Telecomunicaciones Digitales, S. A.
(formerly Cable Onda, S.A.) and Subsidiaries

Consolidated Financial Statements

December 31, 2023 and 2022
with Report of the Independent Auditors

This document is a free translation into English of the original Spanish version.

Telecomunicaciones Digitales, S. A.
(formerly Cable Onda) and Subsidiaries

Financial Statements
December 31, 2023 and 2022

Content

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Translation of report originally issued in Spanish
(See explanation in the notes to the financial statements)

Independent Auditor's Report

To the Board of Directors and Shareholders
Telecomunicaciones Digitales, S. A. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Telecomunicaciones Digitales, S. A. and subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of income, consolidated statement of changes in stockholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent from the Group in accordance with the Professional Code of Ethics for Authorized Public Accountants in Panama (Decree No.26 of May 17, 1984), and with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), and we have fulfilled our other ethicals responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment assessments – Goodwill

As of December 31, 2023, goodwill represents 29% of total assets and arose from separate acquisitions made by the Group. As described in Note 2 to the consolidated financial statements, the recoverable amount of goodwill is estimated by calculating value-in-use of the cash generating units (CGU) to which the goodwill is allocated based on the strategic business plans approved by Management. Assumptions used for the impairment test model which have the most significant impact on the CGU, include: revenue growth, profit margin trend, long-term capital expenditure requirements, the discount rate and business growth rate.

We considered the impairment valuation of goodwill to be a key audit matter because the assumptions on which the tests are based are highly judgmental and are affected by future economic and market conditions which are inherently uncertain, and because of the materiality of the balances to the consolidated financial statements as a whole.

We have performed, with support of our valuation specialist, the following audit procedures:

- Understood the control environment, over the process for determining the recoverable amounts of the CGUs and goodwill impairment test.
- Assessed the consistency of the data used in the value-in-use calculations against the strategic business plans approved by the Management, as well as assessing the discount rate used.
- Analyzed the level of performance against the business plan approved in the previous year.
- Assessed the key assumptions used to determine the recoverable amounts, to which end we compared key assumptions against market information. Assessed the sensitivity analysis performed by Management.
- Evaluated the adequacy of the related disclosures.

Other Matter – Supplementary Information

Management is responsible for the supplementary information. Supplementary information includes consolidation information, which is presented for the purpose of further analysis of the consolidated financial statements, and not to present the financial position or results of operations of individual companies and is not required as part of the consolidated financial statements.

Our opinion on the consolidated financial statements does not cover the supplementary information and we do not express an opinion or any other form of assurance conclusion on it.

Responsibilities of management and those charged with governance for the consolidated financial statements.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with *those charged with governance* regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also required to provide *those charged with governance* with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with *those charged with governance*, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other legal and statutory requirements

In compliance with Law 280 of December 30, 2021, which regulates the certified public accountant profession in the Republic of Panama, we state the following:

- That the direction and supervision, as well as the execution of the audit of the activities that the Company maintains in Panama, have been physically performed in Panamanian territory.

- The work team which participated in the audit that this document refers to is comprised by Aurora Díaz G., partner, María Guillén, manager and Liriola Araúz, manager.

The partner in charge of the audit resulting in this independent auditor's report is Aurora Díaz G.

Ernst & Young

Panamá, Republic of Panamá	Aurora G. Díaz
April 29, 2024	C.P.A. No. 2105

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2023 and 2022

Amounts expressed in balboas

	Notes		2023		2022
ASSETS					
Current assets					
Cash and cash equivalent	5, 24	**B/.**	**129,232,095**	B/.	109,332,906
Accounts receivable - client, net	6, 24		**128,663,195**		86,548,130
Other accounts receivable	7, 24		**9,050,947**		9,262,489
Contract assets	8		**6,689,129**		5,944,741
Inventory	9		**30,334,557**		35,866,968
Prepaid expenses	10		**92,125,290**		6,295,076
Prepaid taxes	25		**3,254,214**		7,714,713
			399,349,427		260,965,023
Non-current assets					
Severance fund, net			**4,697,690**		2,834,277
Guarrantee deposit and others assets			**5,515,716**		5,513,866
Other Long Term accounts receivable	7, 24		**12,383,205**		-
Intangible assets, net	11		**175,152,218**		196,791,725
Goodwill	12		**472,268,560**		472,268,560
Right of use asset, net	14		**183,334,594**		156,439,509
Property, furniture, equipment and leasehold improvements, net	15		**377,277,321**		401,510,592
			1,230,629,304		1,235,358,529
TOTAL ASSETS		**B/.**	**1,629,978,731**	B/.	1,496,323,552

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

	Notas		**2023**		2022
LIABILITIES AND STOCKHOLDERS'					
Current liabilities					
Accounts payable	16,24	**B/.**	**150,457,052**	B/.	122,130,752
Lease liabilities	17		**26,995,613**		22,268,363
Employee benefits payable	18		**11,338,567**		11,911,349
Customer deposits			**3,785,001**		3,896,427
Current contract liability	20		**87,276,960**		15,364,765
Accrued expenses and other liabilities	21		**56,109,542**		62,291,352
Income tax payable	25		**1,718,286**		2,649,870
			337,681,021		240,512,878
Non-current liabilities					
Lease liabilities	17		**163,980,663**		145,208,873
Documents and Loans payable	19		**185,000,000**		185,000,000
Bonds payable, net	22		**574,166,415**		588,064,644
Non current contract liability	20		**10,803,802**		14,051,922
Deferred income tax	25		**30,541,476**		33,716,806
Asset retirement obligations and other liabilities	23		**11,776,890**		14,872,459
			976,269,246		980,914,704
			1,313,950,267		1,221,427,582
Stockholders' equity					
Common shares (243,356 common shares with no par value)			**57,648,922**		57,648,922
Additional paid in capital			**5,384,058**		3,351,629
Supplementary tax			**(7,724,456)**		(6,160,671)
Retained earnings			**260,719,940**		220,448,885
			316,028,464		275,288,765
Non-controlling interest			**-**		(392,795)
Total Equity			**316,028,464**		274,895,970
TOTAL LIABILITIES AND EQUITY		**B/.**	**1,629,978,731**	B/.	1,496,323,552

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

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Consolidated Statements of Income
For the years ended December 31, 2023 and 2022

Amounts expressed in balboas

	Notes	2023	2022
Revenue			
TV subscriptions		**B/. 104,655,658**	B/. 117,638,023
Data transmission, internet and data center		**219,895,566**	211,901,340
Fixed line services		**26,021,086**	28,457,738
Mobile services		**283,171,731**	258,315,486
Sales of mobile equipments		**30,763,445**	26,972,802
Projects and solutions		**56,938,463**	-
Other services	26	**9,609,117**	8,978,444
		731,055,066	652,263,833
Costs and expenses			
Programming and operating costs	27	**206,136,175**	152,396,721
Depreciation and amortization	28	**154,175,663**	149,542,407
Personnel expenses	29	**91,517,848**	80,304,113
General, sales and administrative expenses	30	**176,651,075**	142,118,370
		628,480,761	524,361,611
Operating income		**102,574,305**	127,902,222
Financial expenses, net	31	**40,406,084**	43,159,349
Income before tax		**62,168,221**	84,742,873
Income tax	25	**(21,213,306)**	(24,811,840)
Net income		**B/. 40,954,915**	B/. 59,931,033
Attributable to:			
Equity holders of the parent		**B/. 41,010,587**	B/. 59,862,401
Non-controlling interest		**(55,672)**	68,632
Net income		**B/. 40,954,915**	B/. 59,931,033

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

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
For the year ended December 31, 2023 and 2022

Amounts expressed in balboas

	Attributable to the Controlling Interest						
	Issued Capital	*Additional paid in-capital*	*Supplemental Tax*	*Retained earnings*	*Total*	*Non-controllng interest*	*Total stockholder´s equity*
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	-	833,314	-	-	833,314	-	833,314
Supplemental Tax	-	-	(2,455,218)	(38)	(2,455,256)	(24)	(2,455,280)
Net Income	-	-	-	59,862,401	59,862,401	68,632	59,931,033
December 31, 2022	**57,648,922**	**3,351,629**	**(6,160,671)**	**220,448,885**	**275,288,765**	**(392,795)**	**274,895,970**
Share Based Compensation	**-**	**2,032,429**	**-**	**-**	**2,032,429**	**-**	**2,032,429**
The effect of purchasing a non-controlling interest	**-**	**-**	**-**	**(760,966)**	**(760,966)**	**448,467**	**(312,499)**
Supplemental Tax	**-**	**-**	**(1,563,785)**	**21,434**	**(1,542,351)**	**-**	**(1,542,351)**
Net Income	**-**	**-**	**-**	**41,010,587**	**41,010,587**	**(55,672)**	**40,954,915**
December 31, 2023	**B/. 57,648,922**	**B/. 5,384,058**	**B/. (7,724,456)**	**B/. 260,719,940**	**B/. 316,028,464**	**B/. -**	**B/. 316,028,464**

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

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022

Amounts expressed in balboas

	Notes	2023	2022
Cash flows from operating activities			
Income before income tax		**B/. 62,168,221**	B/. 84,742,873
Adjustments to reconcile income before tax to net cash flows:			
Depreciation and amortization of fixed assets	15	**101,595,741**	99,475,198
Amortization of right of use assets	14	**24,803,280**	22,803,407
Amortization of intangible assets	11	**27,776,642**	27,263,802
Net impairment loss and disposal of fixed assets	15	**7,012,323**	80,903
Net impairment loss and disposal of intangibles assets		**-**	1,874,316
Profit on sale in tower business	15	**196,002**	-
(Reversal of) provision for seniority premium		**11,226,187**	16,417
Allowance of doubtful accounts	6	**13,277,560**	6,717,067
Amortization of deferred financing cost		**-**	1,860,770
Financial interest, net		**40,406,084**	43,159,349
Share-based compensation		**2,032,429**	833,314
Cash flows before changes in working capital		**290,494,469**	288,827,416
Accounts receivables - client		**(55,392,625)**	(12,979,462)
Other accounts receivables	7	**211,542**	(4,483,087)
Contract assets		**(744,388)**	(2,170,732)
Inventory		**5,532,411**	(8,978,313)
Prepaid expenses		**(85,830,214)**	7,864,853
Guarantee deposits and other assets		**(1,850)**	16,572
Accounts payable		**28,326,300**	43,262,719
Employee benefits		**(572,782)**	(2,258,243)
Accrued expenses and other liabilities		**(7,292,647)**	(31,876,912)
Customer deposits		**(111,425)**	(172,973)
Deferred income		**68,664,075**	(379,275)
Other long term liabilities		**(3,095,569)**	(4,802,471)
		240,187,297	271,870,092
Income tax paid		**(21,055,724)**	(44,240,683)
Interest paid for bonds and loans		**(33,884,646)**	(35,560,699)
Interest paid for leases		**(8,877,687)**	(6,435,960)
Seniority premium paid		**(13,259,077)**	(3,190,860)
Net cash flows from operating activities		**163,110,162**	182,441,890
Continued ...		**B/. 163,110,162**	B/. 182,441,890

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

Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022

Amounts expressed in balboas

	Notes	2023	2022
Continued …		**B/. 163,110,162**	B/. 182,441,890
Cash flows from investing activities			
Contribution to severance fund, net		**169,478**	2,332,374
Acquisition of intangible assets, net	11	**(6,137,135)**	(45,024,943)
Acquisition of non-controlling Interest		**(312,499)**	-
The sale of the tower busines	13	**12,487,934**	-
Millicom LIH loan	7, 24	**(12,383,205)**	-
Acquisition of tangible assets	15	**(96,862,727)**	(87,953,752)
Net cash flows used in investing activities		**(103,038,154)**	(130,646,321)
Cash flows from financing activities			
Issuance of new bonds and loans		**-**	(75,000,000)
Repayment of bonds	22	**(13,898,229)**	-
Supplemental tax paid		**(1,542,351)**	(2,455,218)
Payment of lease liabilities	17	**(24,732,239)**	(19,399,187)
Net cash flows used in financing activities		**(40,172,819)**	(96,854,405)
Net increase (decrease) in cash		**19,899,189**	(45,058,836)
Cash at beginning of year		**109,332,906**	154,391,742
		B/. 129,232,095	B/. 109,332,906

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

Amounts expressed in balboas

Explanation Added for Translation into English

The accompanying financial statements have been translated from Spanish into English for international use. These financial statements are presented in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. Certain accounting practices applied by Telecomunicaciones Digitales, S. A. (formerly Cable Onda, S.A.) and Subsidiaries which are in conformity with International Financial Reporting Standards may differ from accounting principles generally accepted in some countries where the financial statements may be used.

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 consolidated financial statements of the Group for the year ended December 31, 2023 were authorized for issuance by Management on April 29, 2024.

At December 31, 2023, Telecomunicaciones Digitales, S.A. had received the following operating licenses from ASEP:

Date of the Resolution	***Description of the Service***	***Term (years)***	***Maturity date***
CT-1345 of September 17, 2002	Landline telephone service	20 years	September 17, 2022 *
CT-1346 of September 17, 2002	National long distance	20 years	September 17, 2022*
CT-1347 of September 17, 2002	International long distance	20 years	September 17, 2022*
Renewed by Resolution AN12633 Telco of August 21, 2018	Data transportation	20 years	August 21, 2038
Renewed by Resolution AN12598 Telco of August 6, 2018	Internet for public use	20 years	August 6, 2038
AN No. 5936 Telco of February 6, 2013	Call center	20 years	February 6, 2033
Renewed by Resolution AN No. 12597 Telco of August 6, 2018, amended by Resolution AN No. 12608 Telco of August 9,2018	Interactive television (without the radio electric spectrum)	20 years	August 6, 2038
AN No. 1055 Telco of August 8, 2007	Added value services for telecommunications	20 years	August 8, 2027
Renewed by Resolution AN No. 12779 Telco of October 4, 2018	Re-sale of telecommunications services	20 years	October 4, 2038

Amounts expressed in balboas

1. Corporate Information (continued)

Date of the Resolution	*Description of the Service*	*Term (years)*	*Maturity date*
JD – 2270 of August 7, 2000 recognized in the concession right	Paid Type A Television (through electric radio frequencies)	25 years as from enactment of Law 24 of June 30, 1999	June 30, 2024**
JD – 2547 of December 18, 2000	Type B radio paid	25 years	December 18, 2025**
JD – 2317 of August 22, 2000 recognized in the concession right	Type B paid television	25 years as from enactment of Law 24 of June 30, 1999	June 30, 2024**

* Landline telephone service, National Long Distance and International Long-Distance services are in the process of being renewed, which were requested from the National Public Services Authority (ASEP). As of December 31, 2022, the services related to these licenses are still lending to our clients without any interruption.

** The renovation of the services of Pay Television Type A (with the use of radio spectrum), Pay Radio Type B and Pay Television Type B It was requested on November 21, 2023, and is currently in the renewal process at the National Authority for Public Services (ASEP).

Resolution AN N° 535-Telco of January 8, 2007 (the Resolution) modifies the classification of the telecommunications services established in Resolution N° JD-025 of December 12, 1996. This Resolution establishes that the concession for services 105, 203, 204, 206, 207, 208, 209 and 220 change Service N° 200 Telecommunications Transportation Service as from publication thereof and requires that ASEP respect the concessions granted for the provision of these telecommunications services that are in effect. This fact is the legal basis for the Group (as defined below) to act as licensee of Service N° 200.

