figures stated in B/. balboas)

		Three months ended September 30, 2023		Nine months ended September 30, 2023		Three months ended September 30, 2022		Nine months ended September 30, 2022	
<i>Notes</i>									
Revenue									
	TV subscriptions	B/.	26,074,128	B/.	81,402,595	B/.	28,976,219	B/.	89,405,969
	Data transmission, internet and data center		52,842,231		162,283,627		53,343,857		158,348,580
	Fixed line services		6,303,410		19,469,990		7,014,273		21,542,450
	Mobile services		72,325,890		211,651,131		65,840,815		190,644,025
	Sales of mobile equipment		8,224,836		25,521,076		8,045,297		20,842,630
	Projects and solutions		11,873,318		11,873,318		-		-
15	Other services and revenue		3,324,513		7,528,131		3,086,822		5,752,900
			<u>180,968,326</u>		<u>519,729,868</u>		<u>166,307,283</u>		<u>486,536,554</u>
Costs and expenses									
16	Programming and operating costs		49,825,467		131,694,066		42,389,035		113,158,071
17	Depreciation and amortization		38,575,414		116,030,988		38,438,361		111,734,504
18	Personnel expenses		21,089,511		63,894,263		20,494,892		61,122,908
19	General, sales and administrative expenses		44,168,218		133,010,414		30,082,955		91,601,707
			<u>153,658,610</u>		<u>444,629,731</u>		<u>131,405,243</u>		<u>377,617,190</u>
	Operating income		27,309,716		75,100,137		34,902,040		108,919,364
	Financial expenses, net		<u>10,200,961</u>		<u>30,920,845</u>		<u>11,657,022</u>		<u>34,017,695</u>
	Income before tax		17,108,755		44,179,292		23,245,018		74,901,669
20	Income tax		<u>(7,696,869)</u>		<u>(19,375,919)</u>		<u>(14,704,659)</u>		<u>(28,632,801)</u>
	Net Income	B/.	<u>9,411,886</u>	B/.	<u>24,803,373</u>	B/.	<u>8,540,359</u>	B/.	<u>46,268,868</u>
Attributable to:									
	Equity holders of the parent	B/.	9,411,886	B/.	24,859,045	B/.	8,534,250	B/.	46,305,209
	Non-controlling interest		-		(55,672)		6,109		(36,341)
	Net Income	B/.	<u>9,411,886</u>	B/.	<u>24,803,373</u>	B/.	<u>8,540,359</u>	B/.	<u>46,268,868</u>

Telecomunicaciones Digitales, S.A. and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Changes in Stockholders' Equity
For the nine months ended September 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	-	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
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	-	1,574,983	-	-	1,574,983	-	1,574,983
Effect of the buy-out of non-controlling interests	-	-	-	(760,966)	(760,966)	448,467	(312,499)
Supplemental tax	-	-	(1,080,745)	14,140	(1,066,605)	-	(1,066,605)
Net Income	-	-	-	24,859,045	24,859,045	(55,672)	24,803,373
September 30, 2023	<u>B/. 57,648,922</u>	<u>B/. 4,926,612</u>	<u>B/. (7,241,416)</u>	<u>B/. 244,561,104</u>	<u>B/. 299,895,222</u>	<u>B/. -</u>	<u>B/. 299,895,222</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 nine months ended September 30, 2023 and 2022

(Figures stated in B/. balboas)

