Section 1: 6-K (FORM 6K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of **November, 2019**

Commission File Number: **000-55716**

Trilogy International Partners Inc.

(Translation of registrant's name into English)

155 - 108th Avenue NE, Suite 400, Bellevue, Washington 98004
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

[ ] Form 20-F [x] Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): [ ]

Exhibits 99.1 and 99.2 to this report on Form 6-K shall be deemed to be filed and incorporated by reference into the registrant’s Registration Statement on Form S-8 (File No. 333-218631) and Registration Statement on Form F-10 (File No. 333-233287) and to be a part of each thereof from the date on which said exhibits are filed with this report, to the extent not superseded by documents subsequently filed or furnished.

SUBMITTED HEREWITH

Exhibits

99.1	Interim Management's Discussion and Analysis for the period ended September 30, 2019
99.2	Interim Financial Statements for the period ended September 30, 2019
99.3	Form 52-109F2 - Certification of Interim Filings - CEO
99.4	Form 52-109F2 - Certification of Interim Filings - CFO

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRILOGY INTERNATIONAL PARTNERS INC.
(Registrant)

Date: November 6, 2019

By: */s/ Erik Mickels*
Erik Mickels

Title: Senior Vice President and Chief Financial Officer

(Back To Top)

Section 2: EX-99.1 (EXHIBIT 99.1)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF TRILOGY INTERNATIONAL PARTNERS INC.

This Management's Discussion and Analysis ("MD&A") contains important information about the business of Trilogy International Partners Inc. ("TIP Inc.", together with its consolidated subsidiaries, the "Company") and its performance for the three and nine months ended September 30, 2019. This MD&A should be read in conjunction with: TIP Inc.'s audited consolidated financial statements for the year ended December 31, 2018, together with the notes thereto (the "Consolidated Financial Statements"), prepared in accordance with generally accepted accounting principles in the U.S. ("U.S. GAAP") as issued by the Financial Accounting Standards Board ("FASB"); TIP Inc.'s MD&A for the year ended December 31, 2018; and TIP Inc.'s unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2019 and notes thereto (the "Condensed Consolidated Financial Statements"), prepared in accordance with U.S. GAAP.

On February 7, 2017, Trilogy International Partners LLC, a Washington limited liability company ("Trilogy LLC"), and Alignvest Acquisition Corporation (now TIP Inc.) completed a court approved plan of arrangement (the "Arrangement") pursuant to an arrangement agreement dated November 1, 2016 (as amended December 20, 2016). As a result of the Arrangement, TIP Inc., through a wholly owned subsidiary, owns and controls a majority interest in Trilogy LLC. As of September 30, 2019, TIP Inc. holds a 68.8% economic ownership interest in Trilogy LLC.

All dollar amounts are in U.S. dollars ("USD"), unless otherwise stated. Amounts for subtotals, totals and percentage variances included in tables in this MD&A may not sum or calculate using the numbers as they appear in the tables due to rounding. This MD&A is current as of November 6, 2019 and was approved by the Company's board of directors.

Cautionary Note Regarding Forward-Looking Statements

Certain statements and information in this MD&A are not based on historical facts and constitute forward-looking statements or forward-looking information within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Canadian securities laws ("forward-looking statements"). Forward-looking statements are provided to help you understand the Company's views of its short and longer term plans, expectations and prospects. The Company cautions you that forward-looking statements may not be appropriate for other purposes.

Forward-looking statements include statements about the Company's business outlook for the short and longer term and statements regarding the Company's strategy, plans and future operating performance. Furthermore, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" occur, be taken, or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are not promises or guarantees of future performance. Such statements reflect the Company's current views with respect to future events and may change significantly. Forward-looking statements are subject to, and are necessarily based upon, a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies, many of which, with respect to future events, are subject to change. The material assumptions used by the Company to develop such forward-looking statements include, but are not limited to:

- the absence of unforeseen changes in the legislative and operating frameworks for the Company;
- the Company meeting its future objectives and priorities;

- the Company having access to adequate capital to fund its future projects and plans;
- the Company's future projects and plans proceeding as anticipated;
- taxes payable;
- subscriber growth, pricing, usage and churn rates;
- technology deployment;
- data based on good faith estimates that are derived from management's knowledge of the industry and other independent sources;
- general economic and industry growth rates; and
- commodity prices, currency exchange and interest rates and competitive intensity.

Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances. Many factors could cause the Company's actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, due to a variety of known and unknown risks, uncertainties and other factors, including, without limitation, those described under the heading "*Risk Factors*" included in the Annual Information Form for the year ended December 31, 2018 (the "2018 AIF") filed by TIP Inc. on SEDAR and (with TIP Inc.'s Annual Report on Form 40-F for the year ended December 31, 2018) on EDGAR, and those referred to in TIP Inc.'s other regulatory filings with the U.S. Securities and Exchange Commission in the United States and the provincial securities commissions in Canada. Such risks, as well as uncertainties and other factors that could cause actual events or results to differ significantly from those expressed or implied in the Company's forward-looking statements, include, without limitation:

- the Company’s, and Trilogy LLC’s, history of incurring losses and the possibility that the Company will incur losses in the future;
- the Company having insufficient financial resources to achieve its objectives;
- risks associated with any potential acquisition, investment or merger;
- the Company’s significant level of consolidated indebtedness and the refinancing, default and other risks resulting therefrom;
- the Company’s and Trilogy LLC’s status as holding companies;
- the Company’s and its subsidiaries' ability to sell or purchase assets;
- the restrictive covenants in the documentation evidencing the Company’s outstanding indebtedness;
- the Company’s and Trilogy LLC's ability to incur additional debt despite their respective indebtedness levels;
- the Company’s ability to pay interest due on its indebtedness;
- the Company’s ability to refinance its indebtedness;
- the risk that the Company’s credit ratings could be downgraded;
- the significant political, social, economic and legal risks of operating in Bolivia;
- the regulated nature of the industry in which the Company participates;
- some of the Company’s operations being in markets with substantial tax risks and inadequate protection of shareholder rights;
- the need for spectrum access;
- the use of “conflict minerals” in handsets and the availability of certain products, including handsets;
- anti-corruption compliance;
- intense competition in all aspects of the Company’s business;
- lack of control over network termination costs, roaming revenues and international long distance revenues;
- rapid technological change and associated costs;
- reliance on equipment suppliers, including Huawei Technologies (New Zealand) Company Limited (“Huawei”);
- subscriber churn risks, including those associated with prepaid accounts;
- the need to maintain distributor relationships;
- the Company’s future growth being dependent on innovation and development of new products;
- security threats and other material disruptions to the Company’s wireless network;
- the ability of the Company to protect subscriber information and cybersecurity risks generally;
- actual or perceived health risks associated with handsets;
- litigation, including class actions and regulatory matters;
- fraud, including device financing, customer credit card, subscription and dealer fraud;
- reliance on limited management resources;
- risks related to the minority shareholders of the Company’s subsidiaries;
- general economic risks;
- natural disasters, including earthquakes;
- foreign exchange rate changes;
- currency controls and withholding taxes;
- interest rate risk;
- Trilogy LLC’s ability to utilize carried forward tax losses;
- tax related risks;
- the Company’s dependence on Trilogy LLC to make contributions to pay the Company’s taxes and other expenses;
- Trilogy LLC’s obligations to make distributions to the Company and the other owners of Trilogy LLC;
- differing interests among TIP Inc.'s and Trilogy LLC’s other equity owners in certain circumstances;
- the Company’s internal controls over financial reporting;
- an increase in costs and demands on management resources when the Company ceases to qualify as an “emerging growth company” under the U.S. Jumpstart Our Business Startups Act of 2012;
- additional expenses if the Company loses its foreign private issuer status under U.S. federal securities laws;

- risks that the market price of the common shares of TIP Inc. (the “Common Shares”) may be volatile and may continue to be significantly depressed;
- risks that substantial sales of Common Shares may cause the price of the shares to decline;
- risks that the Company may not pay dividends;
- restrictions on the ability of Trilogy LLC’s subsidiaries to pay dividends;
- dilution of the Common Shares and other risks associated with equity financings;
- risks related to the influence of securities industry analyst research reports on the trading market for the Common Shares;
- new laws and regulations; and
- risks as a publicly traded company, including, but not limited to, compliance and costs associated with the U.S. Sarbanes-Oxley Act of 2002 (to the extent applicable).

This list is not exhaustive of the factors that may affect any of the Company’s forward-looking statements.

The U.S. government has recently announced executive action that could impact the Company’s ability to continue obtaining products or services required to operate its networks from suppliers such as Huawei. Though the extent and potential consequences of the U.S. government action are as yet uncertain, it may have a material and adverse effect on the Company’s ability to continue to operate and expand its networks and business. The Company believes that there are a number of alternative suppliers available to it; however, if the Company is unable to obtain adequate alternative supplies of equipment or technical support in a timely manner, on acceptable commercial and pricing terms, the Company’s ability to maintain and expand its networks and business may be materially and adversely affected. Further, even if there are alternative suppliers available to it on acceptable terms, the costs and impact on the Company’s operations of employing alternative equipment could materially and adversely affect the Company.

The Company’s forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made. Except as required by applicable law, the Company does not assume any obligation to update forward-looking statements should circumstances or management’s beliefs, expectations or opinions change. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

Market and Other Industry Data

This MD&A includes industry and trade association data and projections as well as information that the Company has prepared based, in part, upon data, projections and information obtained from independent trade associations, industry publications and surveys. Some data is based on the Company’s good faith estimates, which are derived from management’s knowledge of the industry and independent sources. Industry publications, surveys and projections generally state that the information contained therein has been obtained from sources believed to be reliable. The Company has not independently verified any of the data from third-party sources nor has it ascertained the underlying economic assumptions relied upon therein. Statements as to the Company’s market position are based on market data currently available to the Company. Its estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in TIP Inc.’s 2018 AIF under the heading “*Risk Factors*” and discussed herein under the heading “*Cautionary Note Regarding Forward-Looking Statements*”. Projections and other forward-looking information obtained from independent sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this MD&A.

Trademarks and Other Intellectual Property Rights

The Company has proprietary rights to trademarks used in this MD&A, which are important to its business, including, without limitation, “2degrees”, “NuevaTel” and “Viva”. The Company has omitted the “®,” “™” and similar trademark designations for such trademarks but nevertheless reserves all rights to such trademarks. Each trademark, trade name or service mark of any other company appearing in this MD&A is owned by its respective holder.

About the Company

TIP Inc., together with its consolidated subsidiaries in New Zealand and Bolivia, is a provider of wireless voice and data communications including local, international long distance and roaming services, for both subscribers and international visitors roaming on its networks. The Company also provides fixed broadband communications to residential and enterprise customers in New Zealand. The Company’s services cover an aggregate population of 15.9 million persons. The Company’s founding executives launched operations of the Company’s Bolivian subsidiary, Empresa de Telecomunicaciones NuevaTel (PCS de Bolivia), S.A. (“NuevaTel”), in 2000, when it was owned by Western Wireless Corporation (“Western Wireless”).

Trilogy LLC acquired control of NuevaTel from Western Wireless in 2006, shortly after Trilogy LLC was founded. Trilogy LLC launched its greenfield operations in New Zealand, Two Degrees Mobile Limited ("2degrees"), in 2009. As of September 30, 2019, the Company had approximately 1,846 employees.

The Company's Strategy

The Company's strategy is to build, acquire and manage wireless and wireline operations in markets that are located outside the United States of America and demonstrate the potential for continuing growth. The Company believes that the wireless communications business will continue to expand in these markets because of the increasing functionality and affordability of wireless communications technologies as well as the acceleration of wireless data consumption as experienced in more developed countries. Data revenue growth continues to present a significant opportunity with each of the Company's markets in different stages of smartphone and other data-enabled device penetration.

The Company's wireless services are provided using a variety of communication technologies: Global System for Mobile Communications ("GSM" or "2G"), Universal Mobile Telecommunication Service, a GSM-based third generation mobile service for mobile communications networks ("3G"), and Long Term Evolution ("LTE"), a widely deployed fourth generation service ("4G"). Deployment of 4G in New Zealand and Bolivia enables the Company to offer its wireless subscribers in those markets a wide range of advanced services while achieving greater network capacity through improved spectral efficiency. The Company believes that 3G and 4G services will continue to be a catalyst for revenue growth from additional data services, such as mobile broadband, internet browsing capabilities, richer mobile content, video streaming and application downloads. Furthermore, in light of the fact that LTE standards are now ratified, the Company expects that in the foreseeable future 4G LTE networks will be enhanced with 4.5G and 4.9G services, which are recognized in the industry as LTE Advanced and LTE Advanced Pro, respectively. This evolution is expected to be accomplished mainly through commercial software releases by our network equipment manufacturers.