On August 29, 2019, Telecomunicaciones Digitales, S.A. (formerly Cable Onda S.A.) completed the acquisition of Grupo de Comunicaciones Digitales, S.A. (formerly Telefónica Móviles de Panamá, S.A.).

On July 28, 2020, by resolution of the Board of Directors, the corporate name of the entity Telefónica Móviles de Panamá, S.A. was changed to Grupo de Comunicaciones Digitales, S.A.

Starting from June 1, 2022, by resolution of the Board of Directors, the corporate name of the entity Cable Onda, S.A. was changed to Telecomunicaciones Digitales, S.A.

2. Accounting Policies

2.1. Basis for Preparation of the Consolidated Financial Statements

The consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The consolidated financial statements of the Group as of December 31, 2023, were prepared on the basis of historical cost and are expressed in Balboas (B/.), the monetary unit of the Republic of Panama and the functional currency of the Group, which is at par and freely exchangeable with the United States dollar (US$). The Republic of Panama does not issue paper currency and instead uses the United States dollar as its legal tender.

The Group has prepared the consolidated financial statements on the assumption that it will continue to operate as a going concern.

2.2 Consolidation Basis

The consolidated financial statements as of December 31, 2023, and 2022, comprise the financial statements of Telecomunicaciones Digitales, S.A. and its subsidiaries, Grupo de Comunicaciones Digitales, S.A. and Fronteras Security, Inc. Control is obtained when the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls a subsidiary if, and only if, the Group has:

- Power over the subsidiary (existing rights that give it the ability to direct the relevant activities of the subsidiary)
- Exposure, or rights, to variable returns from its involvement with the subsidiary and
- Can affect those returns through its power over the subsidiary. Generally, there is a presumption that a majority of voting rights implies control. To support this presumption and when the Group does not hold the majority of voting rights, or similar rights, of the subsidiary, the Group considers all relevant facts and circumstances to assess whether it has power over it, which includes:
  - Contractual agreement(s) with other owners about the voting rights of the subsidiary
  - Rights arising from other contractual agreements.
  - Potential voting rights of the Group.

The Group reassesses whether it has control over subsidiaries if facts and circumstances indicate that there are changes to one or more of the elements that determine control. Consolidation of a subsidiary begins when the Group obtains control over it and ends when the Group loses control over the subsidiary. The assets, liabilities, income, and expenses of a subsidiary that has been acquired or disposed of during the period are included in the consolidated financial statements from the date the Group obtains control or until the date the Group loses control.

Profits or losses and each component of other comprehensive income are attributed to the owners of the equity of the controlling entity of the Group and to the external partners, even if this results in the external partners having a debit balance. When deemed necessary, adjustments are made to the financial statements of subsidiaries so that their accounting policies are consistent with those applied by the Group. All assets, liabilities, equity, income, expenses, and cash flows resulting from transactions between Group companies are fully eliminated in the consolidation process.

A change in the percentage of ownership in a subsidiary, without loss of control, is recorded as a transaction with equity instruments.

When the Group loses control of a subsidiary, it derecognizes related assets (including goodwill), related liabilities, non-controlling interests, and other components of equity, recording any profit or loss in the income statement for the period. Any investment held in the former subsidiary will be recognized at fair value.

2.3 Summary of Accounting Policies

Income Recognition

Income from Contracts with Customers

Income from contracts with customers is recognized when control of the goods and services has been transferred to the customer for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The entity recognizes income over time in a manner that best reflects the transfer of control of the goods and services to the customer provided that the following conditions are met:

- The customer receives and consumes the benefits of the entity's performance as the entity performs the service.
- Through its performance, the entity creates or enhances an asset that is controlled by the customer during its creation; or
- Through its performance, the entity creates an asset with no alternative use and additionally has the right to payment for performance completed to date at a price that reflects the cost plus a margin incurred.

Contractual obligations:

The Group identified that the compliance obligations in the contract correspond to a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer. The Group's income mainly comes from the provision of the following telecommunications services: traffic, interconnection, roaming, value-added, sale of terminals, and accessories. Products and services may be sold separately or jointly in commercial packages.

Transaction price:

The Group satisfies its compliance obligations in accordance with the contractual conditions established with its customers based on the provision of the committed services and by transferring ownership of agreed goods and equipment within the scope of IFRS 15.

Payment terms required from customers along with future obligations of the Group to customers, such as warranties and returns, are those established in the contracts between both parties.

The warranties, refunds, and return policies of the Group are defined based on the legal requirements established in Panama.

Below are the disclosures regarding contractual obligations and transaction price for each type of income, as established in IFRS 15:

Income from Rendering of Services

The rendering of services is characterized by intangibility. They are recognized when performance obligations are satisfied over time or in the period in which the transaction occurred, as defined according to the nature of the income.

Among the income from rendering of services are the following:

Traffic Revenue

Revenue is recognized when performance obligations are satisfied over time as the customer receives the benefits as services are provided. Traffic revenue is based on the initial call setup fee, plus call charges, which vary based on the time consumed by the user, distance of the call, and type of service.

In the case of prepaid, revenue is earned as the prepaid card balance is consumed; collection from distributors is made in cash and/or credit, and collection from direct consumers is made in cash. The amount corresponding to prepaid traffic not yet consumed generates deferred revenue. Prepaid card expiration is recorded directly in results when the card expires, as from that moment the Group has no obligation to provide the service.

For postpaid, the performance obligation is to provide access to telecommunications services to customers during the identified contract period in exchange for a fee, regardless of the customer's usage of such services. Invoicing is done according to their due date. There are no return obligations, refunds, or similar obligations; there are no warranties or related obligations.

Interconnection Revenue

These are derived from all calls from other operators terminating on the Group's network (incoming interconnection). Such services are recognized in the period in which the calls were made, based on previously agreed rates with other operators, which were defined as transaction price. Invoicing is done according to their due date. There are no return obligations, refunds, or similar obligations; there are no warranties or related obligations.

Roaming Revenue

This represents airtime charged to customers when they make or receive calls while visiting a country other than the service area where they are activated (Panama). Such services are recognized based on the established and agreed-upon rates with related companies abroad, as well as with other international operators, which were defined as transaction price. Invoicing is done according to their due date. There are no return obligations, refunds, or similar obligations; there are no warranties or related obligations.

Value-Added and Other Revenues

These include, in addition to other voice services, data services (such as text messages, two-way messages, backtones, among others) and are recognized as revenue as they are consumed. Invoicing is done according to their due date. There are no return obligations, refunds, or similar obligations; there are no warranties or related obligations.

Revenue from Sale of Goods

Corresponds to revenue from the sale of goods, which is recognized when the sale is considered perfected, usually when the products are dispatched to customers.

Revenue from sales of goods is presented in the income statement net of discounts, returns, and sales tax.

Sale of Cell Phones

Revenue corresponds to the sale of mobile phones, which is recognized when the sale of these devices is considered perfected, most of which are made to authorized distributors and usually coincides with the moment of delivery of the products; otherwise, it is recorded as a contractual liability and recognized as revenue upon activation. Collection from distributors is made in cash and/or credit, and collection from direct consumers is made in cash.

Discounts on the sale of cellular devices to wholesale distributors, retailers, and commercial chains are recognized as a reduction in the selling price of the phone, cards, and prepaid recharges. The price is determined based on the purchase cost plus a margin, which varies according to commercial offers. Warranties are covered by cell phone and accessory providers.

Sale of Accessories

Revenue from the sale of accessories is recognized upon delivery of the product to the customer. It includes revenue from the sale of batteries, hands-free kits, cases, straps, and other items related to the sale of mobile terminals; it also includes the sale of other electronic devices, such as MP3 players, or others.

Significant Judgments

Determining the standalone selling price for contracts involving more than one performance obligation may require significant judgment, such as when the selling price of a good or service is not readily observable.

The Group determines the standalone selling price of each performance obligation in the contract based on the prices the Group would charge when selling the same services and/or phones and equipment included in the obligation to a similar customer independently. When the standalone selling price of the services and/or the phone and equipment is not observable, the Group maximizes the use of external inputs and uses the expected cost plus margin approach to estimate the standalone selling price.

The Group applies the following practical expedients provided in IFRS 15:

- No adjustment to transaction price for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and the associated payment is one year or less; if the period exceeds one year, the financing component is adjusted if significant.
- Disclosure in the group's financial statements of the transaction price allocated solely to unsatisfied performance obligations for contracts that have an original expected duration of more than one year. (For example, unsatisfied performance obligations for contracts with an original duration of one year or less are not disclosed).

Application of the practical expedient of not disclosing the allocated price to unsatisfied performance obligations if the consideration from a customer corresponds directly to the value of the entity's performance obligation to the customer (i.e., if billing corresponds to revenue recognition).

- Application of the practical expedient to recognize incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that would otherwise have been recognized is one year or less.

Principal-Agent Consideration: Some agreements involve two or more unrelated parties contributing to providing a specific good or service to a customer. In these cases, the Group determines whether it has committed to providing the specified good or service itself (as a principal) or to arranging for the specified goods or services to be provided by another party (as an agent). For example, Performance obligations related to services provided by third-party content providers (i.e., value-added mobile services or "VAS") or service providers (i.e., wholesale international traffic) where the Group does not control a right to the supplier's service nor controls the underlying service itself are presented net because the Group acts as an agent. The Group generally acts as a principal for other types of services where the Group is the primary obligor under the arrangement. In cases where the Group determines it acts as a principal, revenue is recognized on a gross basis, while in cases where the Group acts as an agent, revenue is recognized on a net basis.

Revenue from Installation Services

Revenue from installation services is recognized over time, using a method that allows for the determination of the degree of completion of the service as of the balance sheet date, considering the fulfillment of the performance obligation.

Accounts Receivable

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are initially recognized at the amount of the respective documents or invoices less an estimate for impairment. Gains or losses are recognized in the income statement when accounts receivables are derecognized or impaired.

The recovery of these financial assets is periodically assessed, and an impairment allowance is recorded for those accounts receivable classified as doubtful debt, charged to the income statement for the period. Accounts declared uncollectible are reduced from the impairment allowance.

Financial Assets

Initial Recognition and Measurement
At the initial recognition, financial assets are classified as follows: financial assets measured subsequently at amortized cost, at fair value through other comprehensive income (OCI), and at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the characteristics of the cash flows of the financial asset and the Group's business model for managing such assets. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at transaction price.

For a financial asset to be classified and measured at amortized cost or at fair value through OCI, the asset must give rise to cash flows that are solely payments of principal and interest (SPPI) regarding the outstanding principal amount. This assessment is known as the principal and interest assessment and is performed at the instrument level.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, regardless of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will be derived from contractual cash flows, from the sale of financial assets, or both.

Financial assets classified and measured at amortized cost are held in a business model whose objective is to hold financial assets to collect contractual cash flows, while financial assets classified and measured at fair value through OCI are held in a business model whose objective is to collect contractual cash flows, sell financial assets, or both.

Purchases or sales of financial assets that require the delivery of assets within a timeframe established by a standard or market convention ("regular way trades") are recognized on the trade date; that is, the date on which the Group commits to buy or sell the asset.

Subsequent Measurement
For subsequent valuation purposes, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments).
- Financial assets at fair value through OCI with recycling of accumulated gains and losses (financial instruments measured at fair value through profit or loss).
- Financial assets at fair value through OCI without recycling of accumulated gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial Assets at Amortized Cost (Debt Instruments)
Financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

The Group's financial assets at amortized cost are represented by trade receivables, including balances with related parties and other short-term receivables.

Financial Instruments at Fair Value through OCI (Financial Instruments Measured at Fair Value through Profit or Loss)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation, and impairment losses or reversals of impairment losses are recognized in the income statement and are calculated similarly to financial assets measured at amortized cost. The remaining changes in fair value are recognized in OCI. After derecognition, the cumulative change in fair value recognized in OCI is recycled to the income statement.

Financial Assets at Fair Value through OCI (Equity Instruments)
At initial recognition, the Group may irrevocably choose to classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading purposes. This classification is determined on an instrument-by-instrument basis.

Gains and losses from these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the income statement when the right to receive them has been established, except when the Group benefits from such income as a recovery of part of the financial asset's cost, in which case, such gains are recorded in OCI. Under this classification, equity instruments are not subject to impairment assessment.

Financial Assets at Fair Value through Profit or Loss
Financial assets measured at fair value through profit or loss are recognized in the statement of financial position at fair value, and net changes in fair value are recognized in the income statement.

Derecognition of Financial Assets
A financial asset (or, when applicable, a portion of a financial asset or a portion of a group of similar financial assets) is derecognized primarily (i.e., removed from the Group's statement of financial position) when:

- The right to receive cash flows from the asset has expired, or
- The Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the cash flows received in full without material delay to the third party under a transfer agreement; and (a) the Group has transferred substantially all risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred the rights to receive cash flows from an asset or has assumed the obligation to transfer them under a transfer agreement, it evaluates the extent to which it has retained the risks and rewards associated with the ownership of the asset. If the Group has neither transferred nor retained substantially all risks and rewards of the asset nor transferred control over it, it continues to recognize the transferred asset to the extent of its continued involvement. In this case, the Group also recognizes the related liability. Both the transferred asset and the related liability are measured based on the rights and obligations that the Group has retained.

The continuing involvement, which may take the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses on financial assets measured at amortized cost with changes in profit or loss and measures the value adjustment for expected credit losses over the lifetime of the asset if the credit risk of that financial instrument has increased significantly since initial recognition.

If, at the date of the statement of financial position, the credit risk of the financial instrument has not increased significantly since initial recognition, the Group measures the value adjustment for losses for that financial instrument at an amount equal to the expected credit losses in the next 12 months.

Amounts expressed in balboas

The Group uses a simplified method to calculate expected credit losses on trade receivables, contractual assets, and receivables. Therefore, the Group does not track changes in credit risk but instead recognizes an adjustment based on the experience of expected credit losses to the date of each presentation of its consolidated financial statements. The Group has developed an estimation matrix based on its historical experience of credit losses, adjusted for specific prospective factors for debtors and the economic environment.

The Group considers a financial asset to be in default when contractual payments are 90 days overdue. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that it is unlikely that the Group will receive the contractual cash flows in full before considering any credit enhancements held by the Group. A financial asset is derecognized when there is no longer a reasonable expectation of recovering the contractual cash flows.

Set-off of financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to set off the recognized amounts and there is an intention to settle them on a net basis, or to realize the assets and settle the liabilities simultaneously.

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the assumption that the transaction to sell the asset or transfer the liability takes place either,

- In the asset's or liability's principal market or,
- In the absence of a principal market, the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible to the Group.

The fair value of an asset or liability is calculated using the assumptions that market participants would use when making an offer for that asset or liability, assuming that those market participants act in their own economic interest.

The calculation of the fair value of a non-financial asset takes into account the ability of market participants to generate economic benefits from the best and highest use of that asset or through its sale to another market participant who could make the best and highest use of that asset.

The Group uses appropriate valuation techniques in the circumstances and with sufficient information available for the calculation of fair value, maximizing the use of relevant observable variables and minimizing the use of unobservable variables.

All assets and liabilities for which fair value determinations or disclosures are made in the financial statements are categorized within the fair value hierarchy described below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) in active markets for identical financial assets and liabilities.
- Level 2: Valuation techniques for which the lowest level input used, that is significant to the fair value measurement, is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input used, that is significant to the fair value measurement, is unobservable.