		2023	2022
<i>Notes</i>			
	Cash flows from operating activities		
	Income before income tax	B/. 44,179,292	B/. 74,901,669
	Adjustments to reconcile income before tax to net cash flows:		
9	Depreciation and amortization of fixed assets	77,242,577	73,656,695
8	Depreciation on right of use assets	18,724,352	16,845,507
7	Amortization of intangible assets	20,064,059	21,232,302
	Provision for seniority premium	793,289	1,111,306
4	Provisions for expected credit losses	9,600,568	4,804,501
	Amortization of deferred financing cost	1,015,892	1,317,174
	Interest	30,920,845	34,017,695
	Share-based compensation	1,574,983	832,173
	Cash flows before changes in working capital	204,115,857	228,719,022
	Accounts receivables - client	(37,666,131)	(14,041,547)
	Other accounts receivables	446,043	(3,619,707)
	Contract assets	(2,710,980)	(1,201,055)
	Inventory	681,477	(7,440,665)
6	Prepaid expenses	(73,652,373)	4,477,120
	Guarantee deposits and other assets	(1,849)	(13,073)
	Accounts payable	(33,330,750)	(9,626,600)
	Employee benefits	(721,054)	(2,582,954)
	Accrued expenses and other liabilities	(12,192,208)	(49,095,658)
	Customer deposits	(86,302)	(162,671)
13	Contracts liabilities	80,913,471	(273,775)
	Other long term liabilities	(245,398)	(2,185,166)
		125,549,803	142,953,271
	Income tax paid	(14,661,048)	(33,421,070)
	Interest paid for bonds and loans	(32,115,537)	(34,332,823)
	Interest paid for leases	(6,396,563)	(3,457,618)
	Seniority premium and severance paid	(1,999,896)	(1,621,909)
	Net cash flow provided by operating activities	70,376,759	70,119,851

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

(Figures stated in B/. balboas)

	Continued...	B/. 70,376,759	B/. 70,119,851
Notes			
Cash flows from investing activities			
Contribution to severance fund, net		954,760	(653,657)
Acquisition of intangible assets, net		-	(37,584,762)
Acquisition of Non-controlling interest		(312,500)	-
9 Acquisition of tangible assets		<u>(60,806,834)</u>	<u>(50,757,662)</u>
Net cash flows used in investing activities		<u>(60,164,574)</u>	<u>(88,996,081)</u>
Cash flows from financing activities			
Repayment of bonds and loans		-	(75,000,000)
Supplemental tax		(1,080,745)	(1,141,656)
Payment of lease liabilities		<u>(17,855,713)</u>	<u>(14,253,647)</u>
Net cash flows used in financing activities		<u>(18,936,458)</u>	<u>(90,395,303)</u>
Net decrease in cash		(8,724,273)	(109,271,533)
Cash at beginning of year		<u>109,332,906</u>	<u>154,391,742</u>
Cash at end of period		<u>B/. 100,608,633</u>	<u>B/. 45,120,209</u>

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

2. Basis for Preparation and accounting policies

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

(Figures stated in B/. balboas)

2. Basis for Preparation and accounting policies (Continued)

2.1. New standards 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
September 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, or later, 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.
- Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates': Lack of Exchangeability: These amendments help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not.

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

(Figures stated in B/. balboas)

2. Basis for Preparation and accounting policies (Continued)

2.2. Change in accounting estimate

During 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 as of September 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
September 30, 2023

(Figures stated in B/. balboas)

3. Cash

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

	September 2023	December 2022
Cash on hand	B/. 22,203	B/. 75,816
Millicom International Cellular, S.A.	66,684,007	B/. 70,675,656
Banco General	9,545,479	12,439,838
Citibank	15,159,248	17,720,366
Banco Panamá	-	6,230
Banesco	222,419	77,002
Banistmo	441,549	368,161
Bac Panamá	5,933,272	4,931,023
Banco Nacional de Panamá	442,688	250,077
Global Bank	107,024	79,588
Caja de Ahorros	113,785	113,206
The Bank of Nova Scotia	50,672	1,050,660
St Georges Bank	1,886,287	1,545,283
	<u>B/. 100,608,633</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 September 30, 2023, the balance amounts to B/.66,684,007 (December 31, 2022 – B/.70,675,656). This balance is payable on demand and therefore qualifies as cash and cash equivalent. The corresponding interests are 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
September 30, 2023

(Figures stated in B/. balboas)

4. Accounts receivable, Net

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

	September 2023	December 2022
Cable, telephone and other services	B/. 117,600,704	B/. 87,722,881
Operators	<u>5,598,312</u>	<u>5,264,243</u>
	123,199,016	92,987,124
Less: provisions for expected credit losses	<u>(8,585,323)</u>	<u>(6,438,994)</u>
	<u>B/. 114,613,693</u>	<u>B/. 86,548,130</u>

5. Inventory

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

	September 2023	December 2022
Materials and equipment	B/. 33,479,100	B/. 33,772,092
Inventory in transit	1,845,449	2,325,696
Provision for inventory obsolescence	<u>(139,058)</u>	<u>(230,820)</u>
	<u>B/. 35,185,491</u>	<u>B/. 35,866,968</u>

6. Prepaid expenses

As of September 30, 2023, prepaid expenses balance amounts to B/.79,947,449 (December 31, 2022 - B/.6,295,076). During the third quarter of 2023, advance payments were made corresponding to a large B2B contract for approximately B/.70,365,358.