In April 2015, the Company entered the New Zealand fixed broadband market through the acquisition of a broadband business which allows it to provide both mobile and broadband services to subscribers via bundled products. The sale of bundled services in New Zealand facilitates better customer retention and the ability to capture a larger share of household communications revenues and small and medium enterprise customers.

Foreign Currency

In New Zealand, the Company generates revenue and incurs costs in New Zealand dollars ("NZD"). Fluctuations in the value of the New Zealand dollar relative to the U.S. dollar can increase or decrease the Company's overall revenue and profitability as stated in USD, which is the Company's reporting currency. The effect of these fluctuations are referenced in the remainder of this document as "impact of foreign currency". The following table sets forth for each period indicated the exchange rates in effect at the end of the period and the average exchange rates for such periods, for the NZD, expressed in USD.

	September 30, 2019	December 31, 2018	% Change
End of period NZD to USD exchange rate	0.63	0.67	(7%)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	% Change	2019	2018	% Change
Average NZD to USD exchange rate	0.65	0.67	(3%)	0.66	0.70	(5%)

The following table sets forth for each period indicated the exchange rates in effect at the end of the period and the average exchange rates for such periods, for the Canadian dollar ("CAD"), expressed in USD, as quoted by the Bank of Canada.

	September 30, 2019	December 31, 2018	% Change
End of period CAD to USD exchange rate	0.76	0.73	3%

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	% Change	2019	2018	% Change
Average CAD to USD exchange rate	0.76	0.77	(1%)	0.75	0.78	(3%)

Overall Performance

The table below summarizes the Company's key financial metrics for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended September 30,		Nine Months Ended September 30,		% Variance	
(in thousands)	2019	2018	2019	2018	3 mo. vs 3 mo.	9 mo. vs 9 mo.
Postpaid wireless subscribers	795	764	795	764	4%	4%
Prepaid wireless subscribers	2,551	2,631	2,551	2,631	(3%)	(3%)
Other wireless subscribers[1]	61	59	61	59	3%	3%
Wireline subscribers	102	78	102	78	31%	31%
Total ending subscribers	3,510	3,532	3,510	3,532	(1%)	(1%)
(in millions, unless otherwise noted)						
Service revenues	$ 134.1	$ 141.0	$ 405.3	$ 437.6	(5%)	(7%)
Total revenues	$ 160.5	$ 190.4	$ 527.8	$ 591.2	(16%)	(11%)
Net loss	$ (5.1)	$ (13.9)	$ (14.4)	$ (27.5)	63%	48%
Consolidated Adjusted EBITDA[2]	$ 33.4	$ 37.4	$ 106.1	$ 107.7	(11%)	(1%)
Consolidated Adjusted EBITDA Margin[2]	25%	27%	26%	25%	n/m	n/m
Capital expenditures[3]	$ 23.4	$ 20.0	$ 64.4	$ 58.3	17%	10%

n/m - not meaningful

[1]Includes public telephony and other wireless subscribers.

[2]These are non-U.S. GAAP measures and do not have standardized meanings under U.S. GAAP. Therefore, they are unlikely to be comparable to similar measures presented by other companies. For definitions and reconciliation to most directly comparable U.S. GAAP financial measures, see "Definitions and Reconciliations of Non-GAAP Measures" in this MD&A.

[3]Represents purchases of property and equipment from continuing operations excluding purchases of property and equipment acquired through vendor-backed financing and capital lease arrangements.

Adoption of New Revenue Standard

In May 2014, the FASB issued an Accounting Standard Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)," and has since modified the standard with several ASUs (collectively, the "new revenue standard"). We adopted this new revenue standard on January 1, 2019, using the modified retrospective method. This method requires the cumulative effect of initially applying the standard to be recognized at the date of adoption. Financial information prior to our adoption date has not been adjusted.

See Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies and Note 11 – Revenue from Contracts with Customers to the Condensed Consolidated Financial Statements for further information.

Q3 2019 Highlights

- Strong growth in New Zealand postpaid wireless subscribers which increased by 46 thousand, or 11%, compared to the third quarter of 2018. New Zealand postpaid service revenues increased 4% in the third quarter of 2019, compared to the third quarter of 2018 (or an 8% increase excluding the impact of foreign currency).

- New Zealand wireline subscribers increased by 24 thousand, or 31%, compared to the third quarter of 2018, driving a 17% increase in New Zealand wireline service revenues (a 21% increase excluding the impact of foreign currency).

- Growth in New Zealand prepaid wireless subscribers, which increased by 23 thousand, or 2%, compared to the third quarter of 2018. New Zealand prepaid service revenues increased 2% in the third quarter of 2019 compared to the third quarter of 2018 (or a 5% increase excluding the impact of foreign currency).

- New Zealand service revenues increased 5% compared to the third quarter of 2018.

- Strong growth in LTE adoption in Bolivia as LTE users increased 46% compared to the third quarter of 2018 and now represents 43% of the mobile subscriber base.

- Consolidated Adjusted EBITDA in the third quarter declined 11% over the third quarter of the prior year. Excluding the impact of foreign currency, Consolidated Adjusted EBITDA decreased 9%, compared to the third quarter of 2018, due to declines in Bolivia which were partially offset by increases in New Zealand. Consolidated Adjusted EBITDA margin declined to 25% in the third quarter of 2019, compared to 27% in the third quarter of 2018, driven by Adjusted EBITDA margin declines in Bolivia which were partially offset by a $2.7 million decline in sales and marketing as a result of the implementation of the new revenue standard and related deferral of certain contract acquisition costs.

- LTE sites on air increased 7% over the third quarter of 2018, as approximately 100% of New Zealand and 91% of Bolivian network sites are now LTE-enabled.

Key Performance Indicators

The Company measures success using a number of key performance indicators, which are outlined below. The Company believes these key performance indicators allow the Company to evaluate its performance appropriately against the Company's operating strategy as well as against the results of its peers and competitors. The following key performance indicators are not measurements in accordance with U.S. GAAP and should not be considered as an alternative to net income or any other measure of performance under U.S. GAAP (see definitions of these indicators in "Definitions and Reconciliations of Non-GAAP Measures – Key Industry Performance Measures – Definitions" at the end of this MD&A).

Subscriber Count

	As of September 30,		% Variance
(in thousands)	**2019**	**2018**	**2019 vs 2018**
New Zealand			
Postpaid wireless subscribers	463	418	11%
Prepaid wireless subscribers	962	939[1]	2%
Wireline subscribers	102	78	31%
New Zealand Total	1,527	1,434	6%
Bolivia			
Postpaid wireless subscribers	332	346	(4%)
Prepaid wireless subscribers	1,589	1,692	(6%)
Other wireless subscribers[2]	61	59	3%
Bolivia Total	1,983	2,098	(5%)
Consolidated			
Postpaid wireless subscribers	795	764	4%
Prepaid wireless subscribers	2,551	2,631[1]	(3%)
Other wireless subscribers[2]	61	59	3%
Wireline subscribers	102	78	31%
Consolidated Total	3,510	3,532	(1%)

(1) Includes approximately 37 thousand deactivations of prepaid wireless subscribers relating to 2degrees' planned shutdown of its 2G services in March 2018.

(2) Includes public telephony and other wireless subscribers.

The Company determines the number of subscribers to its services based on a snapshot of active subscribers at the end of a specified period. When subscribers are deactivated, either voluntarily or involuntarily for non-payment, they are considered deactivations in the period in which the services are discontinued or after 90 days of inactivity. Wireless subscribers include both postpaid and prepaid services for voice-only, data-only or a combination thereof in both the Company's New Zealand and Bolivia segments, as well as public telephony and other wireless subscribers in Bolivia. Wireline subscribers comprise the subscribers associated with the Company's fixed broadband product in New Zealand.

The Company ended September 30, 2019 with 3.5 million consolidated subscribers, of which 3.4 million were wireless subscribers, a decline of 46 thousand wireless subscribers compared to September 30, 2018.

- New Zealand’s wireless subscriber base increased 5% compared to September 30, 2018, reflecting an increase of postpaid and prepaid subscribers of 11% and 2%, respectively. As of September 30, 2019, 2degrees’ wireline subscriber base increased 31% compared to September 30, 2018.

- Bolivia’s wireless subscriber base declined 5% compared to September 30, 2018, reflecting a decline of 6% in prepaid subscribers. Prepaid subscribers comprise the majority of the wireless subscriber base. Postpaid subscribers as of September 30, 2019 declined 4% compared to September 30, 2018.

See the New Zealand and Bolivia Business Segment Analysis sections of this MD&A for additional information regarding the changes in subscribers.

Consolidated Key Performance Metrics[1]

	Three Months Ended September 30,		Nine Months Ended September 30,		% Variance	
(not rounded, unless otherwise noted)	**2019**	**2018**	**2019**	**2018**	**3 mo. vs 3 mo.**	**9 mo. vs 9 mo.**
Monthly blended wireless ARPU	$ 11.18	$ 11.50	$ 11.27	$ 11.93	(3%)	(6%)
Monthly postpaid wireless ARPU	$ 27.20	$ 28.62	$ 26.92	$ 29.37	(5%)	(8%)
Monthly prepaid wireless ARPU	$ 6.07	$ 6.56	$ 6.33	$ 6.81	(7%)	(7%)
Cost of acquisition	$ 45.95	$ 56.33	$ 43.85	$ 48.86	(18%)	(10%)
Equipment subsidy per gross addition	$ 4.19	$ 9.89	$ 3.08	$ 7.52	(58%)	(59%)
Blended wireless churn	5.19%	6.84%	5.10%	6.31%	n/m	n/m
Postpaid wireless churn	1.58%	1.48%	1.58%	1.65%	n/m	n/m
Capital expenditures (in millions)[2]	$ 23.4	$ 20.0	$ 64.4	$ 58.3	17%	10%
Capital intensity	17%	14%	16%	13%	n/m	n/m

n/m - not meaningful

[1]For definitions, see “Definitions and Reconciliations of Non-GAAP Measures - Key Industry Performance Measures-Definitions” in this MD&A.

[2]Represents purchases of property and equipment from continuing operations excluding purchases of property and equipment acquired through vendor-backed financing and capital lease arrangements.

Monthly Blended Wireless ARPU – average monthly revenue per wireless user

Consolidated monthly blended wireless ARPU declined 3% and 6% for the three and nine month periods ended September 30, 2019, respectively, compared to the same periods in 2018.

The impact of foreign currency in New Zealand and the competitive pricing in Bolivia were the primary drivers of the ARPU decline. Excluding the impact of foreign currency, consolidated monthly blended wireless ARPU declined 1% and 3% for the three and nine month periods ended September 30, 2019, respectively, compared to the same periods in 2018.

In Bolivia, the decline in blended wireless ARPU for the three and nine months ended September 30, 2019 was primarily attributable to the competitive market environment which resulted in prepaid and postpaid pricing declines. Additionally, Bolivia postpaid wireless ARPU declined 8% and 10% for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, partially driven by a $1.1 million and $3.7 million impact, respectively, of the implementation of the new revenue standard and related reallocation from service revenues to equipment revenue. Excluding the impact of the new revenue standard, Bolivia postpaid wireless ARPU declined 3% and 4% for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018.

Excluding the impact of foreign currency and the implementation of the new revenue standard in 2019, consolidated monthly blended wireless ARPU remained flat and declined 2% for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018.

Cost of Acquisition

The Company's cost of acquisition for its segments is largely driven by increases or declines in equipment subsidies, as well as fluctuations in its sales and marketing, which are components of supporting the subscriber base; the Company measures its efficiencies based on a per gross add or acquisition basis.

Cost of acquisition declined 18% and 10% for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. For the three and nine months ended September 30, 2019, the decrease in cost of acquisition was primarily driven by a decline in equipment subsidy per gross addition in Bolivia. Further, sales and marketing per gross addition declined for the three and nine months ended September 30, 2019. The decline in consolidated sales and marketing was primarily due to the impact of the implementation of the new revenue standard and related deferral of certain contract acquisition costs in the amount of $2.7 million and $10.5 million in the three and nine months ended September 30, 2019, respectively.