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the Group determines whether there have been transfers between different levels of the hierarchy through a review of their categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Goodwill

At the acquisition date, the Group recognizes purchased goodwill, initially measured at cost, being the excess of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities recognized.

Goodwill is presented at its cost less any impairment loss and is tested at least annually for impairment, based on the cash flows of the cash-generating unit to which it has been allocated. Any impairment identified is recognized immediately in the consolidated statement of profit or loss and is not subsequently reversed. For impairment testing purposes, purchased goodwill arising from a business combination is allocated to each of the cash-generating units that the Group expects will benefit from the synergies of the business combination, from the acquisition date, regardless of whether other assets and liabilities of the acquired entity are assigned to those cash-generating units.

Acquisition Costs of Loans and Bonds Issuance

Charges paid for loan procurement and bond issuance are deferred and amortized based on the effective interest rate method.

Financial Liabilities

Recognition and Initial Measurement
Financial liabilities are classified at the date of initial recognition as either financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as effective hedging instruments. All financial liabilities are initially recognized at fair value, and for loans and borrowings and payables, directly attributable transaction costs are netted off. The Group's financial liabilities include commercial loans including bank overdrafts if any, as well as accounts and accrued expenses payable.

Subsequent Measurement
For subsequent recognition purposes, financial liabilities are classified into the following two categories:

- Financial liabilities at fair value through profit or loss.
- Financial liabilities at amortized cost (loans and borrowings).

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities valued at fair value through profit or loss include financial liabilities for trading purposes and financial liabilities valued at fair value with changes recognized in profit or loss at initial recognition.

Financial liabilities are classified as held for trading if they are acquired with the intention of being repurchased in the short term. This category also includes financial derivative instruments traded by the Group and not designated as hedging instruments in hedge relationships, as defined in IFRS 9. Separated embedded derivatives are also classified for trading purposes unless designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the income statement. Financial liabilities designated at initial recognition at fair value with changes recognized in profit or loss are designated at the initial recognition date only if they meet the criteria set out in IFRS 9. The Group has not designated any financial liabilities as at fair value with changes recognized in profit or loss.

Financial Liabilities at Amortized Cost (Loans and Borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when liabilities are derecognized, as well as accrued interest according to the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition and fees or costs that are integral to the effective interest rate method. Amortization of the effective interest rate is recognized under the financial expenses line in the income statement. This category generally applies to interest-bearing loans and borrowings.

Financial Liabilities Derecognition

A financial liability is derecognized when the obligation is fulfilled, canceled, or expires. When an existing financial liability is replaced by another from the same lender under substantially different terms, or when the conditions of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and recognition of a new liability. The difference in their respective carrying amounts is recognized in the income statement.

Property, Plant, Equipment, and Leasehold Improvements

Property, plant, equipment, and leasehold improvements are recorded at acquisition cost less accumulated depreciation and amortization and accumulated impairment losses, if any. Expenditures for repairs and maintenance that do not meet the criteria for recognition as assets, and depreciation, are recognized as expenses in the year incurred.

Net values of property, plant, equipment, and leasehold improvements are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Depreciation and amortization are calculated using the straight-line method based on the estimated useful life of each type of asset. The residual value of depreciable assets, estimated useful life, and depreciation methods are reviewed annually by management and adjusted, when necessary, at the end of each financial year.

A detail of the estimated useful lives is presented below:

	Estimated Useful Life
Building and improvements	30 years
Furniture and fixtures	3 to 7 years
Computer equipment	3 to 5 years
Technical equipment	3 to 15 years
Transportation equipment	3 years
Leasehold improvements	3 to 20 years

The estimated costs of the Group's obligation for dismantling and future removal of non-financial assets installed in leased premises and towers are capitalized to the respective assets and amortized over the lease term of these leases. The amount of the amortization of these estimated costs is recognized in the results for the year. The amount of the respective provision will be decreased as future cash outflows are made.

A property, furniture, equipment, and improvements to leased premises asset are derecognized when it is sold or when no future economic benefits are expected from its use. Any gain or loss arising from the disposal of the asset, calculated as the difference between its net book value and the sales proceeds, is recognized in the results for the year in which the transaction occurs.

Assets and Liabilities from Leases

The Group recognizes lease assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Lease assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at any subsequent lease measurement. The cost of lease assets before the commencement date, less any lease incentives received, is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets, as follows:

	Estimated Useful Life
Land and Buildings	1 to 30 years
Towers	1 to 35 years
Sites	1 to 15 years
Other Equipment	1 to 25 years

If ownership of the leased asset is transferred to the Group at the end of the lease term and the cost reflects a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease Liabilities

At the lease commencement date, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments less any lease incentives receivable, variable lease payments less any lease incentives receivable, payments based on an index or rate, and amounts expected to be paid under residual value guarantees.

Lease payments may also include the exercise price of a reasonably certain purchase option to be exercised by the Group and penalty payments for terminating the lease if the lease term reflects that the Group is likely to exercise the termination option. Variable lease payments that do not depend on an index or rate are recognized as expenses (unless incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

When calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect interest accruals and reduced by lease payments made. Additionally, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in lease payments (e.g., changes in future payments resulting from a change in an index or rate used to determine such lease payments), or a change in the assessment of a purchase option for the underlying asset.

Short-term leases and low-value asset leases

The Group applies the recognition exemption for short-term leases to its short-term leases (i.e., those leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for low-value assets leases to leases that are considered low value. Lease payments for short-term leases and low-value asset leases are recognized as expenses on a straight-line basis over the lease term.

Intangible Assets

Intangible assets acquired separately are initially recorded at cost. The cost of intangible assets acquired in a business combination is recorded at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Internally generated intangible assets are expensed in the year incurred, except for development costs which are capitalized.

The useful lives of intangible assets are defined as finite or indefinite. Intangible assets with finite useful lives are amortized using the straight-line method over the estimated useful lives of the assets, which are reviewed annually by the Group. Amortization expenses for intangible assets are recognized in the income statement in the year incurred.
A breakdown of the estimated useful lives for finite-life intangible assets is presented below:

	Estimated Useful Life
Concessions	20 years
Customer Relations	17 years
Optical Fiber	5 to 15 years
Others	3 to 5 years

Changes in the expected useful life or in the pattern of consumption of expected future benefits of the asset are recognized by changing the period or method of amortization, as appropriate, and treated as a change in the accounting estimate.

Intangible assets with indefinite useful lives are not amortized, and on an annual basis, the Group conducts an assessment to identify decreases in fair value or when facts or circumstances indicate that carrying amounts may not be recoverable. If such indication exists and the carrying amount exceeds the recoverable amount, the Group assesses the assets or cash-generating units at their recoverable amount.

Gains or losses arising from the derecognition of an intangible asset are determined by the Group as the difference between the proceeds from sale or disposal and the net carrying amount of the intangible asset, and recognized in the income statement in the year the transaction occurs.

Amounts expressed in balboas

Non-Financial Assets Impairment

At each reporting date, the Group assesses whether there are any indicators of impairment of an asset. If there are any indicators, or when an annual impairment test is required, the Group estimates the recoverable amount of the asset, which is the higher of the asset's fair value or its value in use, less costs to sell. The recoverable amount is determined individually for each asset, unless it does not generate cash flows that are independent of other assets or group of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired, and its carrying amount is reduced to its recoverable amount.

In assessing the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the asset. To determine the fair value of the asset less costs to sell, recent market transactions are taken into account. If such transactions cannot be identified, the most appropriate valuation model is used. These calculations are supported by multiple valuations, quoted market prices of quoted companies, or other available fair value indicators.

The Group bases its impairment calculation on the most recent budgets and forecasted projections, which are prepared individually for each cash-generating unit to which the asset is assigned. These budgets and projections typically cover a period of five years. From the fifth year onwards, a long-term growth rate is calculated to estimate future cash flows.

Impairment losses for continuing operations are recognized in the income statement in the expense categories corresponding to the function of the impaired asset.

For all assets, except for goodwill, at each reporting date, an assessment is made to determine whether there are any indicators that a previously recognized impairment loss no longer exists or has decreased. If there is such an indicator, the Group estimates the recoverable amount of the asset or cash-generating units. The impairment loss recognized in previous periods is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, if the impairment loss had not been recognized in previous periods.

Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case the reversal is recognized as an increase in the revaluation.

Cash

Cash comprises cash on hand, cash at bank, and current deposits. These financial assets are valued at fair value through profit or loss at the date of the consolidated statement of financial position, without deducting any transaction costs that may be incurred in their sale or disposal. As of the respective dates of the consolidated financial statements, there were no restrictions on the use of cash balances.

Inventory

Inventory mainly consists of materials and equipment, which are valued at the lower of cost or net realizable value. The cost of inventory is determined using the average cost method. Net realizable value corresponds to the selling price in the ordinary course of business, less the estimated costs necessary to make the sales. Goods in transit are recorded at the specific invoice cost.

Any impairment loss is immediately recognized in the consolidated statement of profit or loss.

Amounts expressed in balboas

Provisions

A provision is recognized when the Group has a present obligation, whether legal or implicit, as a result of a past event, it is probable that the Group will have to dispose of resources to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount of provisions recognized is assessed periodically, and required adjustments are recorded in the results of the year.

When the Group expects that all or part of the provision will be reimbursed by a third party, the reimbursement is recognized as a separate asset, but only when reimbursement is virtually certain. Expenses related to provisions are presented in the consolidated statement of profit or loss net of the refunds to be received.

Employee Benefits

Employee retirement benefits are provided through a defined contribution plan via the Social Security Fund, which assumes responsibility for retirement. Contributions are made based on the parameters established by the Organic Law of that institution. The Group assumes no greater responsibility than the payment determined by Law.

Share-based Compensation

The expense of share-based compensation transactions settled through equity instruments is determined by the fair value existing on the date of grant, using an appropriate valuation model. This expense is recognized as personnel expenses, along with the corresponding increase in equity, during the period in which the service conditions are met.

Current Income Tax

The Group calculates income tax by applying the tax rate to profit before income tax, adjusted for certain items that are subject to or not subject to tax, in accordance with current tax regulations. Current income tax for the current and prior periods is recognized by the Group as a liability to the extent it has not been settled. If the amount already paid for the current and prior periods exceeds the amount to be paid for those periods, the excess is recognized as an asset.

Deferred Income Tax

Deferred income tax is determined using the liability method applied to all temporary differences between the tax base of assets, liabilities, and equity and the amounts recorded for financial purposes at the date of the consolidated statement of financial position. Deferred income tax is calculated considering the tax rate expected to be applied in the period in which the asset is expected to be realized or the liability is expected to be settled. Deferred tax assets are recognized only when there is a reasonable probability of realization.

The Group recognizes income tax and deferred income tax in the statement of profit or loss.

Sales Tax

Sales revenue is recorded by the Group at the net amounts of sales tax and recognizes a liability in the consolidated statement of financial position for the amount of related sales tax. Expenses and asset acquisitions are recorded by the Group at the net amounts of sales tax if such taxes are credited to the Group by the tax authorities, recognizing the accumulated amount receivable in the consolidated statement of financial position. In cases where sales tax is not credited, the Group includes the tax as part of the expense or the asset, as appropriate.

Leases

The Group assesses at the inception of the contract whether a contract is, or contains, a lease. That is, whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Tenant quality
The Group applies a single recognition and measurement approach for all leases, except short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and the right-of-use assets representing the right to use the underlying assets.

2.4 Changes in Accounting Policies and Disclosures

The accounting policies adopted by the Group for the preparation of its consolidated financial statements at and for the year ended December 31, 2023, are consistent with those used for the preparation of its consolidated financial statements at and for the year ended December 31, 2022.

New accounting standards or amendments to existing standards, and interpretations to the standards

In the period 2023, the Group applied for the first-time certain interpretations and amendments to standards that became effective on January 1, 2023 (unless otherwise stated). These interpretations and amendments, which are summarized below, had no impact on the Group's consolidated financial statements for the year ended December 31, 2022.

The Group has not early adopted any other standard, amendment, or interpretation that has been issued and is not yet effective.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies, and correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

Disclosure of Accounting Policies - Amendments to IAS 1 and Practice Statement No. 2

The amendments to IAS 1 and Practice Statement No. 2 Making Materiality Judgments provide guidance and examples to assist entities in applying materiality judgments to disclosures of accounting policies. The amendments aim to help entities provide disclosures of accounting policies that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and by adding guidance on how entities apply the concept of materiality in making decisions about disclosures of accounting policies.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 Income Taxes narrow the scope of the initial recognition exemption so that it no longer applies to transactions giving rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities.

International Tax Reform - Second Pillar Model Rules - Amendments to IAS 12

The amendments to IAS 12 were introduced in response to the OECD's Second Pillar BEPS Model Rules and include:

- A mandatory temporary exemption from recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Second Pillar model rules; and
- Disclosure requirements for affected entities to help users of financial statements better understand an entity's exposure to Second Pillar income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exemption, the use of which must be disclosed, applies immediately. The remaining disclosure requirements apply to annual financial reporting periods beginning on or after January 1, 2023, but not to interim periods ending on or before December 31, 2023. The amendments had no impact on the Group's consolidated financial statements, as the Group is not within the scope of the Second Pillar model rules, since its revenue is less than USD $750 million annually.

2.5 New Standards, Amendments, or Interpretations Issued but Not Yet Effective

New or amended standards, interpretations, and amendments issued but not yet effective as of December 31, 2023, are described below. The Group intends to adopt these standards and interpretations, as applicable to its activities, when they become effective. It is expected that the new standards or amendments will not have a material effect on the Group's consolidated financial position, performance, and/or disclosures.

Amendments to IFRS 16: Lease Liability in a Sale with Leaseback Transaction

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses when measuring the lease liability arising from a sale with a leaseback transaction, to ensure that the seller-lessee does not recognize any gain or loss relating to the retained right of use.

The amendments are effective for annual financial statements for periods beginning on or after January 1, 2024, and must be applied retrospectively to sale and leaseback transactions entered into after the initial application date of IFRS 16. Early application is permitted and must be disclosed.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What constitutes the right to defer settlement.
- That there must be a right to defer settlement at the end of the reporting period.
- That classification is not affected by the probability of the entity exercising its right to defer settlement.
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

Additionally, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is subject to fulfilling future obligations within twelve months.

The amendments are effective for annual periods beginning on or after January 1, 2024, and must be applied retrospectively.

Supplier Financing Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier financing arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments aim to help users of financial statements understand the effects of supplier financing arrangements on an entity's liabilities, cash flows, and liquidity risk exposure.

The amendments will be effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted but must be disclosed.

3. Basis for Preparation of the Consolidated Financial Statements

Judgments, Estimates, and Significant Accounting Assumptions

Preparation of the consolidated financial statements in accordance with IFRS requires Management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements.

Due to the inherent uncertainty in these estimates and assumptions, adjustments to the reported amounts of future assets and liabilities could arise, which may affect future periods' financial statements.

The key assumptions concerning future events and other sources of estimates susceptible to significant variations at the date of the consolidated financial statements and that have a high risk of causing material adjustments to the figures of assets and liabilities in future periods are as follows:

Impairment of goodwill

Determining whether goodwill is impaired requires estimating its recoverable amount. This estimation requires Management to estimate the future cash flows expected to be generated from the cash-generating unit and to determine the appropriate discount rate for calculating the present value.