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

(Figures stated in B/. balboas)

7. Intangible assets

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

	September 2023	December 2022
At the beginning of the period, net of accumulated amortization	B/. 196,791,725	B/. 179,030,584
Additions	15,475,017	57,755,109
Project in progress	(11,305,592)	(10,855,850)
Impairment	-	(1,874,316)
Transfer	(4,212,496)	-
Amortization	(20,064,059)	(27,263,802)
At the end of the period, net of accumulated amortization	<u>B/. 176,684,595</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/. 508,113,157	B/. 508,156,228
Accumulated amortization	(331,428,562)	(311,364,503)
Net Balance	<u>B/. 176,684,595</u>	<u>B/. 196,791,725</u>

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

(Figures stated in B/. balboas)

8. Right of use assets

The movements in right of use assets are as follows:

	September 2023	December 2022
Cost		
At the beginning of the period	B/. 229,970,421	B/. 169,110,079
New agreement	28,992,609	35,885,277
Expired contracts	(7,262,829)	(9,742,091)
Contract modifications	2,559,089	34,717,156
At the end of the period	<u>B/. 254,259,290</u>	<u>B/. 229,970,421</u>
Accumulated Depreciation		
At the beginning of the period	(73,530,912)	(48,049,274)
Contract modifications	(2,559,089)	(2,678,231)
Depreciation of right of use assets	(18,724,352)	(22,803,407)
At the end of the period	<u>B/. (94,814,353)</u>	<u>B/. (73,530,912)</u>
Net balance	<u>B/. 159,444,937</u>	<u>B/. 156,439,509</u>

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

(Figures stated in B/. balboas)

9. Property, plant and equipment, net

The movements of property, plant and equipment net, are as follows:

	September 2023	December 2022
At the beginning of the period, net of		
Accumulated depreciation	B/.401,510,592	B/.413,112,941
Capitalized additions	65,429,729	98,393,920
Construction in progress	(2,799,536)	(10,266,411)
Disposal, net	(5,992,784)	(306,214)
Transfers	4,212,496	-
Adjustments and reclassifications	-	51,554
Depreciation	(77,242,577)	(99,475,198)
At the end of the period, net of accumulated depreciation	<u>B/.385,117,920</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	1,401,637,693	1,340,787,788
Accumulated depreciation	<u>(1,016,519,773)</u>	<u>(939,277,196)</u>
Net balance	<u>B/.385,117,920</u>	<u>B/.401,510,592</u>

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10. Accounts payable

As of September 30, 2023, the accounts payable balance amounts to B/.87,162,304 (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.

11. Employee benefits payable

Employee benefits are broken down as follows:

	September 2023	December 2022
Employee benefits	B/. 2,260,316	B/. 2,741,715
Labor reserves	<u>8,929,979</u>	<u>9,169,634</u>
	<u>B/. 11,190,295</u>	<u>B/. 11,911,349</u>

12. 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>	September 2023	December 2022
Scotiabank	2.96%-3.50%	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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13. Contracts Liabilities

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

	September 2023	December 2022
Current portion		
Early cash collections from monthly payments (a)	<u>B/. 97,246,272</u>	<u>B/. 15,364,765</u>
Non-Current portion		
Adaption projects (b)	B/. 12,111,212	B/. 13,933,253
Installation services	-	51,047
Project contracts (c)	<u>972,674</u>	<u>67,622</u>
	<u>B/. 13,083,886</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 for B/.15,811,021 and a large B2B contract for B/.80,881,526.
- 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.

14. Bonds payable, net

As of September 30, 2023, the Group's Management is complying with the financial conditions established in the bond purchase-sale contract.