Equipment Subsidy per Gross Addition

Equipment subsidies, a component of the Company's cost of acquisition, have centered on an increasing demand for, and promotion of, LTE-enabled devices. The Company also periodically offers equipment subsidies in New Zealand on certain plans and higher-end wireless devices; however, there has been less of a focus on handset subsidies since the launch of an Equipment Installment Plan ("EIP") in the third quarter of 2014. In Bolivia, a comparatively new entrant into smartphone-centric usage, equipment subsidies are used to encourage LTE-enabled device adoption. The grey market category, a source of unsubsidized devices, continues to represent the principal smartphone market in Bolivia. In 2018, NuevaTel began offering the option to pay for handsets in installments using an EIP, which has resulted in a decrease in handset subsidies.

For the three and nine months ended September 30, 2019, equipment subsidy per gross addition declined 58% and 59%, respectively, compared to the same periods in 2018. These declines were primarily driven by a reduction in handset subsidies in Bolivia. The declines in equipment subsidy per gross addition were also driven by the impact of the implementation of the new revenue standard and related reallocation from service revenues to equipment revenue. Excluding the impact of the implementation of the new revenue standard, consolidated equipment subsidy per gross addition declined 38% and 30% for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018.

Blended Wireless Churn

Generally, prepaid churn rates are higher than postpaid churn rates. Prepaid churn rates have increased in New Zealand and Bolivia during times of intensive promotional activity as well as periods associated with high-volume consumer shopping, such as major events, holidays and tourism in New Zealand during summer vacation. There is generally less seasonality with postpaid churn rates, as postpaid churn is mostly a result of service contract expirations, equipment purchased on an installment payment basis being fully paid off and new device or service launches.

Both 2degrees and NuevaTel evaluate their subscriber bases periodically to assess activity in accordance with their subscriber service agreements. Customers who are unable to pay within established standards are terminated; their terminations are recorded as involuntary churn.

Blended wireless churn declined 165 basis points and 121 basis points for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, primarily due to reduced churn in Bolivia. The decline in churn in Bolivia was primarily due to prepaid promotional activity in 2018 emphasizing new subscribers which resulted in higher churn in that year.

Capital Expenditures

Capital expenditures include costs associated with the acquisition and placement into service of property and equipment. The wireless communications industry requires significant and on-going investments, including investment in new technologies and the expansion of capacity and geographical reach. Capital expenditures have a material impact on the Company's cash flows; therefore, planning, funding and managing such investments is a key focus.

Capital expenditures represent purchases of property and equipment excluding purchases of property and equipment acquired through vendor-backed financing and capital lease arrangements. Expenditures related to the acquisition of spectrum licenses, if any, are not included in capital expenditures amounts. The Company believes this measure best reflects its cost of capital expenditures in a given period and is a simpler measure for comparing between periods.

For the three and nine months ended September 30, 2019, compared to the same periods in 2018, the capital intensity percentage increased primarily due to an increase in capital expenditures in New Zealand resulting from the timing of expenditures as well as network capacity investments.

Results of Operations

Consolidated Revenues

(in millions)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	% Variance 3 mo. vs. 3 mo.	% Variance 9 mo. vs 9 mo.
Revenues:						
Wireless service revenues	$ 114.1	$ 122.8	$ 346.5	$ 379.7	(7%)	(9%)
Wireline service revenues	17.5	15.0	51.3	46.0	17%	11%
Equipment sales	26.4	49.4	122.6	153.7	(47%)	(20%)
Non-subscriber ILD and other revenues	2.5	3.3	7.5	11.8	(24%)	(36%)
Total revenues	$ 160.5	$ 190.4	$ 527.8	$ 591.2	(16%)	(11%)

Consolidated Wireless Service Revenues

Wireless service revenues declined $8.8 million and $33.3 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. Excluding the impact of foreign currency, wireless service revenues declined $6.8 million and $23.2 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. The Company’s implementation of the new revenue standard and the related reallocation from service revenues to equipment revenue accounted for a decline of $1.0 million and $3.6 million in wireless service revenues for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, primarily associated with postpaid wireless service revenues in Bolivia. The remaining decline in wireless service revenues was attributable to a decline in prepaid wireless service revenues in Bolivia due to intense competition resulting in a decline of the prepaid subscriber base and prepaid wireless ARPU. These declines in Bolivia were partially offset by a growth in the postpaid subscriber base in New Zealand.

Consolidated Wireline Service Revenues

Wireline service revenues increased $2.6 million and $5.3 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, primarily due to 31% growth in the wireline subscriber base in New Zealand. Excluding the impact of foreign currency, wireline service revenues increased $3.0 million and $7.6 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018.

Consolidated Equipment Sales

Equipment sales declined $23.0 million and $31.1 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. Excluding the impact of foreign currency, equipment sales declined $21.5 million and $23.5 million, compared to the same periods in 2018. During the third quarter of 2019, 2degrees discontinued an exclusivity arrangement with a New Zealand retail distributor and reseller of its wireless devices and accessories. The retailer was 2degrees’ largest individual customer of handsets and devices, representing 12% of the Company’s consolidated total revenues in 2018. Equipment sales through this channel were historically low-margin sales and included subscriber equipment replacements and thus not correlated with subscriber activation volumes.

Consolidated Non-subscriber International Long Distance (“ILD”) and Other Revenues

Non-subscriber ILD and other revenues declined $0.8 million and $4.3 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. A decline in the volume of other operators’ subscribers’ traffic on our network and lower rates under an agreement with an ILD operator in New Zealand beginning in the third quarter of 2018 primarily accounted for the decline for the nine months ended September 30, 2019, compared to same period in 2018.

Consolidated Operating Expenses

Operating expenses represent expenditures incurred by the Company’s operations and its corporate headquarters.

(in millions)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	% Variance 3 mo. vs 3 mo.	% Variance 9 mo. vs 9 mo.
Operating expenses:						
Cost of service, exclusive of depreciation, amortization and accretion shown separately	$ 49.1	$ 48.0	$ 146.9	$ 153.6	2%	(4%)
Cost of equipment sales	28.7	54.5	127.3	167.5	(47%)	(24%)
Sales and marketing	22.7	23.9	63.1	76.0	(5%)	(17%)
General and administrative	28.8	28.6	93.6	94.7	1%	(1%)
Depreciation, amortization and accretion	27.5	28.2	81.9	84.9	(2%)	(3%)
(Gain) loss on disposal of assets and sale-leaseback transaction	(2.6)	1.0	(10.2)	1.0	(349%)	n/m
Total operating expenses	$ 154.2	$ 184.2	$ 502.7	$ 577.6	(16%)	(13%)

Consolidated Cost of Service

Cost of service expense increased $1.0 million and declined $6.6 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. Excluding the impact of foreign currency, cost of service increased $1.8 million and declined $2.2 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. The increase in the three months ended September 30, 2019, compared to the same period in 2018, was primarily due to an increase in transmission expense in New Zealand. The decline for the nine months ended September 30, 2019, compared to the same period in 2018, was mainly attributable to a decline in interconnection costs and site maintenance costs in Bolivia.

Consolidated Cost of Equipment Sales

Cost of equipment sales declined $25.8 million and $40.1 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. Excluding the impact of foreign currency, cost of equipment sales declined $24.3 million and $32.3 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, primarily due to declines in New Zealand. During the third quarter of 2019, as discussed above, 2degrees discontinued an exclusivity arrangement with a New Zealand retail distributor and reseller of its wireless devices and accessories.

Consolidated Sales and Marketing

Sales and marketing declined $1.2 million and $12.9 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. The Company’s implementation of the new revenue standard in 2019 and related deferral of certain contract acquisition costs accounted for $2.7 million and $10.5 million of the declines in sales and marketing for the three and nine months ended September 30, 2019, respectively.

Consolidated General and Administrative

General and administrative costs increased $0.2 million and declined $1.1 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. Excluding the impact of foreign currency, general and administrative costs increased $0.7 million and $1.6 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. These increases were primarily due to an increase of costs in Bolivia of $0.8 million and $5.1 million, respectively, in connection with the initial and second closings of the tower sale-leaseback transaction, including related transaction taxes, bank fees, and other deal costs. For the nine months ended September 30, 2019, compared to the same period in 2018, this increase was partially offset by a decline in general and administrative costs in New Zealand. Additionally, there was a decline of $0.4 million and $1.6 million of consolidated costs related to the implementation of the new revenue standard for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018.

Consolidated Gain on Disposal of Assets and Sale-Leaseback Transaction

Gain on disposal of assets and sale-leaseback transaction increased $3.6 million and $11.2 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, primarily due to the gains recognized on the tower sale transaction in Bolivia during the first and third quarters of 2019 and related amortization of deferred gains.

Consolidated Other Expenses (Income)

	Three Months Ended September 30,		Nine Months Ended September 30,		% Variance	
(in millions)	**2019**	**2018**	**2019**	**2018**	**3 mo. vs 3 mo.**	**9 mo. vs 9 mo.**
Interest expense	$ 11.2	$ 11.1	$ 34.7	$ 33.7	1%	3%
Change in fair value of warrant liability	(0.2)	(0.9)	0.2	(6.1)	83%	102%
Debt modification and extinguishment costs	-	4.2	-	4.2	(100%)	(100%)
Other, net	(0.4)	4.9	1.0	4.3	(108%)	(77%)

Consolidated Interest Expense

Interest expense increased $0.1 million and $1.1 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. For the nine months ended September 30, 2019, the increase was primarily due to interest expense recognized related to the financing obligation incurred pursuant to the tower sale-leaseback transaction in Bolivia.

Consolidated Change in Fair Value of Warrant Liability

As of February 7, 2017, in connection with the completion of the Arrangement, TIP Inc.'s outstanding warrants were classified as a liability, as the warrants are written options that are not indexed to the Common Shares. The warrant liability is marked-to-market each reporting period with the changes in fair value recorded as a gain or loss in the Condensed Consolidated Statement of Operations. The non-cash gain from the change in fair value of the warrant liability declined by $0.8 million and $6.2 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, due to changes in the trading price of the warrants.

Consolidated Debt Modification and Extinguishment Costs

Debt modification and extinguishment costs declined $4.2 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. These declines were due to the refinancing of 2degrees' existing senior debt facility during the third quarter of 2018.

Consolidated Other, Net

Other, net expense declined $5.3 million and $3.4 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. These declines were primarily driven by the accrual in the third quarter of 2018 of a $4.5 million fine in Bolivia related to a network outage that occurred in 2015. For additional information, see Note 15 – Commitments and Contingencies to the Company's Consolidated Financial Statements.

Consolidated Income Taxes

	Three Months Ended September 30,		Nine Months Ended September 30,		% Variance	
(in millions)	**2019**	**2018**	**2019**	**2018**	**3 mo. vs 3 mo.**	**9 mo. vs 9 mo.**
Income tax expense	$ 0.8	$ 0.9	$ 3.6	$ 4.9	(17%)	(28%)

Income Tax Expense

Income tax expense declined $0.2 million and $1.4 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, primarily due to lower pre-tax earnings in Bolivia.

Business Segment Analysis

The Company's two reporting segments (New Zealand (2degrees) and Bolivia (NuevaTel)) provide a variety of wireless voice and data communications services, including local, international long distance and roaming services for both subscribers and international visitors roaming on the Company's networks. Services are provided to subscribers on both a postpaid and prepaid basis. In Bolivia, fixed public telephony services are also offered via wireless backhaul connections, as well as in-home use based on WiMAX technology. In New Zealand, fixed-broadband communications services, or wireline services, have been offered since May 2015.

The Company's networks support several digital technologies: GSM, 3G, 4G LTE and WiMAX. In New Zealand, the Company launched 4G LTE services in 2014 and the Company had 1,142 4G LTE sites on-air as of September 30, 2019. In Bolivia, the Company launched 4G LTE services in May 2015 and the Company had 1,136 4G LTE sites on-air as of September 30, 2019.

	2degrees	**NuevaTel**
Trilogy LLC Ownership Percentage as of September 30, 2019	73.2%	71.5%
Launch Date	August 2009	November 2000
Population (in millions)[1]	4.5	11.3
Wireless Penetration[2]	143%	91%
Company Wireless Subscribers (in thousands) as of September 30, 2019	1,425	1,983
Company Market Share of Wireless Subscribers[2]	23%	19%

[1]Source: The U.S. Central Intelligence Agency's World Factbook as of July 2018.

[2]Source: Management estimate based on most currently available information.

Following its launch in 2009 as New Zealand's third wireless entrant, 2degrees quickly gained market share. Based on the most currently available information, management estimates that the New Zealand operation has a market share of wireless subscribers of 23%. The Company believes there is continued opportunity for significant growth in the estimated $5 billion NZD New Zealand telecommunications market where we estimate 2degrees has approximately a 13% share of the revenue.