Income tax

The determination of income tax largely depends on the use of estimates and assumptions, particularly deferred income tax. Deferred income tax assets are recognized only if it is probable that there will be taxable profits in the future against which temporary differences can be deducted. Significant judgment by Management is required to determine the amount of deferred income tax that can be recognized.

Estimation for expected credit losses

The Group believes that the estimation for expected credit losses is sufficient to cover impairments that may exist at the date of the financial statements. Determining this estimation requires the Group to make significant estimates based on expected credit losses on the customer portfolio.

Provision for dismantling

The Group recognizes a provision for dismantling obligations related to lease contracts for buildings and towers with dismantling options. To determine the fair value of the provision, assumptions and estimates are made regarding discount rates, the expected cost to dismantle and remove improvements to the sites, and the expected date when these costs will be incurred. Changes in estimated future costs or in the discount rate applied are added to or deducted from the asset's cost.

4. Reclassifications

Some amounts in the financial statements as of December 31, 2022, were reclassified for comparison purposes with the figures as of December 31, 2023. These reclassifications do not have a material effect on the Group's financial position or results of operations.

Reclassification 1

Note 8: Contract Asset: The following reclassifications were made:

		December 2022 Reclassified		Reclassified		December 2022 Previously presented
Balance at January 1	**B/.**	**3,774,009**	B/.	-	B/.	3,774,009
Revenue from contracts with customer		**3,216,512**		(1,251,081)		1,965,431
Comissions		**(975,418)**		1,251,081		275,663
Expected Credit Loss Estimation		**(70,362)**		-		(70,362)
Balance at December 31	**B/.**	**5,944,741**	**B/.**	**-**	B/.	5,944,741

Reclassification 2

Note 30: Interest, net: Reclassifications were made in the groupings as follows:

		December 2022 Reclassified		Reclassified		December 2022 Previously presented
Interest on financing - Bond	**B/.**	**27,000,000**	B/.	-	B/.	27,000,000
Interest on financing - Loans		**9,192,536**		(2,095,019)		7,097,517
Amortization of issuance costs		**1,860,770**		-		1,860,770
Interest on finance leases		**5,783,520**		780,967		6,564,487
Financial income from cash pooling		**(1,100,216)**		1,100,216		-
Other financial interests		**422,739**		213,836		636,575
	B/.	**43,159,349**	B/.	-	B/.	43,159,349

A. Changes in Accounting Policies and Disclosures

The accounting policies adopted by the Group for the preparation of its consolidated financial statements for the year ended December 31, 2023, are consistent with those used for the preparation of its consolidated financial statements for the year ended December 31, 2022.

New accounting standards or amendments to the same, and interpretations of the standards

In the year 2023, the Group applied for the first time certain interpretations and amendments to standards that became effective on January 1, 2023 (unless otherwise stated). These interpretations and amendments, summarized below, did not have an impact on the Group's consolidated financial statements for the year ended December 31, 2022.

The Group has not early adopted any other standard, amendment, or interpretation that has been issued and has not yet become effective.

Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies, and correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

Disclosure of Accounting Policies – Amendments to IAS 1 and Practice Statement No. 2

The amendments to IAS 1 and Practice Statement No. 2 Making Materiality Judgments provide guidance and examples to assist entities in applying materiality judgments to disclosures of accounting policies. The amendments aim to help entities provide disclosures of accounting policies that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about disclosures of accounting policies.

Deferred Tax related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Taxes narrow the scope of the initial recognition exemption so that it no longer applies to transactions that give rise to equal, taxable, and deductible temporary differences, such as leases and decommissioning liabilities.

International Tax Reform - OECD BEPS Second Pillar Model Rules - Amendments to IAS 12

The amendments to IAS 12 were introduced in response to the OECD BEPS Second Pillar Model Rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of Second Pillar Model Rules; and

- Disclosure requirements for affected entities to help financial statement users better understand an entity's exposure to Second Pillar income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception, the use of which must be disclosed, applies immediately. The remaining disclosure requirements apply to annual financial statement reporting periods beginning on or after January 1, 2023, but not to interim periods ending December 31, 2023, or earlier. The amendments had no impact on the Company's consolidated financial statements, as the Company is not within the scope of Second Pillar Model Rules, as its revenues are less than 750 million euros per year.

B. Standards, amendments, or interpretations issued but not yet effective

New or amended standards, interpretations, and amendments issued but not yet effective as of December 31, 2023, are described below. The Company intends to adopt these standards and interpretations, where applicable to its activities, when they become effective. It is expected that the new standards or amendments will not have a material effect on the Company's consolidated financial position, performance, and/or disclosures.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback Transaction

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements a seller-lessee uses when measuring the lease liability arising in a sale and leaseback transaction, to ensure that the seller-lessee does not recognize any gain or loss related to the right-of-use retained.

The amendments are effective for annual financial statement reporting periods beginning on or after January 1, 2024, and must be applied retrospectively to sale and leaseback transactions entered into after the initial application date of IFRS 16. Early application is permitted and must be disclosed.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What constitutes a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is not affected by the probability of an entity exercising its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument, the terms of a liability would not impact its classification.

Additionally, a requirement has been introduced to demand disclosure when a liability arising from a loan contract is classified as non-current and the entity's right to defer settlement is contingent on fulfilling future obligations within twelve months.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively.

Supplier financing arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier financing arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments aim to help users of financial statements understand the effects of supplier financing arrangements on liabilities, cash flows, and an entity's liquidity risk exposure.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted, but disclosure is required.

Amounts expressed in balboas

5. Cash and cash equivalent

The following detail represents the Group's cash held in financial institutions:

	December 31	
	2023	2022
Cash	**B/. 42,557**	B/. 75,816
Bank	**129,189,538**	109,257,090
	B/. 129,232,095	B/. 109,332,906

The Group signed a cash fund management contract with the parent company (Millicom International Cellular, S.A.), which is used to manage the funds and its working capital. As of December 31, 2023, the balance amounts to B/.78,280,253 (2022 – B/.70,675,656). This balance is payable on demand and therefore qualifies as cash and cash equivalents. The corresponding interests are agreed between the parties by means of a base interest rate plus a margin.

6. Accounts receivable - net

As of December 31, 2023, and 2022, accounts receivable is broken down as follows:

	December 31	
	2023	2022
Cable, telephone and other services	**B/. 131,469,014**	B/. 87,722,881
Operators	**6,250,997**	5,264,243
	137,720,011	92,987,124
Less: allowance for doubtful accounts	**(9,056,816)**	(6,438,994)
	B/. 128,663,195	B/. 86,548,130

Analysis of the aging of gross accounts receivable as of December 31, 2023 and 2022, It is shown below:

	Current	*30 to 60 days*	*61 to 90 days*	*91 to 120 days*	*Over 121 days*	*Total*
2023	**B/. 76,664,631**	**B/. 14,012,951**	**B/. 5,531,527**	**B/. 8,550,113**	**B/. 32,960,789**	**B/. 137,720,011**
2022	B/. 44,265,588	B/. 8,343,781	B/. 3,683,723	B/. 2,838,205	B/. 33,855,827	B/. 92,987,124

Amounts expressed in balboas

An analysis of movements in the estimation of expected credit losses on accounts receivable - clients, is presented below:

	December 31			
		2023		2022
Movements of allowance for doubtful accounts				
Balance at beginning of year	**B/.**	**6,438,994**	B/.	8,541,380
Plus: allowance for the year		**13,277,560**		6,717,067
Less: charge to allowance		**(10,659,738)**		(8,819,453)
Balance at end of year	**B/.**	**9,056,816**	B/.	6,438,994

The terms for payment of accounts receivable are extended up to 30 days, as from the date of issuance of the respective bill, are not subject to discount for prompt payment, do not bear interest.

7. Other accounts receivable

As of December 31, 2023, and 2022, the accounts receivable compose as follows:

	December 31			
		2023		2022
Current				
Related parties and Intercompanies	**B/.**	**968,149**	B/.	11,648
Contractors		**175,140**		84,862
Collectors		**4,075,689**		3,332,647
Projects		**1,661,845**		1,661,845
Grants from Panama Goverment		**1,523,009**		2,382,380
Others accounts receivable		**647,115**		1,789,107
	B/.	**9,050,947**	B/.	9,262,489

	December 31			
		2023		2022
No Corriente				
Millicom LIH	**B/.**	**12,383,205**	B/.	-
	B/.	**12,383,205**	B/.	-

In October 2023, a loan was granted to Millicom LIH (Luxembourg) for US$12,383,205 at a rate of SOFR+2.50%, with maturity in five years. The loan principal balance will be repaid at maturity along with accrued interests in full.

Amounts expressed in balboas

8. Contract assets

A summary of the contract assets as of December 31, is presented below:

		December 31		
		2023		2022
Balance as of January 1	**B/.**	**5,944,741**	B/.	3,774,009
Net movement of:				
Income from contracts with clients		**1,602,685**		3,216,512
Commissions		**(835,211)**		(975,418)
Allowance for contractual asset impairment		**(23,086)**		(70,362)
Balance as of December 31	**B/.**	**6,689,129**	B/.	5,944,741

The balance of contract assets relates to the provision of Postpaid services and income from the sale of mobile equipment or terminals, which are associated with the new registration or renewal of the contract. The amount of the contract assets during the period ended December 31, 2023 and 2022 was affected by the recovery of impairment for B/.23,086 and B/.70,362 respectively.

The expected loss reserve is based on the actual uncollected amounts held in the portfolio for the last 24 months. These amounts define a loss ratio for the billings generated, which is then established as an average loss ratio for all billings in the last 24 months.

The average ratio is multiplied by the total of the portfolio at each month closing and that is the amount that is reserved.

9. Inventory

As of December 31, 2023, and 2022, the breakdown of inventory is as follows:

		December 31		
		2023		2022
Material and Equipment	**B/.**	**27,852,473**	B/.	33,772,092
Inventory in Transit		**2,538,806**		2,325,696
Inventory obsolescence		**(56,722)**		(230,820)
	B/.	**30,334,557**	B/.	35,866,968

Amounts expressed in balboas

10. Prepaid Expenses

On December 31, 2023, and 2022, prepaid expenses are broken down as follows:

		December 31		
		2023		2022
Other prepaid of services	**B/.**	**5,279,230**	B/.	4,883,344
Tele Radiology Project		**76,197,066**		-
Integrated Project for Technological Modernization of Systems		**7,376,861**		-
Other		**2,872,086**		1,116,371
Licenses		**400,000**		95,336
Capex		**47**		118,254
Insurance		**-**		81,771
	B/.	**92,125,290**	B/.	6,295,076

a. In March 2023, Telecomunicaciones Digitales, S.A. signed a contract with the Caja de Seguro Social (CSS), corresponding to the Teleradiology Project for an amount of B/.206,994,799.00 (portion without financing). This includes the sale, installation, upgrade, and maintenance of equipment and software for diagnosis in hospitals in Panama, with a duration of 72 months.

b. In December 2023, Digital Telecommunications, Inc. signed a contract for a period of 18 months with the Social Security Fund (CSS) for an amount of B/, 28.953.012, to develop a project for the integration and modernization of three systems, called the Integrated Project for Technological Modernization of Systems.

Amounts expressed in balboas

11. Intangible assets, net

The movement of finite life intangible assets as of December 31, 2023 is as follows:

	2023						
	Administrative Concession	**Customer relationships**	**Software & licenses**	**Right of use of fiber optics**	**Other**	**Projects in process**	**December 2023**
At January 1, 2023 net of accumulated amortization	B/. 108,452,066	B/. 26,323,232	B/. 35,326,834	B/. 8,206,903	B/. 2,253,916	B/. 16,228,774	B/. 196,791,725
Additions	-	-	18,577,704	717,386	-	(13,157,955)	6,137,135
Reclasification and Adjustment	-	-	(2,168,479)	-	(2,253,916)	4,422,395	-
Amortization	(8,269,328)	(2,818,883)	(13,363,555)	(3,324,876)	-	-	(27,776,642)
At December 31, 2023, net of accumulated amortization	**B/. 100,182,738**	**B/. 23,504,349**	**B/. 38,372,504**	**B/. 5,599,413**	**B/. -**	**B/. 7,493,214**	**B/. 175,152,218**

During 2023, additions were made for software applications primarily related to mobile network management, location platforms, billing systems, among others.

The movement of finite life intangible assets as of December 31, 2022, is as follows:

	2022						
	Administrative Concession	Customer relationships	Software & licenses	Right of use of fiber optics	Other	Projects in process	December 2023
At January 1, 2022 net of accumulated amortization	B/. 82,251,964	B/. 33,452,448	B/. 23,271,691	B/. 7,940,414	B/. 5,013,616	B/. 27,100,451	B/. 179,030,584
Additions	32,941,759	-	21,890,565	2,922,785	-	(10,855,850)	46,899,259
Inpairment	-	-	(1,858,489)	-	-	(15,827)	(1,874,316)
Amortization	(6,741,657)	(7,129,216)	(7,976,933)	(2,656,296)	(2,759,700)	-	(27,263,802)
At December 31, 2022, net of accumulated amortization	B/. 108,452,066	B/. 26,323,232	B/. 35,326,834	B/. 8,206,903	B/. 2,253,916	B/. 16,228,774	B/. 196,791,725

During 2022, additions were made for software applications primarily related to mobile network management, location platforms, billing systems, among others.

Amounts expressed in balboas

Here's a summary of the administrative concession contracts of the Group:

- On February 5, 1996, the Panamanian Government granted Grupo Comunicaciones Digitales, S.A. (formerly Telefónica Móviles Panamá, S.A.) the Concession Contract No.30 - A at a cost of B/.72,610,000 for a period of 20 years. This allowed the Group to acquire the license to operate, install, maintain, manage, and commercially exploit the Cellular Mobile Telephony Service in the "A" Band of 850 MHz, as well as the necessary link frequencies for the provision of Cellular Mobile Telephony Service. This contract was renewed in 2016 and expires in 2036.

- On October 26, 2007, the National Authority for Public Services, through Resolution No. AN No.1234-Telco, assigned Grupo Comunicaciones Digitales, S.A. (Telefónica Móviles Panamá, S.A.) an additional segment of radio spectrum frequencies, 10MHz bandwidth, in the frequency ranges of 1890 MHz to 1895 MHz (5MHz uplink) and 1970 MHz to 1975 MHz (5MHz downlink) for the provision of Cellular Mobile Telephony Service Band "A".

- By Resolution AN No. 7231-Telco of April 2, 2014, the National Authority for Public Services granted Grupo Comunicaciones Digitales, S.A. (formerly Telefónica Móviles Panamá, S.A.) additional frequency segments to be used in the provision of Cellular Mobile Telephony Service: a segment of 10 MHz of radio spectrum in the 1900 MHz Band, corresponding to Channel J-J ', comprising the frequency ranges of 1895 MHz to 1900 MHz (5 MHz uplink) and in the frequency range from 1975 MHz to 1980 MHz (5 MHz downlink), and 20 MHz of radio spectrum in the 700 MHz Band, corresponding to Channels D-E and D'E ', comprising the frequency ranges of 718 MHz to 728 MHz (10 MHz uplink) and 773 MHz to 883 MHz (10 MHz downlink).