Bonds are broken as follows:

	September 2023	December 2022
Bonds – Note Senior – Interest rate 4.50%	600,000,000	600,000,000
Financial costs	<u>(10,919,464)</u>	<u>(11,935,356)</u>
	<u>B/. 589,080,536</u>	<u>B/. 588,064,644</u>

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15. Other services and revenue

	Nine months ended September 30,	
	2023	2022
IT solutions sales	2,159,923	2,038,890
Adaptation projects	1,741,016	635,919
Other income	2,992,901	2,312,143
Advertising	634,291	765,948
	<u>B/. 7,528,131</u>	<u>B/. 5,752,900</u>

16. Programming and operating costs

	Nine months ended September 30,	
	2023	2022
Programming costs	B/. 40,381,859	B/. 40,742,802
Telephony costs	37,003,601	36,369,756
Project and solution costs	10,277,880	-
Digital services costs	3,921,711	4,200,256
Selling costs of mobile equipment and accessories	28,812,868	24,588,140
Data transmission and internet costs	9,930,755	6,138,589
Sundry costs	1,365,392	1,118,528
	<u>B/. 131,694,066</u>	<u>B/. 113,158,071</u>

17. Depreciation and amortization

	Nine months ended September 30,	
	2023	2022
Depreciation and amortization of fixed assets	B/. 77,242,577	B/. 73,656,695
Depreciation of right of use assets	18,724,352	16,845,507
Amortization of intangibles assets	20,064,059	21,232,302
	<u>B/. 116,030,988</u>	<u>B/. 111,734,504</u>

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18. 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,	
	2023	2022
Salaries, commissions and other	B/. 35,046,629	B/. 34,524,041
Social security and employer education insurance	6,912,935	6,892,570
Vacation	4,083,851	3,318,873
Bonuses	4,067,374	4,250,599
Net profit sharing	6,771,380	6,271,288
Travel and representation expenses	422,545	457,656
Shared-based compensations	1,574,983	832,173
Seniority premium and indemnities	2,793,185	2,733,215
Other expenses	2,221,381	1,842,493
	<u>B/. 63,894,263</u>	<u>B/. 61,122,908</u>

19. General sales and administrative expenses

General sales and administrative expenses are as follows:

	Nine months ended September 30,	
	2023	2022
Rent	B/. 2,001,590	B/. 3,632,590
Professional services fees	66,544,681	34,598,325
Services expenses	19,237,387	17,365,058
Repairs and maintenance support	1,872,664	2,814,288
Marketing and advertising	8,132,119	7,885,794
Electricity	5,451,208	4,997,729
Local and municipal taxes	8,492,249	8,686,504
Bad debts	9,600,568	4,804,501
Repairs, maintenance and other operating expenses	6,065,025	6,167,438
Office expenses	1,366,769	1,465,494
Insurance and bond	411,210	417,387
Other expenses (income)	3,834,944	(1,233,401)
	<u>B/. 133,010,414</u>	<u>B/. 91,601,707</u>

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20. Income tax

Income tax expense is as follows:

	Nine months ended September 30,	
	2023	2022
Current	B/. 18,687,671	B/. 33,426,352
Deferred tax	<u>688,248</u>	<u>(4,793,551)</u>
	<u><u>B/. 19,375,919</u></u>	<u><u>B/. 28,632,801</u></u>

21. 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 (i)</u>	
	<u>September</u>	<u>December</u>	<u>September</u>	<u>December</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Notes and other long term liabilities	<u>B/. 774,080,536</u>	<u>B/. 773,064,644</u>	<u>B/. 687,080,536</u>	<u>B/. 767,004,644</u>

- (i) Fair values are measured with reference to Level 1 (for listed bonds) or 2.

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22. Subsequent Events

On October 2, 2023, the Company agreed to sell some of its infrastructure activities to Lati Infrastructure Panama, S.A. ('Lati'), a related party, under the same ultimate parent company, Millicom Cellular International, S.A., for a total sale consideration of B/.12,487,934, and, at the same time, entered into a Master Lease Agreement ('MLA') and a Transition Services Agreement ('TSA') for the use and operation of these infrastructures. The sale contemplates the transfer of 262 sites as well as related provisions, liabilities and employees. The transfer is expected to take place in stages, as Tigo obtains required landlord consents for the novation or transfer of the land lease agreements to Lati. So far, 261 sites have been transferred to Lati and the transaction resulted in a gain on disposal of B/.196,002.