The Bolivian market also consists of three mobile operators. Based on the most currently available information, management estimates that the Bolivian operation has a market share of wireless subscribers of 19%. The cash flow generated from its operations has been used to fund its ongoing 4G LTE network expansion as well as to pay dividends to shareholders. Bolivia has low smartphone and broadband penetration compared to other Latin American markets, thus creating opportunity for continued growth in data usage. Furthermore, the Company believes that the availability of LTE-enabled devices at prices affordable to Bolivian customers, the introduction of other mobile data-capable devices and the availability of additional content will accelerate the rate of LTE-enabled devices penetration and data usage in Bolivia.

New Zealand (2degrees)

2degrees launched commercial service in 2009. As of September 30, 2019, Company-controlled entities owned 73.2% of 2degrees with the remaining interests (26.8%) substantially owned by Tesbrit B.V., a Dutch investment company.

Overview

2degrees successfully entered the New Zealand market in 2009. Prior to 2degrees' entry, the New Zealand wireless communications market was a duopoly, and the incumbent operators, Vodafone and Telecom New Zealand (now Spark New Zealand ("Spark")), were able to set relatively high prices, which resulted in low wireless usage by consumers. Additionally, mobile revenue in New Zealand in 2009 was only 31% of total New Zealand telecommunications industry revenue, compared to 42% for the rest of the Organization for Economic Co-operation and Development countries. These two factors led the Company to believe that New Zealand presented a significant opportunity for a third competitor to enter the market successfully.

Consequently, 2degrees launched in the New Zealand wireless market in 2009 through innovative pricing, a customer-centric focus and differentiated brand positioning. 2degrees introduced a novel, low-cost, prepaid mobile product that cut the incumbents' prices of prepaid voice calls and text messages in half and rapidly gained market share. Since then, 2degrees has reinforced its reputation as the challenger brand by combining low-cost alternatives with excellent customer service.

Additionally, 2degrees provides fixed broadband communications services to residential and enterprise customers.

Services; Distribution; Network; 2degrees Spectrum Holdings

For a discussion of these topics, please refer to TIP Inc.'s MD&A for the year ended December 31, 2018.

Governmental Regulation

New Zealand's Minister of Broadcasting, Communications and Digital Media, supported by the Ministry of Business Innovation and Employment ("MBIE"), advises the government on policy for telecommunications and spectrum issues. Following a general election in October 2017, the New Zealand Labour, New Zealand First and Green parties formed a new coalition government. The current Minister of Broadcasting, Communications and Digital Media is a New Zealand Labour MP, appointed to this position in September 2018. The New Zealand Labour party has signaled particular interest in digital content, digital inclusion, regional and broadcasting issues.

The MBIE administers the allocation of radio frequency management rights. 2degrees offers service pursuant to management rights in the 700 MHz band, the 900 MHz band, the 1800 MHz band and the 2100 MHz band. 2degrees' 900 MHz and 700 MHz spectrum rights expire in, or can be extended to, 2031; the 2degrees 1800 MHz and 2100 MHz spectrum rights expire in 2021. The government has issued renewal offers for 2degrees' 1800 MHz and 2100 MHz rights but will hold back, for future use, 5 MHz in each of the transmit and receive frequencies from 2degrees' 1800 MHz license renewal. (The MBIE will withdraw 5MHz in the transmit and receive frequencies from Vodafone's and Spark's renewals in 2021 as well). As a result, 2degrees will hold 20 MHz x 2 of 1800 MHz spectrum and 15 MHz x 2 of 2100 MHz spectrum following the renewals in 2021. The New Zealand government has indicated that the cost to 2degrees for these renewals will be approximately $50 million NZD and installment terms will be offered, which is consistent with 2degrees' expectations. The MBIE is also preparing for the introduction of fifth generation wireless services ("5G") in New Zealand. This includes consideration of a short-term allocation of a limited amount of 5G 3.5 GHz spectrum in 2020, to be followed by long-term allocation of 3.5 GHz spectrum in November 2022, when the full 3.5 GHz band becomes available for allocation. The MBIE has sought 'Expressions of Interest' in the short-term allocation. 2degrees responded and is engaged with MBIE regarding this allocation. The MBIE has yet to provide the exact timing or allocation details; however, the MBIE is expected to provide initial guidance in December 2019. The MBIE is also currently considering technical issues related to such 3.5 GHz allocations. The MBIE is considering other potential 5G bands, including 600 MHz and mmWave spectrum (above 20 GHz) for allocation in the future.

The politically independent Commerce Commission of New Zealand (the "Commerce Commission") is responsible for implementation of New Zealand's Telecommunications Act 2001. The Commerce Commission includes a Telecommunications Commissioner, who oversees a team that monitors the telecommunications marketplace and identifies telecommunications services that warrant regulation. The Commerce Commission's recommendations are made to the Minister of Broadcasting, Communications and Digital Media. For services that are regulated, the Commerce Commission is authorized to set price and/or non-price terms for services and to establish enforcement arrangements applicable to regulated services. The Commerce Commission's responsibilities include wholesale regulation of the fixed line access services that 2degrees offers, including unbundled bitstream access, as well as the regulation of wholesale mobile services such as colocation and national roaming.

In September 2019, the Commerce Commission completed the study of the mobile market it had undertaken. The purpose of this review was to develop a common understanding of the competitive landscape and any future competition issues. The study considered both evolving consumer preferences and technological shifts, including implications of fixed-mobile convergence and 5G for infrastructure sharing and wholesale access regulation. The Commerce Commission's final findings confirmed that wholesale MVNO access regulation is not justified at this time and that there will be no acceleration of the Commerce Commission's scheduled regulatory reviews.

The New Zealand government completed a review of the Telecommunications Act 2001 and issued policy recommendations in June 2017. As a result, legislation was passed late in 2018 that sets out a new regulatory framework for fiber services, which 2degrees employs for the provision of both fixed broadband and mobile communications services to its customers. The legislation takes a regulated "utility style" building blocks approach, representing a shift from the existing Total Service Long Run Increment Cost pricing approach applied to copper services. Copper services will be deregulated in areas where fiber services are available. The Commerce Commission is now responsible for implementing this new utility style framework for fiber. It has begun, and will continue, to conduct extensive industry consultations regarding this issue so that it can put in place the new regime by January 2022, as required. An 'emerging views' paper regarding the fiber input methodologies it will adopt was published in late May 2019. Industry responses were submitted in July 2019. A draft decision for consultation is expected in November 2019, with a final input methodology decision and consultations on draft price and quality regulation not expected until 2020.

In addition, access to fiber unbundling is required to be provided beginning in 2020 under separate Deeds of Open Access Undertakings (Fibre Deeds). This fiber unbundling is exempt from price and regulation under the new fiber regime for the first regulatory period (until 2025); however, it is subject to equivalence and non-discrimination obligations within the Fibre Deeds. The Commerce Commission is currently consulting with industry stakeholders in relation to guidance it will issue on these obligations.

Under the new legislation, telecommunications monitoring is also being expanded to provide a greater emphasis on service quality rather than the current focus on price and coverage. The Commerce Commission is expected to undertake a consumer survey and consult with industry stakeholders, including on the collection of retail service quality data, at the end of 2019 or first half of 2020.

There are no major changes to the regulation of mobile-specific services, but the new legislation streamlines various Telecommunications Act 2001 processes, shortening the time for implementation of future regulations, which could include rules governing the mobile sector.

The New Zealand government has taken an active role in funding fiber (the Ultra-Fast Broadband Initiative) and wireless infrastructure (the Rural Broadband Initiative or "RBI") to enhance citizens' access to higher speed broadband services. The Ultra-Fast Broadband Initiative has been extended over time and fiber is now expected to reach 87% of the population by December 2022. In addition, the government announced an extension of the RBI to RBI2 ("RBI2") and a Mobile Black Spots Fund ("MBSF"). The New Zealand government initially allocated a fund of $150 million NZD for RBI2 and MBSF. In April 2017, the three national mobile providers, 2degrees, Vodafone and Spark, formed a joint venture to deliver a shared wireless broadband/mobile solution in the rural areas identified by the government. In August 2017, the New Zealand government signed an agreement with the joint venture to fund a portion of the country's rural broadband infrastructure project (the "RBI2 Agreement"). Under the RBI2 Agreement, each joint venture partner, including 2degrees, committed to invest $20 million NZD over several years in accordance with payment milestones agreed upon between the parties to the agreement. 2degrees will also contribute to the operating costs of the RBI2 network. In December 2018, details of a further extension of the RBI2/MBSF were announced. This is expected to extend coverage to 99.8% of the population and is funded with an additional $145 million NZD.

In the past, New Zealand's government has supported competition in the telecommunications market. In February 2017, the Commerce Commission rejected a proposed merger between Vodafone and Sky Network Television, a satellite pay television provider, on grounds that the transaction would lessen competition. The government also has previously imposed limits on the quantity of spectrum that any one party and its associates can hold in specific frequency bands, and has permitted purchasers of spectrum rights to satisfy their purchase payment obligations over time (both of which assisted 2degrees' ability to acquire spectrum rights); however, the government does not have a clear policy to continue these practices.

New Zealand - Operating Results

(in millions, unless otherwise noted)	Three Months Ended September 30, 2019		Three Months Ended September 30, 2018		Nine Months Ended September 30, 2019		Nine Months Ended September 30, 2018		% Variance 3 mo. vs 3 mo.	% Variance 9 mo. vs. 9 mo.
Service revenues	$	85.2	$	81.2	$	252.4	$	256.9	5%	(2%)
Total revenues	$	109.9	$	129.6	$	368.8	$	408.2	(15%)	(10%)
Data as a % of wireless service revenues(1)		70%		68%		70%		67%	n/m	n/m
New Zealand Adjusted EBITDA	$	26.7	$	23.8	$	79.0	$	64.6	12%	22%
New Zealand Adjusted EBITDA Margin(2)		31%		29%		31%		25%	n/m	n/m
Postpaid Subscribers (in thousands)										
Net additions		12		9		33		22	29%	53%
Total postpaid subscribers		463		418		463		418	11%	11%
Prepaid Subscribers (in thousands)										
Net additions (losses)		8		(45)		(3)		(86)(3)	117%	96%
Total prepaid subscribers		962		939		962		939	2%	2%
Total wireless subscribers (in thousands)		1,425		1,356		1,425		1,356	5%	5%
Wireline Subscribers (in thousands)										
Net additions		8.5		3.2		20.1		9.3	170%	117%
Total wireline subscribers		102		78		102		78	31%	31%
Total ending subscribers (in thousands)		1,527		1,434		1,527		1,434	6%	6%
Blended wireless churn		2.41%		3.50%		2.62%		3.20%(3)	n/m	n/m
Postpaid churn		1.25%		1.40%		1.25%		1.59%	n/m	n/m
Monthly blended wireless ARPU (not rounded)	$	15.56	$	15.44	$	15.44	$	16.10	1%	(4%)
Monthly postpaid wireless ARPU (not rounded)	$	31.93	$	33.84	$	31.85	$	35.13	(6%)	(9%)
Monthly prepaid wireless ARPU (not rounded)	$	7.60	$	7.44	$	7.66	$	7.78(3)	2%	(2%)
Residential wireline ARPU (not rounded)	$	45.59	$	47.09	$	46.54	$	50.36	(3%)	(8%)
Capital expenditures (4)	$	18.2	$	9.9	$	49.2	$	35.9	84%	37%
Capital intensity		21%		12%		20%		14%	n/m	n/m

n/m - not meaningful

(1)Definition of wireless data revenues has been updated to exclude revenues related to SMS usage. See "Definitions and Reconciliations of Non-GAAP Measures- Key Industry Performance Measures-Definitions" in this MD&A.

(2)New Zealand Adjusted EBITDA Margin is calculated as New Zealand Adjusted EBITDA divided by New Zealand service revenues.

(3)Includes approximately 37 thousand deactivations of prepaid wireless subscribers in the nine months ended September 30, 2018 relating to the 2G network shutdown that occurred in the first quarter of 2018. Exclusive of these deactivations resulting from the 2G network shutdown, prepaid net losses would have been 50 thousand, blended wireless churn would have been 2.87% and monthly prepaid wireless ARPU would have been $7.64 for the nine months ended September 30, 2018.

(4)Represents purchases of property and equipment excluding purchases of property and equipment acquired through vendor-backed financing and capital lease arrangements.