- The National Authority for Public Services granted Grupo Comunicaciones Digitales, S.A. (formerly Telefónica Móviles Panamá, S.A.), through Concession Contract No.01-OAL-2014 dated March 27, 2014, a new concession for the provision of Cellular Mobile Telephony Service, with the objective of installing, maintaining, managing, operating, and commercially exploiting the Cellular Mobile Telephony Service on its own account and risk, in a competitive regime. The new contract is published in Official Gazette No.27587-A of July 28, 2014.

- By Resolution AN No. 17747-Telco of July 1, 2022, the National Authority for Public Services assigned an additional segment of radio spectrum frequencies to the Company in accordance with Clause 55 of Concession Contract No.01-OAL-2014 dated March 27, 2014. It grants 30MHz in the AWS Band for the provision of Cellular Mobile Telephony Service, with two payments stipulated in July 2022 and January 2023 totaling B/.24,892,844 by certified check payable to the National Treasury.

- Additionally, Resolution AN No.18049-Telco of November 29, 2022, grants 10MHz in the AWS Band for the provision of Cellular Mobile Telephony Service for a value of B/.8,044,651.

The most important clauses of Concession Contract No.01-OAL-2014 dated March 27, 2014, are:

1. The Concession shall be valid for a term of twenty (20) years, starting from February 5, 2016.

2. The Group shall have the preferential option to request a new concession, for which it must submit such request in writing before the three (3) years prior to the termination of the concession period.

3. The Concession fee is B/.108,146,566, which includes the right to use frequencies in the 850 MHz (25 MHz), 1900 MHz (20 MHz), and 700 MHz (20 MHz) bands, as well as the link frequencies necessary for the provision of Cellular Mobile Telephony Service.

4. On the total gross monthly income exclusively from the operation and provision of the Cellular Mobile Telephony Service, plus the income from interconnection contracts, minus the expenses caused by interconnection contracts, the Group shall be subject to the payment of the control, surveillance, and inspection fee to the Regulatory Authority, as follows:
   - From the first to the fifth year, it shall pay an amount equivalent to zero point thirty-five percent (0.35%).
   - From the sixth to the tenth year, it shall pay an amount equivalent to zero point fifty percent (0.50%).
   - From the eleventh to the fifteenth year, it shall pay an amount equivalent to zero point seventy-five percent (0.75%).
   - From the sixteenth to the twentieth year, it shall pay an amount equivalent to one percent (1%).
   - The Group may assign or transfer in any form, in whole or in part, the concession, its rights, or the exclusive and direct operation of the service, after five (5) years from the date of perfection of the Concession Contract, upon request to the Regulatory Authority and authorization from the Cabinet Council.

12. Goodwill

As indicated in the accounting policies footnote related to the impairment of assets and goodwill, the Group annually reviews goodwill to determine if there is impairment in its value.

Telecomunicaciones Digitales, S.A. recorded goodwill derived from the acquisition of local companies. As of December 31, 2023, the carrying amount is B/.472,268,560 (2022: B/.472,268,560).

Impairment testing of goodwill

Impairment is determined by assessing the value-in-use and, if appropriate, the fair value less costs to sell of the CGU (or group of CGUs), to which goodwill relates.

Goodwill was tested for impairment by assessing the recoverable amount against the carrying amount of the CGU based on discounted cash flows. The recoverable amounts are based on value-in-use. The value-in-use is determined based on the method of discounted cash flows. The cash flow projections used (operating profit margins, income tax, working capital, capex and license renewal cost) are extracted from business plans approved by management and presented to the Board, covering a five-year planning horizon. The Group uses a five-year planning horizon to obtain a stable business outlook, in particular due to the long investment cycles in the industry and the long-term planned and expected investments in licenses and spectrum. Cash flows beyond this period are extrapolated using a perpetual growth rate. When value-in-use results are lower than the carrying values of the CGUs, management determines the recoverable amount by using the fair value less cost of disposal (FVLCD) of the CGUs. FVLCD is usually determined by using recent offers received from third parties.

Amounts expressed in balboas

For the years ended December 31, 2023 and 2022, Management concluded that no impairment should be recorded in the Group consolidated financial statements.

13. Sale of Tower Business

In October 2023, as part of its Parent Company's strategic decisions, the Group decided to sell its tower business to Lati Infrastructure, S.A. (a Millicom group company), for the sum of B/.14,523,712, corresponding to 538 towers and their operation. According to the contract, the first stage of the transaction was completed for an amount of B/.12,487,934, where the operation of 261 towers was transferred. Following this transfer of towers to Lati Infrastructure, S.A., the towers were leased back to Digital Communication Group, S.A. (the Group), resulting in the creation of a right-of-use asset and a lease liability of B/.26,458,435.

The sale transaction of the tower business included the passive infrastructure detailed below:

- Towers, masts, and poles, including their respective bases and enclosures.
- Cable conduits and duct systems for fiber optics.
- Equipment necessary for installation.
- Contractual rights for site occupation.
- Access facilities to the area.
- Transfer of personnel and corresponding liabilities.
- Lease contracts for space on the towers.

The Group expects to complete the transfer of the remaining 277 towers, as defined in the contract, during 2024.

Amounts expressed in balboas

14. Right of use assets, net

As of December 31, 2023 the movements of right of use assets is detailed as follow:

		Land and buildings		Towers		Sites		Other equipment		Asset retirement obligations		December 2023
Costs												
At January 1, 2023	**B/.**	**41,169,982**	**B/.**	**149,922,014**	**B/.**	**25,615,382**	**B/.**	**13,263,043**	**B/.**	**-**	**B/.**	**229,970,421**
Beginning of the year - Asset retirement obligations (Note 15)		(3,039,952)		(210,392)		(266,457)		(665,898)		13,340,100		9,157,401
New agreement		183,666		48,676,007		1,819,428		3,064,945		-		53,744,047
Contracts expired		814,919		(11,251,493)		(5,042,652)		(1,206,667)		(2,688,671)		(19,374,564)
Contracts modifications		1,350,830		1,633,558		2,238,633		541,876		-		5,764,898
Adjustment and reclassification		503,014		881,225		197,859		(958,118)		(1,428,897)		(804,917)
At December 31, 2023	**B/.**	**40,982,459**	**B/.**	**189,650,919**	**B/.**	**24,562,194**	**B/.**	**14,039,181**	**B/.**	**9,222,532**	**B/.**	**278,457,285**
Accumulated Depreciation												
At January 1, 2023	**B/.**	**(17,789,504)**	**B/.**	**(42,843,088)**	**B/.**	**(9,507,008)**	**B/.**	**(3,391,312)**	**B/.**	**-**	**B/.**	**(73,530,912)**
Beginning of the year - Asset retirement obligations (Note 15)		2,656,204		149,418		211,488		106,241		(6,662,895)		(3,539,544)
Contracts expired		(467,671)		4,558,220		1,533,599		175,185		951,712		6,751,045
Year expenses		(5,211,545)		(16,296,519)		(3,183,196)		(1,309,429)		1,197,408		(24,803,280)
At December 31, 2023	**B/.**	**(20,812,516)**	**B/.**	**(54,431,969)**	**B/.**	**(10,945,117)**	**B/.**	**(4,419,315)**	**B/.**	**(4,513,775)**	**B/.**	**(95,122,691)**
Net balance	**B/.**	**20,169,943**	**B/.**	**135,218,950**	**B/.**	**13,617,077**	**B/.**	**9,619,866**	**B/.**	**4,708,757**	**B/.**	**183,334,594**

The Group has made reclassifications of balances to the Property, Furniture, and Equipment note under the ARO line, as a result of adjustments to its accounting account integration.

As of December 31, 2022 the movements of right of use assets is detailed as follow:

		Lands and buildings		Towers		Sites		Other equipment		December 2022
Cost										
At January 1, 2022	**B/.**	**64,364,962**	**B/.**	**96,708,785**	**B/.**	**6,296,849**	**B/.**	**1,739,483**	**B/.**	**169,110,079**
New agreement		2,025,043		29,144,099		**3,766,692**		949,443		**35,885,277**
Contracts expired		(2,889,248)		(3,988,502)		(2,864,341)		-		**(9,742,091)**
Adjustments and reclassifications		(22,330,775)		28,057,632		18,416,182		10,574,117		**34,717,156**
At December 31, 2022	B/.	41,169,982	B/.	149,922,014	B/.	25,615,382	B/.	13,263,043	**B/.**	**229,970,421**
Accumulated depreciation										
At January 1, 2022	**B/.**	**(24,440,523)**	**B/.**	**(18,962,817)**	**B/.**	**(4,039,729)**	**B/.**	**(606,205)**	**B/.**	**(48,049,274)**
Adjustments and reclassifications		12,098,834		(10,609,655)		(2,415,393)		(1,752,017)		**(2,678,231)**
Depreciation of assets rigth of use		(5,447,815)		(13,270,616)		(3,051,886)		(1,033,090)		**(22,803,407)**
At December 31, 2022	B/.	(17,789,504)	B/.	(42,843,088)	B/.	(9,507,008)	B/.	(3,391,312)	**B/.**	**(73,530,912)**
Net balance	**B/.**	**23,380,478**	**B/.**	**107,078,926**	**B/.**	**16,108,374**	**B/.**	**9,871,731**	**B/.**	**156,439,509**

Amounts expressed in balboas

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

December 31, 2023

	Land	*Buildins*	*Furniture and fixtures*	*Compurter Equipment*	*Technical Equipment*	*Transportation Equipment*	*Construction in progress*	*Leasehold improvement*	*Total*
At January 1, 2023, net of Accumulated depreciation and amortization	**B/. 12,013,218**	**B/. 35,792,647**	**B/. 2,239,325**	**B/. 3,569,308**	**B/. 292,146,478**	**B/. -**	**B/. 49,359,406**	**B/. 6,390,210**	**B/. 401,510,592**
Aditions	**-**	**9,495,642**	**207,074**	**2,203,835**	**83,760,140**	**292,131**	**(621,624)**	**1,525,529**	**96,862,727**
Disposal	**-**	**(21,183,428)**	**(2,855,342)**	**(119,581)**	**(5,696,236)**	**(2,947)**	**-**	**(2,705,880)**	**(32,563,414)**
Transfer to Right of use - ARO - Assets (Note 14)	**-**	**(9,157,401)**	**-**	**-**	**-**	**-**	**-**	**-**	**(9,157,401)**
Adjustments and reclassification	**-**	**(52,834)**	**(31,435)**	**157,622**	**(799,234)**	**369,648**	**27,483**	**248,864**	**(79,886)**
Amortization write-offs and transfers	**-**	**8,973,274**	**2,726,605**	**107,717**	**4,265,417**	**933**	**-**	**2,686,954**	**18,760,900**
Transfer to Right of use - ARO - Assets (Note 14)	**-**	**3,539,544**	**-**	**-**	**-**	**-**	**-**	**-**	**3,539,544**
Adjustments and reclassification	**-**	**(3,044,548)**	**(726,874)**	**(2,446,747)**	**(93,258,992)**	**(175,169)**	**-**	**(1,943,411)**	**(101,595,741)**
At December 31, 2023, net of Accumulated depreciation and amortization	**B/. 12,013,218**	**B/. 24,362,896**	**B/. 1,559,353**	**B/. 3,472,154**	**B/. 280,417,573**	**B/. 484,596**	**B/. 48,765,265**	**B/. 6,202,266**	**B/. 377,277,321**

In October 2023, there were asset disposals due to the sale of the tower business at Grupo de Comunicaciones Digitales, S.A., totaling 261 sites. These assets had a gross book value of B/.21,363,370, accumulated depreciation of B/.9,071,438, resulting in a net carrying amount of B/.12,291,932.

Additionally, the Group has made balance reclassifications to the right-of-use asset note under the line item of Asset Retirement Obligations (ARO) as a result of adjustments in its accounting account integration.

During 2023, the estimated useful lives of certain property, plant, and equipment assets were reviewed. As a result, the estimated useful lives of the Group's towers, poles, and ducts were changed from 15 to 25 years, while the estimated useful lives of related civil works increased from 10 to 15 years. These changes were considered a change in accounting estimate according to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors," and therefore were accounted for prospectively. The impact of this change on Towers (15 to 25 years) was B/.331,622; Poles (from 15 to 25 years) B/.6,486, and Civil Works (from 10 to 15 years) B/.1,014,621

Amounts expressed in balboas

December 31, 2022

		Land		*Buildings*		*Furniture and fixtures*		*Computer Equipment*		*Technical Equipment*		*Transportation Equipment*		*Construction in progress*		*Leasehold improvement*		*Total*
At January 1, 2022, net of accumulated depreciation and amortization	B/.	12,013,218	B/.	23,989,709	B/.	3,408,367	B/.	3,078,576	B/.	302,771,982	B/.	14,062	B/.	59,706,720	B/.	8,130,307	B/.	413,112,941
Aditions		-		16,092,177		226,906		2,359,442		79,069,162		152,635		(10,266,411)		493,598		88,127,509
Imperment		-		-		-		-		-		-		(80,903)		-		(80,903)
Disposal		-		(19,625)		56,906		(1,329,231)		(1,008,296)		(161,244)		-		-		(2,461,490)
Amortization write-offs and transfers		-		18,408		-		1,317,969		738,559		161,244		-		-		2,236,179
Adjustments and reclassification		-		-		-		-		-		51,554		-		-		51,554
Depreciation and amortization		-		(4,288,022)		(1,452,854)		(1,857,448)		(89,424,928)		(218,251)		-		(2,233,695)		(99,475,198)
At December 31, 2022, net of accumulated depreciation and amortization	B/.	12,013,218	B/.	35,792,647	B/.	2,239,325	B/.	3,569,308	B/.	292,146,479	B/.	-	B/.	49,359,406	B/.	6,390,210	B/.	401,510,592

Amounts expressed in balboas

16. Accounts payable

At December 31, 2023, the accounts payable balance is B/.150,457,052 (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 payable in the functional currency of the consolidated financial statements.

17. Lease liabilities

The movements of lease liabilities during 2023 is detailed as follow:

	December 31	
	2023	2022
Balance at beginning of year	**B/. 167,477,236**	B/. 128,510,626
New contracts	**53,744,047**	35,885,277
Canceled contracts	**(11,941,186)**	(9,742,091)
Modified contracts	**5,764,898**	32,222,611
Adjustment	**663,520**	-
Payments	**(24,732,239)**	(19,399,187)
Balance at end of year	**B/. 190,976,276**	B/. 167,477,236

For the year 2023, there were terminations of lease contracts with third parties due to the sale of the tower business to Lati Infrastructure, S.A. (a Millicom group company, see note 13), and at the same time, the recognition of leases by the new management for sites that are currently emitting mobile service signals for B/.26,458,435 is considered.

Interest expense on lease liabilities of B/.8,877,687 (2022 – B/.5,783,520), is included in the financial expense, net item in the consolidated statement of income for the years ended December 31, 2023 and 2022.

Detail of the maturity of the lease liabilities as a follow:

	December 31	
	2023	2022
Less than a year	**B/. 26,995,611**	B/. 22,268,363
One to two years	**22,434,515**	20,477,461
Two to three years	**20,388,664**	20,272,839
Three to four years	**19,743,102**	18,005,017
Four to five years	**17,462,708**	17,040,467
More than five years	**83,951,676**	69,413,089
	B/. 190,976,276	B/. 167,477,236

Amounts expressed in balboas

18. Employee benefits payable

At December 31, the employee benefits payable is detailed as follow:

	December 31			
		2023		2022
Employee benefits payable	**B/.**	**2,854,326**	B/.	2,741,715
Labor reserves		**8,484,241**		9,169,634
Balance at the end of the year	**B/.**	**11,338,567**	B/.	11,911,349

19. Documents and Loans payable

The Group maintains available credit lines with four financial institutions for use as working capital amounting to B/.133,172,265 as of December 31, 2023 (2022 - B/.132,683,927), accruing annual interest according to market conditions.