Three and Nine Months Ended September 30, 2019 Compared to Same Periods in 2018

Service revenues increased $4.1 million and declined $4.5 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. Excluding the impact of foreign currency, service revenues increased $6.5 million and $8.5 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. These increases were due to higher postpaid wireless and wireline service revenues driven by the larger postpaid and wireline subscriber bases. Subscriber revenues, which is a component of service revenues and includes postpaid and prepaid wireless service revenues and wireline service revenues, increased $4.9 million and $2.4 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. Excluding the impact of foreign currency, subscriber revenues increased $7.2 million and $14.6 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. These increases in subscriber revenues were partially offset by declines in roamer revenues and non-subscriber ILD revenues attributable to declines in the volume of other operators' subscribers' traffic on our network and lower rates under an agreement with an ILD operator beginning in the third quarter of 2018.

Total revenues declined $19.7 million and $39.3 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018 due to a decline in equipment sales. Excluding the impact of foreign currency, total revenues declined $15.8 million and $18.8 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. During the third quarter of 2019, 2degrees discontinued an exclusivity arrangement with a New Zealand retail distributor and reseller of its wireless devices and accessories. In addition, there were further declines in the volume of higher priced devices sold for the three and nine months ended September 30, 2019, compared to the same periods in 2018. These declines in equipment sales were partially offset by increases in service revenues, excluding the impact of foreign currency.

For the three and nine months ended September 30, 2019, compared to the same periods in 2018, operating expenses declined $24.7 million and $59.5 million, respectively ($21.0 million and $39.4 million, respectively, excluding the impact of foreign currency), primarily due to the following:

- Cost of service increased $1.3 million and declined $5.0 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. Excluding the impact of foreign currency, cost of service increased $2.1 million and declined $0.5 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. For the three and nine months ended September 30, 2019, compared to the same periods in 2018, there were transmission expense increases associated with growth of the wireline subscriber base. For the nine months ended September 30, 2019, compared to the same period in 2018, the increase in transmission expense was offset by a decline in non-subscriber interconnection costs primarily associated with a reduction in roamer traffic and lower non-subscriber interconnection rates with an operator beginning in the third quarter of 2018;

- Cost of equipment sales declined $24.8 million and $36.7 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. Excluding the impact of foreign currency, cost of equipment sales declined $23.2 million and $28.9 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, primarily due to the discontinuation of an exclusivity arrangement with a New Zealand retail distributor and reseller of 2degrees wireless devices and accessories during the third quarter of 2019. In addition, there were further declines in the volume of higher cost devices sold for the three and nine months ended September 30, 2019, compared to the same periods in 2018;

- Sales and marketing was flat and declined $10.8 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. The Company’s implementation of the new revenue standard and resulting deferral of certain commissions expenses accounted for a $1.8 million and $6.7 million decline in commissions costs during the three and nine months ended September 30, 2019, respectively. As anticipated, 2degrees incurred higher levels of advertising expenses in the third quarter of 2019 following lower levels of spending in the first half of 2019. For the three months ended September 30, 2019, compared to the same period in 2018, there was an increase of $1.5 million in advertising and promotions costs associated with 2degrees’ launch of new plans and 10th anniversary brand campaign. For the nine months ended September 30, 2019, compared to the same period in 2018, advertising and promotions costs declined $2.1 million due to higher expenditures in 2018 associated with brand campaigns. The impact of foreign currency of $0.4 million and $2.5 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, also resulted in declines in sales and marketing;

- General and administrative increased $0.3 million and declined $3.7 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. Excluding the impact of foreign currency, general and administrative increased $0.7 million and declined $1.0 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. Bad debt expenses declined $1.0 million and $2.7 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, excluding the impact of foreign currency. The declines in bad debt expense were primarily attributable to accounts receivable recovery efforts and improved credit risk of our customer portfolio. Remaining changes were due to individually insignificant administrative costs; and

- Depreciation, amortization and accretion declined $0.6 million and $3.1 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, primarily due to the impact of foreign currency.

New Zealand Adjusted EBITDA increased $2.9 million and $14.5 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. Excluding the impact of foreign currency, New Zealand Adjusted EBITDA increased $3.7 million and $17.7 million for the three and nine months ended September 30, 2019, respectively. These increases were primarily the result of increases in subscriber revenues described above. The impact from the implementation of the new revenue standard also contributed to the increases in Adjusted EBITDA in the amount of $2.4 million and $7.7 million for the three and nine months ended September 30, 2019, respectively.

Capital expenditures increased $8.3 million and $13.3 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. These increases were primarily due to the timing of those expenditures as well as network capacity investments.

Subscriber Count

2degrees' wireless subscriber base increased 5% compared to September 30, 2018, driven by an 11% increase in postpaid wireless subscribers. As of September 30, 2019, postpaid wireless subscribers comprised 33% of the total wireless subscriber base, an increase of approximately two percentage points from September 30, 2018. Postpaid wireless subscriber growth was driven by a 29% and 53% increase in postpaid net additions for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. These increases were attributable to enhancements to postpaid offers, including increases in data allocation on certain plans in the third quarter of 2019 and the launch of new unlimited plans during the second quarter of 2019, coupled with improvements in postpaid churn and promotional offers. Additionally, the Company launched new prepaid plans during the third quarter of 2019 resulting in a decline in prepaid churn for the three and nine months ended September 30, 2019, compared to the same periods in 2018, and positive prepaid net additions in the third quarter of 2019.

As of September 30, 2019, 2degrees' wireline subscriber base increased 31% compared to the third quarter of 2018. Our wireline subscriber increase was mainly due to 2degrees' competitive offerings, including promotions related to the cross selling of wireline services to 2degrees wireless subscribers, which continue to positively impact the growth of the wireline customer base.

Blended Wireless ARPU

2degrees' blended wireless ARPU is generally driven by the mix of postpaid and prepaid subscribers, foreign currency exchange rate fluctuations, the amount of data consumed by the subscriber and the mix of service plans and bundles.

Blended wireless ARPU increased 1% and declined 4% for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. Excluding the impact of foreign currency, blended wireless ARPU increased 4% and 1% for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. These increases were attributable to the higher proportion of postpaid wireless subscribers and increases in data revenues per average subscriber. Blended wireless ARPU related to data revenues increased 5% and 1% for the three and nine months ended September 30, 2019, compared to the same periods in 2018, respectively (excluding the impact of foreign currency, the increase was 8% and 7%, respectively). These increases were partially offset by declines in postpaid revenue per average postpaid subscriber for the three and nine months ended September 30, 2019, compared to the same periods in 2018, as business subscribers transition from legacy postpaid plans into EIP.

New Zealand Business Outlook, Competitive Landscape and Industry Trend

The New Zealand Business Outlook, Competitive Landscape and Industry Trend are described in TIP Inc.'s MD&A for the year ended December 31, 2018.

Bolivia (NuevaTel)

The Trilogy LLC founders launched NuevaTel in 2000 while they served in senior management roles with Western Wireless. Trilogy LLC subsequently acquired a majority interest in the business in 2006 and currently owns 71.5% of NuevaTel, with the remaining 28.5% owned by Comteco, a large cooperatively owned fixed line telephone provider in Bolivia.

Overview

NuevaTel, which operates under the brand name "Viva" in Bolivia, provides wireless, long distance, public telephony and wireless broadband communication services. It provides competitively priced and technologically advanced service offerings and high quality subscriber care. NuevaTel focuses its customer targeting efforts on millennials and differentiates itself through simplicity, transparency and a strong national brand. As of September 30, 2019, NuevaTel had approximately 2.0 million wireless subscribers which management estimates to be a market share of 19%.

Services; Distribution; Network; NuevaTel Spectrum Holdings

For a discussion of these topics, please refer to TIP Inc.'s MD&A for the year ended December 31, 2018.

Governmental Regulation

NuevaTel operates two spectrum licenses in the 1900 MHz band; the first license expires in November 2019, and the second license expires in 2028. Additionally, NuevaTel provides 4G LTE services in the 1700 / 2100 MHz bands with a license term expiring in 2029. NuevaTel also provides fixed broadband services using WiMAX and fixed LTE technologies through spectrum licenses in the 3500 MHz band with minimum terms ranging from 2024 to 2027. The long distance and public telephony licenses held by NuevaTel are valid until June 2042 and February 2043, respectively. The long distance license and the public telephony license are free and are granted upon request.

The Bolivian telecommunications law ("Bolivian Telecommunications Law"), enacted on August 8, 2011, requires telecommunications operators to pay recurring fees for the use of certain spectrum (such as microwave links), and a regulatory fee of 1% and a universal service tax of up to 2% of gross revenues. The law also authorizes the Autoridad de Regulación y Fiscalización de Telecomunicaciones y Transportes of Bolivia (the "ATT"), Bolivia's telecommunications regulator, to promulgate rules governing how service is offered to consumers and networks are deployed. The ATT required carriers to implement number portability by October 1, 2018, an obligation which NuevaTel has satisfied. It requires wireless carriers to publish data throughput speeds to their subscribers and to pay penalties if they do not comply with transmission speed commitments. The ATT has also conditioned the 4G LTE licenses it awarded to Tigo (a wireless competitor to NuevaTel) and NuevaTel on meeting service deployment standards, requiring that the availability of 4G LTE service expand over a 96-month period from urban to rural areas through mid-2022. NuevaTel has met its 4G LTE launch commitments thus far and intends to continue to satisfy this commitment.

The ATT has aggressively investigated and imposed sanctions on all wireless carriers in connection with the terms on which they offer service to consumers, the manner in which they bill and collect for such services, the manner in which they maintain their networks and the manner in which they report to the ATT regarding network performance (including service interruptions). In the case of NuevaTel, the ATT has assessed fines totaling approximately $6.7 million in connection with proceedings concerning past service quality deficiencies in 2010 and a service outage in 2015. The fine relating to 2010 service quality deficiencies, in the amount of $2.2 million, was annulled by the Bolivian Supreme Tribunal of Justice on procedural grounds but the ATT was given the right to impose a new fine. The ATT has until December 2019 to do so. Should it decide to impose a new fine, NuevaTel can discharge the fine by paying half of the penalty on condition that it waives its right to appeal. The Company has accrued the full amount of $2.2 million. The fine relating to the 2015 service outage, $4.5 million, was also initially annulled by the Bolivian Public Works Ministry (the "Ministry"), which supervises the ATT; however, the ATT was allowed to re-impose the fine, which it did, although it noted in its findings that the outage was a force majeure event. NuevaTel filed an appeal to the Ministry against the re-imposition of the fine. In September 2018, the Ministry notified NuevaTel that it rejected the appeal and that NuevaTel would be required to pay the $4.5 million fine plus interest. NuevaTel accrued $4.5 million for the fine in its financial statements in the third quarter of 2018. NuevaTel has appealed the Ministry's decision to the Supreme Tribunal of Justice. On May 22, 2019, the ATT ordered NuevaTel to pay the fine it had imposed. NuevaTel has responded that it is not obligated to pay until the Supreme Tribunal rules on its appeal. The ATT has the right to initiate a separate court proceeding against NuevaTel to collect the fine.

NuevaTel's license contracts typically require that NuevaTel post a performance bond valued at 7% of projected revenue for the first year of each license contract's term and 5% of gross revenue of the authorized service in subsequent years. Such performance bonds are enforceable by the ATT in order to guarantee that NuevaTel complies with its obligations under the license contract and to ensure that NuevaTel pays any fines, sanctions or penalties it incurs from the ATT. NuevaTel and other carriers are permitted by ATT regulations to meet their performance bond requirements by using insurance policies, which must be renewed annually. If NuevaTel is unable to renew its insurance policies, it would be required to seek to obtain a performance bond issued by a Bolivian bank. This performance bond would likely be available under less attractive terms than NuevaTel's current insurance policies. The failure to obtain such a bond could have a material adverse effect on the Company's business, financial condition and prospects.

Under the Bolivian Telecommunications Law, carriers must negotiate new licenses (to replace their existing concessions) with the Bolivian government. In February 2019, NuevaTel signed its new license agreement. The agreement governs (but does not replace) NuevaTel's existing spectrum grants and its concessions to provide mobile voice services and data services. NuevaTel's initial 1900 MHz spectrum grant and its mobile and data services concessions are due to be renewed in November 2019. The Company expects, but cannot guarantee, that this spectrum grant and the service concessions will be renewed at that time. NuevaTel anticipates that the government will not assess a charge for the renewal of the mobile and data service concessions, but it will be required to pay a fee to renew the 1900 MHz spectrum grant. NuevaTel estimates that a payment of approximately $30 million for its 1900 MHz spectrum renewal will be due in the fourth quarter of 2019. The payment is expected to be funded with cash resources from a combination of NuevaTel's operating cash flows, changes in the timing of property and equipment purchases or through a reinvestment of proceeds from the sale-leaseback of NuevaTel's towers.