As of December 31, 2023, the Company maintains two (2) loans with The Bank of Nova Scotia for a total value of B/.185,000,000. These loans have the following characteristics:

			December 31			
	Interest rate	Expiration		**2023**		2022
The Bank of Nova Scotia	2.96%	2025	**B/.**	**110,000,000**	B/.	110,000,000
	3.50%	2026		**75,000,000**		75,000,000
			B/.	**185,000,000**	B/.	185,000,000

The acquired loans accrue annual interest rates of 2.96% and 3.50%, respectively, with quarterly interest payments.

Below is the movement of principal payments for the loans acquired by the Group:

	December 31			
		2023		2022
Beginning balance	**B/.**	**185,000,000**	B/.	260,000,000
Payment made in the year		**-**		(75,000,000)
Ending balance	**B/.**	**185,000,000**	B/.	185,000,000

Amounts expressed in balboas

20. Contract liabilities current and no-current

As of December 31, 2023, and 2022, deferred income is broken down as follows:

		December 31		
		2023		2022
Current portion				
Monthly subscription revenue (a)	**B/.**	**87,276,960**	B/.	15,364,765
Non-Current portion				
Adaption projects (b)	**B/.**	**11,524,389**	B/.	13,933,253
Deferred revenue for installation services		**(10,982)**		51,047
Other monthly revenues		**(709,605)**		67,622
	B/.	**10,803,802**	B/.	14,051,922

a. Revenue corresponding to the billing of monthly payments made to our customers of different cycles related to their billing date according to their business segment which are classified into: business, residential, and corporate B/.22,613,182 and contract whit the Caja de Seguro Social in concept of the project of Teleradiology and Integrated Project for Technological Systems Modernization B/.64,663,778

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.

21. Accrued expenses and other liabilities

As of December 31, 2023, and 2022, accrued expenses and other liabilities are broken down as follows:

		December 31		
		2023		2022
Operating costs	**B/.**	**13,395,447**	B/.	10,140,463
Capitalizable costs		**9,550,876**		18,000,148
General, sales and administrative expenses		**4,002,526**		5,036,544
Financial expenses		**15,738,047**		14,781,481
Programmers costs		**11,426,155**		12,360,748
Non-Income Taxes		**1,996,491**		1,971,968
	B/.	**56,109,542**	B/.	62,291,352

Amounts expressed in balboas

22. Bonds payable, net

Bond Issue Clauses for B/.600,000,000

On November 1, 2019, Telecomunicaciones Digitales, SA (Issuer) issued bonds authorized by the Superintendence of the Panama Stock Market (SMV) by Resolution No. 431-19 dated October 22, 2019, with the following characteristics:

1. The Group issued the Bonds for an aggregate principal amount of $600,000,000.
2. The Bonds mature on January 30, 2030 and are due through a single payment at maturity.
3. The Bonds accrue interest at 4,500% annually, payable semi-annually in payments due every January 30 and July 30, from January 30, 2020 to holders registered as of January 15 or July 15 immediately prior to the date of payment of interest. Interest will be computed based on a year of 360 days, twelve months of 30 days.
4. The Bonds were issued, pursuant to an issue contract between Telecomunicaciones Digitales, SA, Citibank, NA, as Trustee, the bond registrar, transfer agent and main payment agent and Banque Internationale à Luxembourg SA, as the payment agent of Luxembourg.
5. In December 2023, the Group repurchased some of these bonds on the open market for a total amount of B/.15,568,000. The difference with their market value of B/.2,121,159 has been recognized as a financial income.

Change of Control

Within 60 days from the occurrence of a Breach of Control Event, the Group will have to make an Offer to buy all the Outstanding Bonds at a purchase price equal to 101% of their principal amount plus the accrued interest and any additional amount in it on the purchase date (subject to the right of the holders registered on the corresponding Registration Date to receive interest that is due on the date of payment of the corresponding interest).

An “Event of Default for Change of Control” will be considered to have occurred if there is a Change of Control and, likewise, a Decrease in the Risk Rating.

Among the most important restrictions and financial conditions of the bonds are:

a) *Debt Limitation.* The Group may not allow any of its Restricted Subsidiaries to Incur any Debt, unless the Debt-Capital Ratio for the most recently completed fiscal quarter for which the consolidated financial statements are available is less than 4.00 to 1.00; provided that the Group does not allow Grupo de Comunicaciones Digitales, S.A. to incur debt under this paragraph unless Grupo de Comunicaciones Digitales, S.A. is a Guarantor Subsidiary

b) *Dividend Limitation and Other Payment Restrictions Affecting Subsidiaries*. The Group shall not, nor permit any of its restricted subsidiaries, to pay dividends or make other distributions with respect to the Group’s share capital or pay any debt or other obligation owed to the Group or any other restricted subsidiary.

c) *Limitation of Liens Protecting Group Debt or Debt of any Restricted Subsidiary.* The Group shall not incur or suffer, nor shall it permit any of its restricted subsidiaries to incur or suffer any lien (except as permitted) on or with respect to any property or assets owned by, or later acquired to secure, any indebtedness. of the Group or of any restricted subsidiary, unless the Bonds are equitable and guaranteed on a pro rata basis by said lien, it being established that, if the debt guaranteed by said lien is subordinated or is inferior in the right of payment to the bonds, the lien that guarantees said debt will be subordinated or inferior in priority to the lien that guarantees the bonds.

d) *Limitation of Guarantees of the Group's Subordinated Debt.* The Group may not allow any of its restricted subsidiaries, directly or indirectly, to assume, guarantee or become responsible with respect to the debt of the Group that is expressly, by its terms, subordinated or is of a lower category in terms of its right to payment. to any other debt of the Group.

e) *Limitation on Dispositions of Assets*. The Group may not, and will not permit any of its restricted subsidiaries, to make any disposal of assets in one or more related transactions unless it receives consideration for such disposal at least equal to fair market value as determined by the Board of Directors. Unless the disposition is a permitted asset exchange, at least 75% of the consideration for such disposition consists of: cash, assumption of the debt of the Group or any restricted subsidiary that relates to such assets and in each case is released from all liabilities on the debt assumed.

f) *Transactions with Affiliates*. The Group may not, and will not allow any of its Restricted Subsidiaries, to participate in any transaction involving an excess of B/.10.0 million with any of the Group's Affiliates (other than the Group or any of the Restricted Subsidiaries), as is directly or indirectly, unless said transaction is not less favorable to the Group or said Restricted Subsidiary than those that could be obtained in a transaction on equal terms with an entity that is not a Subsidiary of the Group or said Restricted Subsidiary. For any transaction that exceeds the amount of B/.20.0 million, the majority of the members of the Group's Board of Directors will determine that said transaction meets the aforementioned criteria and such determination must be verified by means of a Resolution of the Board of Directors presented to the Trust.

g) *Tax payment*. The Group will pay or liquidate or direct the payment or liquidation, before a default occurs, (1) all taxes, valuations and government charges that are required or requested from the Group or any of its Restricted Subsidiaries, or in Regarding the income, earnings or property of the Group or any of its Restricted Subsidiaries, and (2) all the substantial claims of the goods, materials and supplies that, if not paid, could become liens on the Group assets, or the assets of Restricted Subsidiaries; being established, however, that the Group will not have to pay or settle or instruct that any tax, assessment, charge or claim be paid or settled, the amount, applicability or validity of which is disputed in good faith through appropriate procedures, except if, when not paid or liquidate said taxes, evaluations, government charges or claims, individually or jointly, a material adverse effect occurs.

h) *Delivery of Financial Information.* The Group will provide the Trustee and the Bondholders, in English, at no cost to each holder:

Within 120 days from the end of each fiscal year (such fiscal year ends December 31), the Group's audited consolidated financial statements for the past two years (including income statements, balance sheets, cash flow statements and statements of changes in shareholders' equity) and the Bonds related thereto, prepared in accordance with IFRS, which are applied consistently, together with a section on "Management Report and Analysis of the Financial Situation and the Results of the Operations "that have a content substantially similar to the corresponding section of this offering memorandum (after taking into account any changes to the Group's business and operations after the Issue Date), and with respect to financial information annually, a report from the Group's certified accountants together with a certificate from the Group's chief financial officer stating e that, to the knowledge of said executive after the appropriate investigation, the Group during said period has kept, complied with, made and carried out each of the agreements and conditions that are established in the Issuance Contract, and that said executive has not had any knowledge of Default or Event of Default or, to the extent applicable, describe any failure to maintain, observe, perform or comply with any agreement or condition and / or describe such Default or Event of Default and the corresponding response(s) of the Group;

Within 60 days after the end of each of the four fiscal quarters of each fiscal year, quarterly reports attaching the unaudited consolidated financial statements of the Group for the period ending and the comparable period of the previous year ((including income statements, balance sheets, cash flow statements and statements of changes in shareholders' equity) prepared in accordance with IFRS, together with the disclosure of footnotes and a summary of the section "Management Report and Analysis of the Financial Situation and Results of Operations " (after taking into account any changes in the business and operations of the Group after the Issue Date); and any other information, report or notification of relevant facts (notification of relevant fact) offered by the Group.

i) *Payments to Regulatory Agencies, Stock Market and Compensation*
Limitation of Business Areas. The Group, along with its Restricted Subsidiaries, will not primarily participate in any business other than a Related Business

As of December 31, 2023, the Group's Management is complying with the financial conditions established in the bond purchase-sale contract.

The details of other long-term liabilities as follow:

	December 31			
		2023		2022
Bonds - Note Senior - Interest rate 4.50%	**B/.**	**600,000,000**	B/.	600,000,000
Bond repurchase		**(15,568,000)**		-
Financial costs		**(10,265,585)**		(11,935,356)
	B/.	**574,166,415**	B/.	588,064,644

23. Asset retirement obligations and other liabilities

The detail of the obligations for the retirement of assets, and other liabilities, is presented below:

	December 31			
		2023		2022
Asset retirement obligations	**B/.**	**10,297,118**	B/.	13,475,906
Lit fiber		**1,098,291**		1,006,890
Reserve of legal litigations		**165,000**		165,000
Other liabilities		**216,481**		224,663
	B/.	**11,776,890**	B/.	14,872,459

Amounts expressed in balboas

24. Balances and transactions with related parties

		December 31		
		2023		2022
Consolidated Statement of Financial Position				
Assets				
Intercompanies				
Cash and cash equivalent				
Millicom International Cellular, S.A.	**B/.**	**78,280,253**	B/.	70,675,656
Accounts receivable and other accounts receivable non-current				
Intercompanies				
Millicom LIH S.A.	**B/.**	**19,655,487**	B/.	-
Millicom Internacional Celular, S.A.		**2,540,285**		1,508,895
Digital Wallet Panamá, S.A.		**2,435,650**		-
Telefónica de Nicaragua, S.A.		**765,263**		835,792
Navega Com, S.A.		**115,727**		-
El Salvador Cellular		**108,073**		-
Guatemala Cellular Sestel (Services)		**114,862**		-
Lati Infraestructure Panamá, S.A.		**146,636**		-
Others		**167,716**		462,727
	B/.	**26,049,699**	B/.	2,807,414
Liabilities				
Accounts payable				
Intercompanies				
Millicom Spain S.L	**B/.**	**15,014,022**	B/.	19,867,793
Lati Infraestructure Panamá, S.A.		**1,071,453**		-
Navega Com, S.A.		**623,212**		492,505
Millicom Internacional Celular, S.A.		**347,077**		1,922,627
Cable Honduras Navega		**125,282**		-
Telefónica de Nicaragua, S.A.		**104,148**		161,513
Others		**94,290**		556,471
	B/.	**17,379,484**	B/.	23,000,909

Amounts expressed in balboas

	Year ended December 31			
	2023		2022	
Consolidated Income Statement				
Revenues				
Related parties				
Corporación Medcom Panamá, S.A.	**B/.**	**-**	B/.	93,916
Televisora Nacional S.A.		**-**		90,490
Assa Compañía de Seguro S.A		**-**		178,050
Others		**-**		148,743
	B/.	**-**	B/.	511,199
Intercompanies				
Millicom Internacional Cellular, S.A.	**B/.**	**3,696,476**	B/.	1,485,894
Lati Infraestruture Panama, S.A.		**1,336,007**		-
Telefónica Celular de Nicaragua, S.A.		**742,572**		1,006,398
Millicom CAM SEM, S. A.		**682,831**		485,956
Comunicaciones Celulares, S.A.		**612,656**		-
Millicom Cable Costa Rica		**382,997**		-
Millicom LIH S.A.		**162,053**		-
Navega Com, S.A.		**42,862**		494,002
Others		**128,756**		304,100
	B/.	**7,787,210**	B/.	3,776,350
	B/.	**7,787,210**	B/.	4,287,549

Amounts expressed in balboas

	Year ended December 31			
		2023		2022
Costs				
Related parties				
Corporación Medcom Panamá, S.A.	**B/.**	**-**	B/.	4,905,735
Televisora Nacional , S.A.		**-**		614,024
Assa Compañía de Seguro S.A		**-**		17,687
Latin American Golf		**-**		60,239
	B/.	**-**	B/.	5,597,685
Intercompanies				
Comunicaciones Celulares, S.A.	**B/.**	**851,634**	B/.	-
Telefonica Celular de Nicaragua, S.A.		**516,201**		629,204
Navega Com, S.A.		**-**		675,294
Millicom Internacional Cellular, S.A.		**-**		407,817
Others		**179,214**		158,483
	B/.	**1,547,049**	B/.	1,870,798
	B/.	**1,547,049**	B/.	7,468,483
Expenses				
Related parties				
Inversiones Casa Rosada	**B/.**	**-**	B/.	155,590
Assa Compañía de Seguros, S. A.		**-**		129,925
Costa del Este Infraestructure, Inc.		**-**		128,086
Corporación Medcom, S.A.		**-**		3,820
Cable Capitol, Inc.		**-**		396
Otras		**-**		140,000
	B/.	**-**	B/.	557,817
Intercompanies				
Millicom España S.L	**B/.**	**48,960,448**	B/.	24,183,382
Lati Infrastructure Panamá, S.A.		**1,064,880**	B/.	-
Millicom Internacional Celular		**236,474**		1,009,449
Navega, S.A. de C.V.		**139,449**		204,696
Telefonica Celular de Nicaragua, S.A.		**-**		7,090
Others		**4,636**		51,180
	B/.	**50,405,887**	B/.	25,455,797
	B/.	**50,405,887**	B/.	26,013,614

Amounts expressed in balboas

Through its subsidiary Millicom Spain S.L., the Millicom Group provides value creating services and charges value creating fees ('VCF'). In 2023, VCF charged by Millicom Spain S.L. amounted to B/21,753,517) which has a 60-day payment term according to the terms of the agreement.

No guarantees have been granted or received for accounts receivable from or payable to related parties. For the years ended December 31, 2023 and 2022, the Group has set up no allowance for doubtful accounts owed by related parties. This evaluation is conducted at the end of each financial year through testing the related party's financial position and of the market in which it operates.