Entel, the government-owned wireless carrier, maintains certain advantages under the Bolivian Telecommunications Law. Entel normally receives most of the universal service tax receipts paid to the government by telecom carriers; Entel uses these funds to expand its network in rural areas that are otherwise unprofitable to serve. Also, the Bolivian Telecommunications Law guarantees Entel access to new spectrum licenses, although it does require Entel to pay the same amount for new and renewed spectrum licenses as are paid by those who acquire spectrum in auctions or by arrangement with the government (including payments for license renewals).

Bolivia - Operating Results

(in millions, unless otherwise noted)	Three Months Ended September 30, 2019		Three Months Ended September 30, 2018		Nine Months Ended September 30, 2019		Nine Months Ended September 30, 2018		% Variance 3 mo. vs 3 mo.	% Variance 9 mo. vs 9 mo.
Service revenues	$	48.7	$	59.6	$	152.3	$	180.1	(18%)	(15%)
Total revenues	$	50.4	$	60.5	$	158.4	$	182.4	(17%)	(13%)
Data as a % of wireless service revenues [1]		47%		47%		48%		47%	n/m	n/m
Bolivia Adjusted EBITDA	$	9.5	$	16.9	$	35.0	$	52.1	(44%)	(33%)
Bolivia Adjusted EBITDA Margin[2]		19%		28%		23%		29%	n/m	n/m
Postpaid Subscribers (in thousands)										
Net additions (losses)		0.2		0.4		(5)		5	(46%)	(185%)
Total postpaid subscribers		332		346		332		346	(4%)	(4%)
Prepaid Subscribers (in thousands)										
Net losses		(8)		(179)		(45)		(106)	96%	58%
Total prepaid subscribers		1,589		1,692		1,589		1,692	(6%)	(6%)
Other wireless subscribers (in thousands)[3]		61		59		61		59	3%	3%
Total wireless subscribers (in thousands)		1,983		2,098		1,983		2,098	(5%)	(5%)
Blended wireless churn		7.18%		8.94%		6.84%		8.32%	n/m	n/m
Postpaid churn		2.04%		1.58%		2.02%		1.71%	n/m	n/m
Monthly blended wireless ARPU (not rounded)	$	8.06	$	9.02	$	8.33	$	9.23	(11%)	(10%)
Monthly postpaid wireless ARPU (not rounded)	$	20.68	$	22.39	$	20.33	$	22.54	(8%)	(10%)
Monthly prepaid wireless ARPU (not rounded)	$	5.14	$	6.08	$	5.54	$	6.27	(15%)	(12%)
Capital expenditures[4]	$	5.2	$	10.0	$	15.1	$	22.2	(48%)	(32%)
Capital intensity		11%		17%		10%		12%	n/m	n/m

n/m - not meaningful

[1]Definition of data revenues has been updated to exclude revenues related to SMS usage. See "Definitions and Reconciliations of Non-GAAP Measures- Key Industry Performance Measures-Definitions" in this MD&A.

[2]Bolivia Adjusted EBITDA Margin is calculated as Bolivia Adjusted EBITDA divided by Bolivia service revenues.

[3]Includes public telephony and other wireless subscribers.

[4]Represents purchases of property and equipment excluding purchases of property and equipment acquired through vendor-backed financing and capital lease arrangements.

Three and Nine Months Ended September 30, 2019 Compared to Same Periods in 2018

Service revenues declined $10.9 million and $27.8 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, primarily due to a $7.9 million and $18.1 million decline in prepaid revenues for the same periods, respectively. This was a result of a decline in prepaid wireless ARPU, described further below in Blended Wireless ARPU, combined with a decline in the subscriber base due to increased competition. Postpaid revenues declined $2.6 million and $8.5 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, including a $1.1 million and $3.7 million decrease, respectively, as a result of the implementation of the new revenue standard in 2019 and related reallocation from service revenues to equipment revenue. Postpaid revenues were also negatively impacted by competition in the market which resulted in price plan changes and subscriber declines in the three and nine months ended September 30, 2019 compared to the same periods in 2018.

Data revenues represented 47% and 48% of wireless services revenues for both the three and nine months ended September 30, 2019, compared to 47% for the same periods in 2018. LTE adoption increased to 43% as of September 30, 2019 from 28% as of September 30, 2018. Growth of LTE users and data usage per LTE user continues as data consumption per average subscriber in the third quarter of 2019 was nearly double data consumption per average subscriber in the same period last year. However, data pricing continues to be negatively impacted by competitive pressures in the wireless market.

Total revenues declined $10.1 million and $24.0 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, due to the decline in service revenues discussed above.

For the three and nine months ended September 30, 2019, operating expenses declined $4.8 million and $13.0 million, respectively, compared to the same periods in 2018, primarily due to the following:

- Cost of service declined $0.3 million and $1.7 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, primarily due to a decline in interconnection costs due to lower voice and SMS traffic terminating outside of NuevaTel’s network and lower site maintenance costs due to renegotiated contracts with vendors. These declines were partially offset by increases of $0.9 million and $2.0 million in net site costs related to the tower sale-leaseback transaction for the three and nine month periods, respectively. For additional information, see Note 2 – Property and Equipment to the Company’s Condensed Consolidated Financial Statements;

- Cost of equipment sales declined $1.0 million and $3.4 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, mainly due to a decline in the number of handsets sold;

- Sales and marketing declined $1.2 million and $2.2 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, due to the implementation of the new revenue standard and related deferral of certain contract acquisition costs. This resulted in a $0.9 million and $3.7 million decline in sales and marketing for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. For the nine months ended September 30, 2019, the decline was partially offset by an increase in customer retention expenses in 2019 when compared to the same periods in 2018 due to a change in the accrual for the customer loyalty program which ended in the third quarter of 2018. The net impact of the change of this accrual was $2.2 million for the nine months ended September 30, 2018;

- General and administrative increased $0.5 million and $5.2 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. The increase for the three months ended September 30, 2019 was primarily due to $0.8 million of transaction taxes and other deal costs in connection with the second closing of the tower sale-leaseback transaction. The increase for the nine months ended September 30, 2019 was primarily due to $5.1 million of costs incurred in connection with the initial and second closings of the tower sale-leaseback transaction and related transaction taxes, bank fees and other deal costs; and

- Gain on disposal of assets and sale-leaseback transaction increased $2.7 million and $11.0 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, due to the gain recognized in the 2019 periods related to the tower sale-leaseback transaction.

Bolivia Adjusted EBITDA declined $7.4 million and $17.1 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, primarily due to the decline in service revenues. These declines were partially offset by the year-over-year improvement in equipment margin and the impact from the implementation of the new revenue standard and resulting deferral of certain commissions costs. The implementation of the new revenue standard accounted for an increase of $0.3 million and $2.2 million in the three and nine months ended September 30, 2019, respectively, in Adjusted EBITDA.

Capital expenditures declined $4.8 million and $7.1 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018, due to LTE expansion projects in 2018 and timing of expenditures.

Subscriber Count

Bolivia’s wireless subscriber base has historically been predominantly prepaid, although the postpaid portion of the base has grown in recent years. In addition to prepaid and postpaid, Bolivia’s wireless subscriber base includes public telephony subscribers, as well as fixed wireless subscribers; these subscribers comprised 3% of the overall subscriber base as of September 30, 2019.

Bolivia’s wireless subscriber base declined 5% as of September 30, 2019 compared to September 30, 2018, primarily as a result of a 6% decline in prepaid subscribers. Postpaid subscribers declined 4% as of September 30, 2019 compared to September 30, 2018.

The decline in prepaid and postpaid subscribers is largely due to increased pricing pressure and bundled service offerings from our competitors.

Blended Wireless ARPU

Bolivia’s blended wireless ARPU is generally driven by LTE adoption, the mix and number of postpaid and prepaid subscribers, service rate plans and any discounts or promotional activities used to drive either subscriber volume or data usage increases. Subscriber usage of web navigation, voice services, SMS and value-added services also have an impact on Bolivia’s blended wireless ARPU.

Blended wireless ARPU declined 11% and 10% for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018. These declines were driven by declines in voice and data ARPU. Data consumption increased considerably during the period; however, these increases were offset by declines in data pricing due to intensified competition. Prepaid wireless ARPU declined 15% and 12% for the three and nine months ended September 30, 2019, respectively, due to competitive pricing pressures in the market. Postpaid wireless ARPU declined 8% and 10% for the three and nine months ended September 30, 2019, respectively, partially driven by the $1.1 million and $3.7 million impact from the implementation of the new revenue standard and related reallocation from service revenues to equipment revenue. Excluding the impact of the new revenue standard, postpaid wireless ARPU would have declined 3% and 4%, respectively, in the periods.

Bolivia Business Outlook, Competitive Landscape and Industry Trend

The Bolivia Business Outlook, Competitive Landscape and Industry Trend are described in TIP Inc.’s MD&A for the year ended December 31, 2018.

Selected Financial Information

The following tables set forth our summary consolidated financial data for the periods ended and as of the dates indicated below.

The summary consolidated financial data is derived from our Condensed Consolidated Financial Statements for each of the periods indicated in the following tables.

Differences between amounts set forth in the following tables and corresponding amounts in our Condensed Consolidated Financial Statements and related notes which accompany this MD&A are a result of rounding. Amounts for subtotals, totals and percentage variances presented in the following tables may not sum or calculate using the numbers as they appear in the tables as a result of rounding.

Selected balance sheet information

The following table shows selected consolidated financial information for the Company’s financial position as of September 30, 2019 and December 31, 2018. The table below provides information related to the cause of the changes in financial position by financial statement line item for the period compared.

Consolidated Balance Sheet Data

(in millions, except as noted)	As of September 30, 2019	As of December 31, 2018	Change includes:
Cash and cash equivalents	$ 109.4	$ 43.9	Increase is primarily due to cash proceeds of $84.5 million related to the NuevaTel tower sale-leaseback transaction, $33.7 million of cash provided by operating activities and proceeds from EIP receivables financing obligation partially offset by purchase of property and equipment.
% Change	149%		
All other current assets	134.2	154.6	Decline is due to decline in 2degrees' handset inventory balance, partially offset by the Company's implementation of the new revenue standard and related capitalization of contract assets and contract costs.
% Change	(13%)		
Property, equipment and intangibles	419.4	475.8	Decline is due to additions during the period being less than depreciation and amortization. There were also declines attributable to cumulative translation adjustments and the NuevaTel tower sale- leaseback transaction.
% Change	(12%)		
All other non-current assets	90.1	64.6	Increase is due to the increase in the deferred tax asset primarily as a result of the NuevaTel tower sale-leaseback transaction.
% Change	39%		
Total assets	$ 753.2	$ 739.0	
Current portion of long-term debt	$ 23.1	$ 8.3	Increase is primarily due to proceeds from the EIP receivables financing obligation.
% Change	179%		
All other current liabilities	187.0	224.0	Decline reflects the decline in handset purchases accrual at 2degrees and decline in accounts payable and construction accounts payable at 2degrees and NuevaTel due to timing. These declines were partially offset by an income tax accrual at NuevaTel relating to the impact of the gain on the NuevaTel tower sale-leaseback transaction and the recognition of the current portion of deferred gain related to the NuevaTel tower sale-leaseback transaction.
% Change	(17%)		

Long-term debt % Change	512.4 3%	498.5	Increase is primarily due to the recognition of the financing obligation related to the NuevaTel tower sale-leaseback transaction and drawdowns on a Bolivian bank loan and the New Zealand senior facilities agreement. These increases were partially offset by the transfers to current portion of long-term debt of amounts due within one year and the cumulative translation adjustment.
All other non-current liabilities % Change	87.0 108%	41.8	Increase is due to the long-term portion of deferred gain related to the NuevaTel tower sale-leaseback transaction.
Total shareholders' deficit % Change	(56.3) (67%)	(33.6)	Increase in deficit is primarily due to the net loss during the nine months ended September 30, 2019, foreign currency translations and NuevaTel's dividends distributed to noncontrolling interest. These declines were partially offset by the cumulative effect of initially applying the new revenue standard as of January 1, 2019.
Total liabilities and shareholders' deficit	$ 753.2	$ 739.0	

Selected quarterly financial information

The following table shows selected quarterly financial information prepared in accordance with U.S. GAAP. Amounts related to the amortization of imputed discount on EIP receivables have been reclassified for all periods from Other, net and are now included as a component of service revenues and amounts related to the change in fair value of warrant liability have been reclassified from Other, net to conform to the current period presentation. These reclassifications had no effect on previously reported net (loss) income.