Accounts receivable from and payable to related parties are shown in accounts receivables, net and accounts payable, respectively, as they are the product of the services provided or received by the Group.

25. Income tax

Here is a summary of the income tax:

	December 31			
		2023		2022
Current	**B/.**	**24,388,636**	B/.	28,557,270
Deferred tax		**(3,175,330)**		(3,745,430)
	B/.	**21,213,306**	B/.	24,811,840

As of December 31, 2023, the Group maintains an income tax paid in advance (tax in favor) for B/.3,254,213 and income tax payable for B/.1,718,286 (2022: B/.2,649,870 of income tax payable).

Official Gazette No. 26489-A, Law No. 8 of March 15, 2010, was published, reforming the tax regime in force in the Republic of Panama. Among the main changes are:

- During 2023 and 2022 the income tax rate is 25%.

- Modification of the application base for taxpayers to which the Alternative Calculation of Income Tax is applicable, is replaced with another form of presumed taxation for income tax purposes, forcing all legal entities that earn income in excess of one million five hundred thousand balboas (B/.1,500,000) to determine, as the tax base, whichever is the greater: (a) net taxable income calculated by the ordinary method set out in the tax code and (b) the net taxable income that results from applying to the total taxable income, four point sixty-seven times (4.67%)

Amounts expressed in balboas

A reconciliation between the income tax rate and the effective rate according to the Group's consolidated financial statements is presented below:

	December 31			
		2023		2022
Income before income tax	**B/.**	**62,168,221**	B/.	84,742,873
Calculation based on the expected tax rate of 25%		**15,542,055**		21,186,094
Calculation based on the alternative CAIR method		**-**		-
Exempt and non-taxable income		**(135,401)**		(1,501,187)
Adjustment of income tax from previous periods		**207,699**		-
Non-deductible expenses		**5,598,953**		5,126,933
	B/.	**21,213,306**	B/.	24,811,840

The following are the temporary differences giving rise to the deferred income tax asset and liability as December 31, 2023 and 2022:

	December 31			
		2023		2022
Non-current income tax				
Deferred income tax, liability				
Depreciation and amortization	**B/.**	**26,462,999**	B/.	30,282,803
Deferred income and expenses		**-**		200,395
Intangibles		**11,603,172**		10,021,382
Amortization of intangible assets		**421,858**		536,877
Amortization of goodwill		**-**		-
Deferred income tax		**38,488,029**		41,041,457
Deferred income tax, assets				
Provision for expenses and income		**(7,946,553)**		(7,324,651)
Deferred income tax assets		**(7,946,553)**		(7,324,651)
Non-current deferred income tax liabilty net	**B/.**	**30,541,476**	B/.	33,716,806

Amounts expressed in balboas

The temporary differences between the amounts in the consolidated financial statements and the tax bases of the assets and liabilities generated by deferred assets and liabilities as of December 31, 2023 and 2022, are as follows:

	2023			
	Net balance at the beginning of the year	Recognized in the statement of financial position	Recognized in the result of the year	**Net balance at the end of the year**
Deferred non-current income tax				
Deferred income tax liability				
Depreciation and amortization	B/. 30,282,803	B/. -	B/. (3,819,803)	**B/. 26,463,000**
Deferred revenues and expenses	200,395	-	(200,395)	**-**
Intangibles	10,021,382	-	1,581,790	**11,603,172**
Acquisition of Subsidiaries		-	-	**-**
Amortization of Intangible Assets	536,877	-	(115,020)	**421,857**
Goodwill Amortization	-	-	-	**-**
Deferred Tax Liability	41,041,457	-	(2,553,428)	**38,488,029**
Deferred Tax Asset:				
Provision for Expenses	(7,324,651)	-	(621,902)	**(7,946,553)**
Deferred Tax Asset	(7,324,651)	-	(621,902)	**(7,946,553)**
Net Non-Current Deferred Tax Liability	B/. 33,716,806	B/. -	B/. (3,175,330)	**B/. 30,541,476**

	2022			
	Net balance at the beginning of the year	Recognized in the statement of financial position	Recognized in the result of the year	Net balance at the end of the year
Non-current deferred income tax				
Deferred income tax, liability:				
Depreciation and amortization	B/. 31,773,623	B/. 193	B/. (1,491,013)	B/. 30,282,803
Deferred income and expenses	352,817	-	(152,422)	200,395
Intangibles	12,566,138	-	(2,544,756)	10,021,382
Amortization of intangibles assets, net	651,897	-	(115,020)	536,877
Amortization of goodwill	29,688	-	(29,688)	-
Deferred income tax liability	45,374,163	193	(4,332,899)	41,041,457
Deferred income tax, asset:				
Provision for expenses and income	(7,912,120)	-	587,469	(7,324,651)
Deferred income tax asset	(7,912,120)	-	587,469	(7,324,651)
Non-current deferred income tax liability net	B/. 37,462,043	B/. 193	B/. (3,745,430)	B/. 33,716,806

Deferred income tax was calculated at the tax rates approved in the Republic of Panama.

The Group offsets its current income tax assets and liabilities and its deferred income tax assets and liabilities when it has a legally enforceable right to set off the recognized amounts and the related items arise from the same taxing authority.

The Group estimates that there will be sufficient taxable income in the future against which the income tax provisions and expenses can be applied or reversed, which is presented as a deductible temporary difference in the consolidated statement of financial position as of December 31, 2023.

In accordance with current tax regulations, the Group's income tax returns may be subject to examination by tax authorities for the last three years, including the period ending on December 31, 2023.

Transfer Pricing

During the year 2012, tax authorities established transfer pricing regulations. These regulations apply to any transactions that the taxpayer carries out with related parties who are tax residents of other jurisdictions, provided that such transactions have an effect as income, costs, or deductions in the determination of the taxable base for income tax purposes in the fiscal period in which the transaction is carried out.

As a result, taxpayers must comply annually and starting from the 2012 fiscal year, with the obligation to submit a Transfer Pricing Report (Report 930) six months after the closing date of the fiscal period, as well as have a Study covering that period by the same date and containing the information and analysis that allow for the valuation and documentation of their transactions with related parties in accordance with the provisions established in article 762-1 of the Tax Code.

The Group estimates that these regulations will not have a significant impact on the income tax provision for the year 2023.

Second Pillar

Millicom Group is within the scope of the OECD Second Pillar model rules. Second Pillar legislation was enacted in Luxembourg and came into effect on January 1, 2024. MILLICOM INTERNATIONAL CELLULAR S.A., registered in Luxembourg, is the ultimate parent entity of the Group.

In addition to Luxembourg, Second Pillar legislation has been enacted starting from January 2024 in the following countries with Millicom Group locations:

- Netherlands
- United Kingdom
- Sweden

Since Second Pillar legislation was not in effect in 2023, MILLICOM INTERNATIONAL CELLULAR S.A. and its subsidiaries have no current tax exposure.

Due to the complexities in applying the legislation and calculating income under the Second Pillar standard, the quantitative impact of enacted or substantially enacted legislation is not reasonably estimable at this time. However, the group has conducted initial testing under the OECD transition rules (based on the Country-by-Country Report), and the result is that it is expected that all jurisdictions will meet at least one of the tests provided by the standard and, therefore, are not expected to be subject to a supplementary tax.

Amounts expressed in balboas

26. Other services and revenue

Other services and revenue are detailed below:

	For the year ended December 31			
		2023		2022
Installations	**B/.**	**-**	B/.	112,032
IT solutions sales		**1,746,225**		2,891,913
Adaptions project		**2,011,178**		805,103
Other income		**5,038,520**		3,131,924
Advertising		**813,194**		1,890,535
Additional services		**-**		146,937
	B/.	**9,609,117**	B/.	8,978,444

27. Programming and operating costs

Programming and operating costs are detailed below:

	For the year ended December 31			
		2023		2022
Programming costs	**B/.**	**59,777,400**	B/.	57,783,750
Telephony costs		**51,102,552**		49,380,633
Project costs		**47,247,765**		-
Selling costs of mobile equipment and accesories		**34,271,206**		30,877,276
Digital services costs		**3,997,088**		4,758,177
Internet costs		**7,083,817**		8,150,520
Sundry costs		**2,656,347**		1,446,365
	B/.	**206,136,175**	B/.	152,396,721

In 2023, new agreements with the Caja de Seguro Social are reflected, such as the Teleradiology project for B/.43,700,851 and the Technological Systems Modernization project for B/.3,546,515, significantly impacting project costs.

Amounts expressed in balboas

28. Depreciation and amortization

Depreciation and amortization are detailed below:

	For the year ended December 31	
	2023	2022
Fixed Assets - Depreciation and Amortization	**B/. 101,595,741**	B/. 99,475,198
Right-of-Use Assets - Depreciation	**24,803,280**	22,803,407
Intangible Assets - Amortization	**27,776,642**	27,263,802
	B/. 154,175,663	B/. 149,542,407

29. Personnel expenses

Personnel expenses form part costs and expenses for the years, as shown in the following breakdown:

	For the year ended December 31	
	2023	2022
Salaries, commisssions and other	**B/. 43,681,032**	B/. 46,153,289
Social security expenses	**8,977,215**	9,233,233
Vacation	**5,020,211**	4,408,082
Bonuses	**5,370,049**	5,594,892
Net profit sharing	**8,327,196**	7,793,696
Travel and mobilization expenses	**516,793**	557,440
Employee benefet	**3,252,107**	2,019,634
Shared-based compensations	**2,032,428**	833,314
Seniority premium and severance	**11,226,187**	3,207,277
Other expenses	**3,114,630**	503,256
	B/. 91,517,848	B/. 80,304,113

The variation observed in the severance pay and indemnification item corresponds to the restructuring implemented by the Group in the last quarter of 2023.

Amounts expressed in balboas

30. General sales and administrative expenses

General sales and administrative expenses are as follows:

	For the year ended December 31			
		2023		2022
Professional services fees	**B/.**	**88,313,627**	B/.	49,100,857
Services expenses		**24,723,193**		39,203,117
Bad debts		**13,277,560**		6,717,067
Local and municipal taxes		**11,803,205**		11,523,076
Marketing and advertising		**10,432,870**		9,791,329
Repairs, maintenance and other operating expenses		**8,028,083**		8,414,461
Electricity		**7,408,781**		6,609,161
Other expenses		**5,396,495**		102,248
Rent		**2,539,091**		4,236,181
Repairs and maintenance support		**2,458,667**		3,554,153
Office expenses		**1,671,874**		2,309,171
Insurance and surety bond		**597,629**		557,549
	B/.	**176,651,075**	B/.	142,118,370

31. Interest, net

Interest, net is detailed below:

	For the year ended December 31			
		2023		2022
Financing interest - Bond	**B/.**	**27,053,818**	B/.	27,000,000
Interest on financing - Loans		**6,668,775**		9,192,536
Issuance cost amortization		**1,669,771**		1,860,770
Interest on financial leases		**8,877,687**		5,783,520
Financial income from bond repurchase		**(2,121,159)**		-
Financial income from cash pooling		**(2,744,135)**		(1,100,216)
Other financial interest income		**1,001,327**		422,739
	B/.	**40,406,084**	B/.	43,159,349

Within the interest on finance leases, interest on asset retirement of B/.360,663 for the year 2023 is included.

Amounts expressed in balboas

32. Commitments and contingencies

Commitments

For the year 2023, Telecomunicaciones Digitales, S.A. acquired the following relevant commitments:

1. *In order to comply with the development of the Technological Modernization Project - Teleradiology 2.0 awarded by the Social Security Fund (CSS), Telecomunicaciones Digitales, S.A. entered into service contracts with the suppliers mentioned below:*

- ***Multitek Internacional, S.A.****: Service contract for the supply of licenses and computer equipment with accessories, parts, corrective and preventive maintenance, and respective warranties, valid for 72 months, with a total amount of B/.65,729,320.*
- ***Reserma, S.A.****: Service contract for the supply of medical equipment with accessories, parts, corrective and preventive maintenance, and respective warranties, valid for 72 months, with a total amount of B/.29,614,422.*
- ***Electrónica Medica, S.A****.: Service contract for the supply of medical equipment with accessories, parts, corrective and preventive maintenance, and respective warranties, valid for 72 months, with a total amount of B/.28,099,527.*
- ***Biomédical Support, S.A****.: Service contract for the supply of medical equipment with accessories, parts, corrective and preventive maintenance, and respective warranties, valid for 72 months, with a total amount of B/.39,357,551.*

2. ***Telecomunicaciones Digitales, S.A. and Televisora Nacional, S.A.*** *signed a service contract for advertising transmission for a term of one year, with an amount of B/.559,129.*

3. ***Telecomunicaciones Digitales, S.A. and Corporación MEDCOM, S.A****. signed a contract for the transfer of marketing rights, where the rights to market advertising spaces on the pay television channels transmitted by Telecomunicaciones Digitales, S.A. are transferred. The duration of the contract is for 10 years and the amount is B/.598,000 for the first year and B/.500,000 for subsequent years.*

Contingencies and Restrictions

The Company is contingently liable with respect to legal claims and other matters arising in the normal course of operations. The total claims against the Company as of December 31, 2023, amount to B/.12,009,318.00, of which B/.167,000.00 have been provisioned, as they are deemed probable.

From the cases mentioned in the prior period, the case of Teletarjetas, S.A. versus Telefónica Móviles Panamá, S.A. (now Grupo de Comunicaciones, S.A.) for 2023 had an update detailed below for better reference:

Ordinary and Higher Value Civil Lawsuit filed by Teletarjetas, S.A. against Telefónica Móviles Panamá, S.A. (now Grupo de Comunicaciones Digitales, S.A. and for the purposes of this note "TIGO") - Teletarjetas, S.A. filed an ordinary civil lawsuit against Telefónica Móviles Panamá, S.A. for breach of contract and requested the court to condemn it to pay for alleged damages, up to the amount of B/.8,448,974, plus costs, expenses, and interests of the process. The court ordered the reinstatement of the sum of B/.300,000 plus interest in favor of the plaintiff corresponding to the execution of said performance bond and declared the recklessness and bad faith of the defendant with the consequent application of costs.

Amounts expressed in balboas

On March 20, 2012, TIGO filed a response to the lawsuit and a counterclaim against Teletarjetas, S.A. for the amount of B/.819,552 in concept of principal and interests calculated up to February 29, 2012, and those that accrue until the payment of the claimed obligation is made effective, as well as the costs and expenses of the process.

By Judgment No. 24/419-11 of June 23, 2017, TIGO was condemned to pay B/.4,218,170.23, to reimburse the sum of B/.300,000.00 of the bond it executed, and to pay the legal interest calculated at 10% annually counted from the date the respective sentence becomes final or executory. Regarding the counterclaim, Teletarjetas was ordered to pay B/.472,000.00. TIGO appealed against the judgment, requesting the practice of evidence in the second instance. The First Superior Court, by Resolution of December 5, 2019, admitted the evidence requested by TIGO in the second instance. On January 15, 2020, Teletarjetas filed a Constitutional Guarantees Protection Suit against this Resolution. On February 3, 2020, TIGO presented a written opposition to the Guarantees Protection Suit, and requested to be considered as an intervening third party.

On December 2, 2020, a nullity incident due to lack of jurisdiction was presented, which was admitted, and by Resolution of February 17, 2021, the First Superior Court declared the Nullity Incident proven and consequently decreed the nullity of the proceedings, annulling the Sentence of First Instance. Likewise, the First Superior Court declined jurisdiction to the Civil Circuit Court of the First Judicial Circuit of Panama, on duty, among the Eighth and Ninth Courts (Courts of Free Competition and Consumer Affairs).