(in millions, except per share amounts)	**2019**			**2018**				**2017**
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Service revenues	$ 134.1	$ 136.1	$ 135.1	$ 139.0	$ 141.0	$ 147.6	$ 148.9	$ 143.5
Equipment sales	26.4	43.5	52.6	68.0	49.4	50.5	53.8	58.9
Total revenues	160.5	179.6	187.7	207.0	190.4	198.1	202.7	202.5
Operating expenses	(154.2)	(172.9)	(175.6)	(198.9)	(184.2)	(193.1)	(200.4)	(198.8)
Operating income	6.3	6.7	12.1	8.0	6.3	5.0	2.3	3.7
Interest expense	(11.2)	(11.8)	(11.8)	(12.2)	(11.1)	(11.5)	(11.1)	(11.1)
Change in fair value of warrant liability	0.2	0.1	(0.4)	0.3	0.9	2.8	2.3	5.6
Debt modification and extinguishment costs	-	-	-	-	(4.2)	-	-	-
Other, net	0.4	(0.2)	(1.2)	(0.3)	(4.9)	(0.5)	1.0	0.5
Loss before income taxes	(4.3)	(5.2)	(1.2)	(4.3)	(13.0)	(4.1)	(5.5)	(1.3)
Income tax (expense) benefit	(0.8)	(1.1)	(1.7)	-	(0.9)	(2.2)	(1.8)	(1.0)
Net loss	(5.1)	(6.4)	(2.9)	(4.2)	(13.9)	(6.3)	(7.3)	(2.4)
Net loss (income) attributable to noncontrolling interests	0.3	0.7	(1.1)	0.3	5.5	2.9	2.8	2.6
Net (loss) income attributable to TIP Inc.	$ (4.8)	$ (5.6)	$ (4.0)	$ (3.9)	$ (8.4)	$ (3.4)	$ (4.5)	$ 0.3
Net (loss) income attributable to TIP Inc. per share:								
Basic	$ (0.08)	$ (0.10)	$ (0.07)	$ (0.07)	$ (0.15)	$ (0.06)	$ (0.09)	$ 0.01
Diluted	$ (0.08)	$ (0.10)	$ (0.07)	$ (0.07)	$ (0.15)	$ (0.07)	$ (0.09)	$ (0.03)

Quarterly Trends and Seasonality

The Company's operating results may vary from quarter to quarter because of changes in general economic conditions and seasonal fluctuations, among other things, in each of the Company's operations and business segments. Different products and subscribers have unique seasonal and behavioral features. Accordingly, one quarter's results are not predictive of future performance.

Fluctuations in net income from quarter to quarter can result from events that are unique or that occur irregularly, such as losses on the refinance of debt, foreign exchange gains or losses, changes in the fair value of warrant liability and derivative instruments, impairment or sale of assets and changes in income taxes.

New Zealand and Bolivia

Trends in New Zealand and Bolivia's service revenues and overall operating performance are affected by:

- Lower prepaid subscribers due to shift in focus to postpaid sales;
- Higher usage of wireless data due to migration from 3G to 4G LTE;
- Increased competition leading to larger data bundles offered for price which has impacted data ARPU;
- Stable postpaid churn in New Zealand, which the Company believes is a reflection of the Company's heightened focus on high-value subscribers and the Company's enhanced subscriber service efforts;
- Decreasing voice revenue as rate plans increasingly incorporate more monthly minutes and calling features, such as long distance;

- Lower roaming revenue as network-coverage enhancements are made, as well as increased uptake of value-added roaming plans;
- Varying handset subsidies as more consumers shift toward smartphones with the latest technologies;
- Varying handset costs related to advancement of technologies and reduced supplier rebates or discounts on highly- sought devices;
- Seasonal promotions which are typically more significant in periods closer to year-end;
- Subscribers activating and suspending service to take advantage of promotions by the Company or its competitors;
- Higher voice and data costs related to the increasing number of subscribers, or, alternatively, a decline in costs associated with a decline in voice usage; and
- Higher costs associated with the retention of high-value subscribers.

Trends in New Zealand's service revenues and operating performance that are unique to its fixed broadband business include:

- Higher internet subscription fees as subscribers increasingly upgrade to higher-tier speed plans, including those with unlimited usage;
- Subscribers bundling their service plans at a discount;
- Fluctuations in retail broadband pricing and operating costs influenced by government-regulated copper wire services pricing and changing consumer and competitive demands;
- Availability of fiber services in a particular area or general network coverage; and
- Individuals swapping technologies as fiber becomes available in their connection area.

Liquidity and Capital Resources Measures

As of September 30, 2019, the Company had approximately $109.4 million in cash and cash equivalents, of which $7.2 million was held by 2degrees, $83.4 million was held by NuevaTel and $18.8 million was held at headquarters and others. The cash and cash equivalents held by NuevaTel include $68.7 million of remaining net cash proceeds from the initial and second closings of the tower sale-leaseback transaction. Net cash proceeds from the tower sale are subject to certain reinvestment conditions or must otherwise be used to make an offer to purchase Trilogy LLC's senior secured notes due 2022 (the "Trilogy LLC 2022 Notes"). The net cash proceeds reinvested as of September 30, 2019, were reinvested in accordance with such conditions. Of the net cash proceeds from the tower sale-back transaction, $42.4 million is invested, as permitted under the indenture for the Trilogy LLC 2022 Notes, in highly liquid short-term commercial paper and government securities investments, maturing within 90 days of purchase, and therefore constitute cash equivalents. Separately, the Company had $12.5 million of available capacity under the working capital facility in the New Zealand senior facilities agreement as of September 30, 2019. Cash and cash equivalents increased $65.5 million since December 31, 2018, primarily from the $84.5 million cash consideration received upon the initial and second closings of the tower sale-leaseback transaction completed in February and August 2019. Of the $84.5 million cash consideration, $66.5 million was considered investing activity and the remaining considered financing activity. For additional information, see Note 2 – Property and Equipment to the Company's Condensed Consolidated Financial Statements. For the nine months ended September 30, 2019, cash was primarily used for the purchase of property and equipment.

The license for 30 MHz of NuevaTel's 1900 MHz spectrum holdings will expire in November 2019. NuevaTel expects to renew the license and estimates that a payment of approximately $30 million will be due in the fourth quarter of 2019 prior to the expiration. The payment is expected to be funded with cash resources from a combination of NuevaTel's operating cash flows, changes in the timing of property and equipment purchases or through a reinvestment of proceeds from the sale-leaseback of NuevaTel's towers.

In August 2019, 2degrees entered into an EIP receivables secured borrowing arrangement (the "New Zealand EIP Receivables Financing Obligation") with an intermediary purchasing entity and certain financial institutions that provide lending capital to, and hold equity in, the purchasing entity. Under the arrangement, 2degrees may sell EIP receivables to the purchaser at a price reflecting interest rates and fees established in the arrangement. See Note 4 – EIP Receivables and Note 7 – Debt to the Company's Condensed Consolidated Financial Statements for further information. The New Zealand EIP Receivables Financing Obligation has a total available commitment of $35.5 million NZD ($22.2 million based on the exchange rate at September 30, 2019) for proceeds based on maximum sale of $50 million NZD ($31.3 million based on the exchange rate at September 30, 2019) EIP receivables. As of September 30, 2019, the total amount outstanding under our New Zealand EIP Receivables Financing Obligation was $17.4 million NZD ($10.9 million based on the exchange rate at September 30, 2019), and the total amount available of the unused commitment was $18.1 million NZD ($11.3 million based on the exchange rate at September 30, 2019). Proceeds of $11.7 million were received during the three months ended September 30, 2019 and included within financing activities in the Condensed Consolidated Statements of Cash Flows.

Selected cash flows information

The following table summarizes the Condensed Consolidated Statements of Cash Flows for the periods indicated:

(in millions)	**Nine Months Ended September 30,** **2019**	**2018**	**% Variance** **2019 vs 2018**
Net cash provided by (used in)			
Operating activities	$ 33.7	$ 29.1	16%
Investing activities	2.8	(38.5)	107%
Financing activities	29.1	(2.6)	n/m
Net increase (decrease) in cash and cash equivalents	**$ 65.5**	**$ (12.0)**	648%

<u>Cash flow provided by operating activities</u>

Cash flow provided by operating activities increased by $4.6 million for the nine months ended September 30, 2019, compared to the same period in 2018. This change was mainly due to a decrease in tax payments and changes in certain working capital accounts, including smaller increases in accounts receivable and EIP receivables than the increases in 2018.

<u>Cash flow provided by investing activities</u>

Cash flow provided by investing activities increased by $41.2 million for the nine months ended September 30, 2019, compared to the same period in 2018, primarily due to $66.5 million in cash proceeds received in the first and third quarters of 2019 from the initial and second closings of the NuevaTel tower sale-leaseback transaction. For additional information, see Note 2 – Property and Equipment to the Company's Condensed Consolidated Financial Statements. This inflow was partially offset by a decline in the maturities and sales of short-term investments for the nine months ended September 30, 2019 compared to same period in 2018.

<u>Cash flow provided by financing activities</u>

Cash flow provided by financing activities increased by $31.7 million for the nine months ended September 30, 2019, compared to the same period in 2018. This change is primarily due to proceeds of $18.0 million from the NuevaTel tower sale-leaseback transaction financing obligation and proceeds of $11.7 million from the New Zealand EIP Receivables Financing Obligation during the nine months ended September 30, 2019. For additional information regarding the tower sale-leaseback transaction financing obligation and the New Zealand EIP Receivables Financing Obligation, see Note 7 – Debt to the Company's Condensed Consolidated Financial Statements.

Contractual obligations

The Company has various contractual obligations to make future payments, including debt agreements and lease obligations. The following table summarizes the Company's future obligations due by period as of September 30, 2019 and based on the exchange rate as of that date:

	Total	Through December 31, 2019	January 1, 2020 to December 31, 2021	January 1, 2022 to December 31, 2023	From and after January 1, 2024
Long-term debt, including current portion[1]	$ 543.3	$ 14.0	$ 159.6	$ 358.3	$ 11.4
Interest on long-term debt and obligations[2]	117.0	18.4	77.5	18.4	2.8
Operating leases	208.5	6.3	50.3	43.6	108.3
Purchase obligations[3]	129.0	47.6	51.2	15.4	14.7
Long-term obligations[4]	9.3	6.1	1.6	1.4	0.3
Total	$ 1,007.2	$ 92.4	$ 340.1	$ 437.2	$ 137.5

(1) Excludes the impact of a $2.3 million discount on long-term debt which is amortized through interest expense over the life of the underlying debt facility.

(2) Includes contractual interest payments using the interest rates in effect as of September 30, 2019.

(3) Purchase obligations are the contractual obligations under service, product and handset contracts.

(4) Includes the fair value of derivative financial instruments as of September 30, 2019. Amount will vary based on market rates at each quarter end. Excludes asset retirement obligations and other miscellaneous items that are not significant.

In August 2017, the New Zealand government signed the RBI2 Agreement with the New Zealand telecommunications carriers' joint venture to fund a portion of the country's rural broadband infrastructure project. As of September 30, 2019, we have included the estimated outstanding obligation for 2degrees' investments under this agreement of approximately $11.4 million, based on the exchange rate at that date, through 2022. This obligation is included in "Purchase obligations" in the table above. We have not included potential operating expenses or capital expenditure upgrades associated with this agreement in the commitment.

Effect of inflation

The Company's management believes inflation has not had a material effect on its financial condition or results of operations in recent years. However, there can be no assurance that the business will not be affected by inflation in the future.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that would have a material effect on the Company's Condensed Consolidated Financial Statements as of September 30, 2019.

Transactions with Related Parties

2degrees had two separate loans from wholly owned subsidiaries of Trilogy LLC, which are eliminated upon consolidation, totaling approximately $4.4 million (including interest) as of September 30, 2019. Such loans are convertible into additional equity of 2degrees at the option of Trilogy LLC. If all conversion rights under such loans were exercised at September 30, 2019, the impact would be an increase in Trilogy LLC's current 73.2% ownership interest in 2degrees by approximately 0.2%, subject to certain pre-emptive rights.