By Official Letter No. 1992/419-11 of October 13, 2022, the Fourth Civil Circuit Judge of the First Judicial Circuit of Panama sent the case file to the Court of Free Competition and Consumer Affairs, which was distributed to the Ninth Civil Circuit Court of the First Judicial Circuit of Panama.

By Auto No. 1062-22 of October 20, 2022, the Ninth Civil Circuit Court of the First Judicial Circuit of Panama ordered the correction of the Power and Complaint filed by TELETARJETAS.

On November 9, 2022, TELETARJETAS presented a corrected power and lawsuit, which was admitted by Auto No. 1188 of November 23, 2022. This Auto also ordered notification to TIGO at the address of its president and legal representative in Luxembourg, for which a Letter Rogatory was ordered. This resolution was notified through Edict No. 1320-2022 posted on November 29, 2022.

By Auto No. 161-23 of March 13, 2023, the expiration of the instance was decreed, and TELETARJETAS was granted a term of one (1) month to withdraw the evidence presented within the process. On March 15, 2023, TELETARJETAS was notified of the aforementioned Auto and filed an Appeal, which was duly substantiated.

The Appeal of TELETARJETAS was granted, so the case file was sent to the Third Superior Court of Justice, where it was formally entered on May 2, 2023.

By Resolution of May 19, 2023, the Third Court of Justice overturned Auto No. 161-23 of March 13, 2023, issued by the Ninth Judicial Circuit Court. This resolution was notified through Edict No.279-2023 posted on May 22, 2023. By official letter No. 368 of June 1, the case file was sent out and sent to the Ninth Judicial Circuit Court.

By resolution of June 9, 2023, the parties were made aware of the re-entry of the file to the Ninth Judicial Circuit Court. This resolution was notified by edict No. 477-23 of June 12, 2023.

On October 11, 2023, the law firm Alfaro Ferrer & Ramírez (AFRA) filed a power of attorney granted by TIGO and was notified of Auto No. 1188- 22 of November 23, 2023, by which the corrected ordinary lawsuit filed by TELETARJETAS, S.A. was admitted. On October 20, 2023, AFRA filed power (with the authority to file a Counterclaim), a written Counterclaim, and a written Response to the Complaint. By Auto No. 904 of November 7, 2023, the Court admitted TIGO's Counterclaim and notified TELETARJETAS. On December 4, 2023, TELETARJETAS filed a response to the Counterclaim.

By Resolution of December 13, 2023, January 25, 2024, at 9:50 a.m. was set as the date and time for the holding of the preliminary hearing. On December 22, 2023, TELETARJETAS filed a corrected lawsuit.

Due to the progress of the process and the results obtained, currently, there is no condemnatory sentence against TIGO; moreover, the company has been victorious in all appeals. We estimate that TIGO's risk in the current process is moderate to low, which is why the provision is eliminated.

The process related to the Investigation for the crime against Life and Personal Integrity in the form of Negligent Homicide against ENCARNACIÓN SÁNCHEZ VILLARREAL (deceased) and RAFAEL A. SÁNCHEZ CASTILLO (deceased). By means of Provisional Archiving Resolution No.1175 of November 30, 2021, the Prosecutor's Office ordered the archiving of the file on the grounds that the facts do not constitute a crime, a decision challenged by the complaint for review at a hearing held on December 29, 2021. As of December 31, 2023, the same status is maintained.

33. Objectives and policies on management of financial risks

The Group's activities are exposed to a variety of financial risks, and these activities include the analysis, assessment, acceptance, and management of a certain degree of risk or a combination of risks. Taking risks is fundamental to the business, and operational risks are inevitable consequences of being in business. The Group's objective is therefore to achieve an appropriate balance between risk and return and to minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyze these risks, to establish appropriate limits and controls for risk, and to monitor risks and compliance with updated limits. The Group regularly reviews its risk policies to reflect changes in the market and best practices.

Financial Risk Management

The Group's main financial obligations consist of a public issuance of corporate bonds totaling B/.769,432,000 including bond repurchases and loans under credit lines. The purpose of these financial obligations is to obtain the necessary funds for the Group's operations.

The Group's primary financial assets are accounts receivable and cash.

These positions generate the following financial risks:

a) Interest Rate Risk
As of December 31, 2023, 100% of the financing obtained by the Group is arranged at fixed interest rates until the maturity of the respective loans.

b) Credit Risk
The Group has formally established and strictly enforced credit procedures. The credit policy and decisions regarding the approval of new credits are made by the Senior Management Committee, which assesses the risk of all credit activities and approves credit policies. The monitoring and oversight of decisions made by the Senior Management Committee are carried out by the Collections Department.

Amounts expressed in balboas

The incidence of uncollectible accounts and delinquency in accounts receivable has historically remained at acceptable levels, thus not posing potential risks.

c) Liquidity Risk
The Group monitors the risk of running out of funds to meet its obligations through the preparation of projected cash flows for the future.

Weekly cash flow projections are prepared for 4 weeks, and monthly projections are prepared for the remaining months until the end of each fiscal period. This determines the Group's ability to meet its commitments and the cash needs that must be covered.

These cash flows consider both operating activities and investment activities to adequately cover short or long-term funding needs according to the origin of the requirement.

The following is a summary of the maturities of the Group's financial liabilities based on its payment commitments:

	Less than 3 moths	**3 to 12 months**	**More than 1 year**	**Total**
December 31, 2023				
Accounts payable	B/. 147,447,909	B/. 3,009,143	B/. -	B/. 150,457,052
Lease liabilities	5,399,123	21,596,490	163,980,663	190,976,276
Notes and loans payable	-	-	185,000,000	185,000,000
Bonds payable	-	-	574,166,415	574,166,415
	B/. 152,847,032	**B/. 24,605,633**	**B/. 923,147,078**	**B/. 1,100,599,743**

	Less than 3 moths	3 to 12 months	More than 1 year	Total
December 31, 2022				
Accounts payable	B/. 119,688,137	B/. 2,442,615	B/. -	B/. 122,130,752
Lease liabilities	4,453,673	17,814,690	145,208,873	167,477,236
Notes and loans payable	-	26,785,715	158,214,285	185,000,000
Bonds payable	-	-	588,064,644	588,064,644
	B/. 124,141,810	B/. 47,043,020	B/. 891,487,802	B/. 1,062,672,632

Fair value of financial instruments

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

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

Amounts expressed in balboas

The following is a comparison between the book values and the fair values of the financial instruments shown in the Group's consolidated financial statements, according to their classification.

	Book Value		Fair Value	
	2023	2022	**2023**	2022
Notes and other long term liabilities	**B/. 759,166,415**	B/. 773,064,644	**B/. 674,423,775**	B/. 767,004,644

The Group uses the following fair value measurement hierarchy:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (ie, unobservable inputs).

Capital management

The main purpose of capital management is to ensure that the Group maintains sound credit ratings and healthy financial capital ratios in support of its business and to maximize profits.

The Group manages its capital structure and on a timely basis, requests adjustments to said capital from its stockholders, considering the economic environment in which the Group operates. In order to maintain or adjust its capital structure, the Group can request changes to dividends from its stockholders, as well as capital refunds agreed and if necessary, increases in capital contributions. No significant changes were made to said policies during 2023 and 2022.

The Group monitors its capital using, as the prevailing financial ratio, the ratio arrived at by dividing total net liabilities (current liabilities plus non-current liabilities less cash) by total stockholders' equity. As of December 31, 2023, the financial ratio is 3.79 (2022 – 4.02).

34. Subsequent events

During the months of January, February, and March 2024, the Group conducted a bond buyback totaling B/.27,464,000 with The Bank of Nova Scotia.

Supplementary Information

Telecomunicaciones Digitales, S.A. and Subsidiaries
Consolidating of Balance Sheets
December 31, 2023

Amounts expressed in balboas

	Consolidated	Eliminations	Subtotal	Telecomunicaciones Digitales, S.A.	Grupo de Comunicaciones Digitales, S. A.	Fronteras Security, Inc.
ASSETS						
Current assets						
Cash and cash equivalent	B/. 129,232,095	-	B/. 129,232,095	B/. 16,682,737	B/. 112,417,217	B/. 132,141
Accounts receivable - client, net	128,663,195	(3,775,720)	132,438,915	100,528,980	30,919,061	990,874.00
Other accounts receivable	9,050,947	(917,689)	9,968,636	6,612,341	3,205,099	151,196.00
Contractual assets	6,689,129	-	6,689,129		6,689,129	
Inventory	30,334,557	-	30,334,557	25,189,584	5,144,973	
Prepaid expenses	92,125,290	-	92,125,290	90,395,703	1,238,019	491,568
Prepaid taxes	3,254,214	-	3,254,214	3,210,795	-	43,419
	399,349,427	(4,693,409)	404,042,836	242,620,140	159,613,498	1,809,198
Non-current assets						
Severance fund, net	4,697,690	-	4,697,690	3,627,838	984,448	85,404
Investment in subsidiaries	-	(121,313,883)	121,313,883	121,313,883		
Guarrantee deposit and others assets	5,515,716	-	5,515,716	331,900	5,183,816	
Other Long Term accounts receivable	12,383,205	(20,000,000)	32,383,205		32,383,205	
deferred tax - asset	-		-			
Intangible assets, net	175,152,218		175,152,218	41,244,042	133,908,176	
Goodwill	472,268,560		472,268,560	472,268,560		
Right of use asset, net	183,334,594		183,334,594	65,757,088	117,577,506	
Property, furniture, equipment and leasehold improvements, net	377,277,321	-	377,277,321	285,097,394	92,179,927	-
	1,230,629,304	(141,313,883)	1,371,943,187	989,640,705	382,217,078	85,404
TOTAL ASSETS	B/. 1,629,978,731	B/. (146,007,292)	B/. 1,775,986,023	B/. 1,232,260,845	B/. 541,830,576	B/. 1,894,602

Telecomunicaciones Digitales, S.A. and Subsidiaries
Consolidating of Balance Sheets (continued)
December 31, 2023

Amounts expressed in balboas

	Consolidado	*Eliminaciones*	*Subtotal*	*Telecomunicaciones Digitales, S.A.*	*Grupo de Comunicaciones Digitales, S.A.*	*Fronteras Security, Inc.*
LIABILITIES AND STOCKHOLDERS'						
Current liabilities						
Accounts payable	B/. 150,457,052	(3,776,742)	B/. 154,233,794	B/. 93,959,466	B/. 58,172,512	2,101,816
Lease liabilities	26,995,613	-	26,995,613	9,896,380	17,099,233	
Employee benefits payable	11,338,567	-	11,338,567	8,804,148	2,487,031	47,388
Customer deposits	3,785,002	-	3,785,002	3,785,002	-	
Current contract liability	87,276,960	-	87,276,960	79,330,619	7,325,649	620,692
Accrued expenses and other liabilities	56,109,542	(916,667)	57,026,209	49,681,903	7,344,806	(500)
Income tax payable	1,718,286	-	1,718,286	-	1,718,286	-
	337,681,022	- 4,693,409	342,374,431	245,457,518	94,147,517	2,769,396
Non-current liabilities						
Lease liabilities	163,980,663	-	163,980,663	58,985,170	104,995,493	
Documents and Loans payable	185,000,000	(20,000,000)	205,000,000	205,000,000		
Long term bonds payable, net	574,166,415	-	574,166,415	574,166,415	-	
Non current contract liability	10,803,802	-	10,803,802	10,803,802	-	-
Deferred income tax	30,541,475	-	30,541,475	21,572,575	8,968,900	
Asset retirement obligations and other liabilities	11,776,890	-	11,776,890	3,783,082	7,993,808	-
	976,269,245	(20,000,000)	996,269,245	874,311,044	121,958,201	-
	1,313,950,267	(24,693,409)	1,338,643,676	1,119,768,562	216,105,718	2,769,396
Stockholders' equity						
Common shares (with no par value)	57,648,922	(45,037,338)	102,686,260	57,648,922	44,687,338	350,000
Additional paid in capital	5,384,058	-	5,384,058	5,384,058	-	
Supplementary tax	(7,724,456)	-	(7,724,456)	(4,657,018)	- 3,067,438	
Retained earnings	260,719,940	(76,276,545)	336,996,485	54,116,321	284,104,958	(1,224,794)
	316,028,464	(121,313,883)	437,342,347	112,492,283	325,724,858	(874,794)
Non-controlling interest	-	-	-	-	-	-
Total Equity	316,028,464	(121,313,883)	437,342,347	112,492,283	325,724,858	(874,794)
TOTAL LIABILITIES AND EQUITY	B/. 1,629,978,731	B/. (146,007,292)	B/. 1,775,986,023	B/. 1,232,260,845	B/. 541,830,576	B/. 1,894,602

Telecomunicaciones Digitales, S.A. and Subsidiaries
Consolidating Income Statement
For the years ended December 31, 2023

Amounts expressed in balboas

		Consolidated		Eliminations		Subtotal		Telecomunicaciones Digitales, S.A.		Grupo de Comunicaciones Digitales, S.A.		Fronteras Security, Inc.
Revenue												
TV subscriptions	B/.	104,655,658	B/.	(138,988)	B/.	104,794,646	B/.	104,794,646	B/.	-	B/.	-
Data transmission, internet and data center		219,895,566		(330,051)		220,225,617		220,225,617		-		-
Fixed line services		26,021,086		(540,885)		26,561,971		26,561,971		-		-
Mobile services		283,171,731		(1,442,405)		284,614,136		-		284,614,136		-
Sales of mobile equipments		30,763,445		-		30,763,445		-		30,763,445		-
Projects and solutions		56,938,463		-		56,938,463		56,938,463		-		-
Other services		9,609,117		(1,794,646)		11,403,763		4,510,085		3,350,473		3,543,205
		731,055,066		(4,246,975)		735,302,041		413,030,782		318,728,054		3,543,205
Costs and expenses												
Programming and operating costs		206,136,175		(2,777,702)		208,913,877		124,008,214		82,294,743		2,610,920
Depreciation and amortization		154,175,663		-		154,175,663		101,271,745		52,903,918		-
Personnel expenses		91,517,848		(1,216,403)		92,734,251		69,499,765		22,732,643		501,843
General, sales and administrative expenses		176,651,075		(252,870)		176,903,945		103,003,393		73,634,886		265,666
		628,480,761		(4,246,975)		632,727,736		397,783,117		231,566,190		3,378,429
Operating income		102,574,305		-		102,574,305		15,247,665		87,161,864		164,776
Financial expenses, net		40,406,084		-		40,406,084		38,528,628		1,877,456		-
Income before tax		62,168,221		-		62,168,221		(23,280,963)		85,284,408		164,776
Income tax		(21,213,306)		-		(21,213,306)		467,902		(21,623,635)		(57,573)
Net income	B/.	40,954,915	B/.	-		40,954,915		(22,813,061)		63,660,773		107,203
Attributable to:												
Equity holders of the parent	B/.	41,010,587	B/.	-		41,010,587	B/.	(22,813,061)	B/.	63,660,773	B/.	162,875
Non-controlling interest		(55,672)		-		(55,672)		-		-		(55,672)
Net income	B/.	40,954,915	B/.	-		40,954,915	B/.	(22,813,061)	B/.	63,660,773	B/.	107,203