The Company and its officers have used, and may continue to use, for Company purposes jet airplanes owned by certain of the Trilogy LLC founders. The Company reimburses the Trilogy LLC founders at fair market value and on terms no less favorable to the Company than the Company believes it could obtain in comparable transactions with a third-party for the use of these airplanes. There were no such reimbursements made during the three and nine months ended September 30, 2019. For the three and nine months ended September 30, 2018, the Company reimbursed the Trilogy LLC founders approximately $23,000 for the use of their airplanes.

For additional information on related party transactions, see Note 19 – Related Party Transactions to our Consolidated Financial Statements for the year ended December 31, 2018.

Proposed Transactions

The Company continuously evaluates opportunities to expand or complement its current portfolio of businesses. All opportunities are analyzed on the basis of strategic rationale and long term shareholder value creation and a disciplined approach will be taken when deploying capital on such investments or acquisitions.

Critical Accounting Estimates

Critical Accounting Judgments and Estimates

Our significant accounting policies are described in Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies to the Consolidated Financial Statements for the year ended December 31, 2018. The preparation of the Company's audited and unaudited consolidated financial statements requires it to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent liabilities. The Company bases its judgments on its historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, the results of which form the basis for making estimates about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Recent Accounting Pronouncements

The effects of recently issued accounting standards are discussed in Note 1 – Description of Business, Basis of Presentation and Summary of Significant Accounting Policies to the Condensed Consolidated Financial Statements.

Changes in Accounting Policies Including Initial Adoption

Other than the adoption of new accounting standards, as discussed in the notes to the Condensed Consolidated Financial Statements, there have been no other changes in the Company's accounting policies.

Financial Instruments and Other Instruments

The Company considers the management of financial risks to be an important part of its overall corporate risk management policy. The Company uses derivative financial instruments to manage existing exposures, irrespective of whether such relationships are formally documented as hedges in accordance with hedge accounting requirements. This is further described in TIP Inc.'s MD&A and Consolidated Financial Statements (see Note 9 – Derivatives Financial Instruments) for the year ended December 31, 2018.

Disclosure of Outstanding Share Data

As of the date of this filing, there were 58,451,931 Common Shares outstanding of which 1,675,336 are forfeitable Common Shares. There were also the following outstanding convertible securities:

Trilogy LLC Class C Units (including unvested units) – redeemable for Common Shares	26,477,271
Warrants	13,402,685
Restricted share units (unvested)	2,438,527
Deferred share units	204,899

Upon redemption or exercise of all of the forgoing convertible securities, TIP Inc. would be required to issue an aggregate of 42,523,382 Common Shares.

Risk and Uncertainty Affecting the Company's Business

The principal risks and uncertainties that could affect our future business results and associated risk mitigation activities are summarized under the heading "Cautionary Note Regarding Forward-Looking Statements" in this MD&A and are described under the heading "Risk Factors" in the 2018 AIF filed by TIP Inc. on SEDAR and on EDGAR (with TIP Inc.'s Annual Report on Form 40-F) on March 27, 2019 and available on TIP Inc.'s SEDAR profile at www.sedar.com and TIP Inc.'s EDGAR profile at www.sec.gov.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all material information relating to the Company is identified and communicated to management on a timely basis. Management of the Company, under the supervision of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for establishing and maintaining disclosure controls and procedures in accordance with the requirements of National Instrument 52-109 of the Canadian Securities Administrators and as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act to provide reasonable assurance that all material information relating to the Company, including its consolidated subsidiaries, is made known to the CEO and CFO to ensure appropriate and timely decisions are made regarding public disclosure.

Based on management's evaluation, the CEO and the CFO concluded that, as of September 30, 2019, the Company's disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Management of the Company, under the supervision of the Company's CEO and CFO, is responsible for establishing adequate internal controls over financial reporting, which are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP. However, due to their inherent limitations, internal controls over financial reporting may not prevent or detect all misstatements and fraud. Management has used the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission to establish and maintain adequate design of the Company's internal controls over financial reporting.

Changes in Internal Control over Financial Reporting

During the nine months ended September 30, 2019, there have been no changes made in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

The Company's disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives. However, a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of a control system are met.

Due to their inherent limitations, disclosure controls and procedures and internal control over financial reporting may not prevent or detect all misstatements and fraud. The Company will continue to periodically review its disclosure controls and procedures and internal control over financial reporting and may make such modifications from time to time as it considers necessary.

Definitions and Reconciliations of Non-GAAP Measures

The Company reports certain non-U.S. GAAP measures that are used to evaluate the performance of the Company and the performance of its segments, as well as to determine compliance with debt covenants and to manage its capital structure. Non-U.S. GAAP measures do not have any standardized meaning under U.S. GAAP and therefore may not be comparable to similar measures presented by other issuers. Securities regulations require such measures to be clearly defined and reconciled with their most directly comparable U.S. GAAP measure.

Consolidated Adjusted EBITDA and Adjusted EBITDA Margin

Consolidated Adjusted EBITDA ("Adjusted EBITDA") represents Net loss (the most directly comparable U.S. GAAP measure) excluding amounts for: income tax expense; interest expense; depreciation, amortization and accretion; equity-based compensation (recorded as a component of General and administrative expense); gain on disposal of assets and sale-leaseback transaction; and all other non-operating income and expenses. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by service revenues. Adjusted EBITDA and Adjusted EBITDA Margin are common measures of operating performance in the telecommunications industry. The Company's management believes Adjusted EBITDA and Adjusted EBITDA Margin are helpful measures because they allow management to evaluate the Company's performance by removing from its operating results items that do not relate to core operating performance. The Company's management believes that certain investors and analysts use Adjusted EBITDA to value companies in the telecommunications industry. The Company's management believes that certain investors and analysts also use Adjusted EBITDA and Adjusted EBITDA Margin to evaluate the performance of the Company's business. Adjusted EBITDA and Adjusted EBITDA Margin have no directly comparable U.S. GAAP measure. The following table provides a reconciliation of Adjusted EBITDA to the most comparable financial measure reported under U.S. GAAP, Net loss.

Consolidated Adjusted EBITDA *(in millions)*	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net loss	$ (5.1)	$ (13.9)	$ (14.4)	$ (27.5)
Interest expense	11.2	11.1	34.7	33.7
Depreciation, amortization and accretion	27.5	28.2	81.9	84.9
Debt modification and extinguishment costs	-	4.2	-	4.2
Income tax expense	0.8	0.9	3.6	4.9
Change in fair value of warrant liability	(0.2)	(0.9)	0.2	(6.1)
Other, net	(0.4)	4.9	1.0	4.3
Equity-based compensation	1.0	1.1	3.0	5.0
(Gain) loss on disposal of assets and sale- leaseback transaction	(2.6)	1.0	(10.2)	1.0
Transaction and other nonrecurring costs(1)	1.1	0.8	6.3	3.2
Consolidated Adjusted EBITDA(2)	$ 33.4	$ 37.4	$ 106.1	$ 107.7
Consolidated Adjusted EBITDA Margin	25%	27%	26%	25%

Notes:

(1)2019 includes costs related to the NuevaTel tower sale-leaseback transaction of approximately $0.8 million and $5.1 million for the three and nine months ended September 30, 2019, respectively, and other nonrecurring costs. 2018 includes costs related to the implementation of the new revenue recognition standard of approximately $0.5 million and $1.8 million for the three months and nine months ended September 30, 2018, respectively, and other nonrecurring costs.

(2)In July 2013, Trilogy LLC sold to Salamanca Holding Company, a Delaware limited liability company, 80% of its interest in its wholly owned subsidiary, Salamanca Solutions International LLC ("SSI"). Although Trilogy LLC holds a 20% equity interest in SSI, due to the fact that NuevaTel is SSI's primary customer, Trilogy LLC is considered SSI's primary beneficiary and, as such, the Company consolidates 100% of SSI's net income (losses). The impact on the Company's consolidated results of the 80% that Trilogy LLC does not own was to decrease Adjusted EBITDA by $0.1 million and increase Adjusted EBITDA by $0.1 million for the three and nine months ended September 30, 2019, respectively. Its impact was immaterial to Adjusted EBITDA for the three months ended September 30, 2018, and decreased Adjusted EBITDA by $0.1 million for the nine months ended September 30, 2018.

Trilogy LLC Consolidated EBITDA

For purposes of the indenture for the Trilogy LLC 2022 Notes, the following is a reconciliation of Trilogy LLC Consolidated EBITDA as defined in the indenture, to Consolidated Adjusted EBITDA.

Trilogy LLC Consolidated EBITDA

(in millions)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Consolidated Adjusted EBITDA	$ 33.4	$ 37.4	$ 106.1	$ 107.7
Realized gain on foreign currency	0.3	0.8	1.3	1.1
Interest income	0.4	0.1	0.6	0.4
Fines and penalties	-	(4.6)	-	(4.4)
New accounting standard impacts[1]	(2.7)	-	(9.8)	-
TIP Inc. Adjusted EBITDA	0.2	0.1	0.4	0.4
Trilogy LLC Consolidated EBITDA	**$ 31.6**	**$ 33.8**	**$ 98.6**	**$ 105.2**

[1]Trilogy LLC Consolidated EBITDA, as measured for purposes of the indenture for the Trilogy LLC 2022 Notes, excludes impacts of accounting standards adopted subsequent to the issuance of the Trilogy LLC 2022 Notes. For additional information and details regarding adopting the new revenue standard in 2019 including the impact on Trilogy LLC Consolidated EBITDA, see Note 1 - Description of Business, Basis of Presentation and Summary of Significant Accounting Policies and Note 11 - Revenue from Contracts with Customers to the Condensed Consolidated Financial Statements.

Consolidated Equipment Subsidy

Equipment subsidy ("**Equipment Subsidy**") is the cost of devices in excess of the revenue generated from equipment sales and is calculated by subtracting Cost of equipment sales from Equipment sales. Management uses Equipment Subsidy on a consolidated level to evaluate the net loss that is incurred in connection with the sale of equipment or devices in order to acquire and retain subscribers. Equipment Subsidy includes devices acquired and sold for wireline subscribers. Consolidated Equipment Subsidy is used in computing Equipment subsidy per gross addition. A reconciliation of Equipment Subsidy to Equipment sales and Cost of equipment sales, both U.S. GAAP measures, is presented below:

Equipment Subsidy *(in millions)*	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Cost of equipment sales	$ 28.7	$ 54.5	$ 127.3	$ 167.5
Less: Equipment sales	(26.4)	(49.4)	(122.6)	(153.7)
Equipment Subsidy	**$ 2.3**	**$ 5.1**	**$ 4.8**	**$ 13.8**

Key Industry Performance Measures – Definitions

The following measures are industry metrics that management finds useful in assessing the operating performance of the Company, and are often used in the wireless telecommunications industry, but do not have a standardized meaning under U.S. GAAP.

- **Monthly average revenues per wireless user** ("**ARPU**") is calculated by dividing average monthly wireless service revenues during the relevant period by the average number of wireless subscribers during such period.

- **Wireless data revenues** ("**data revenues**") is a component of wireless service revenues that includes the use of web navigation, multimedia messaging service and value-added services by subscribers over the wireless network through their devices. Beginning with the third quarter of 2018, data revenues no longer include revenues from the use of short messaging service ("SMS").

- **Wireless service revenues** ("**wireless service revenues**") is a component of total revenues that excludes wireline revenues, equipment sales and non-subscriber international long distance revenues; it captures wireless performance and is the basis for the blended wireless ARPU and data as a percentage of wireless service revenues calculations.

- **Wireless data average revenue per wireless user** is calculated by dividing monthly data revenues during the relevant period by the average number of wireless subscribers during the period.

- **Service revenues** ("**service revenues**") is a component of total revenues that excludes equipment sales.

- **Churn** ("**churn**") is the rate at which existing subscribers cancel their services, or are suspended from accessing the network, or have no revenue generating event within the most recent 90 days, expressed as a percentage. Churn is calculated by dividing the number of subscribers disconnected by the average subscriber base. It is a measure of monthly subscriber turnover.

- **Cost of Acquisition** (“**cost of acquisition**”) represents the total cost associated with acquiring a subscriber and is calculated by dividing total sales and marketing plus Equipment Subsidy during the relevant period by the number of new wireless subscribers added during the relevant period.

- **Equipment subsidy per gross addition** is calculated by dividing Equipment Subsidy by the number of new wireless subscribers added during the relevant period.

- **Capital intensity** (“**capital intensity**”) represents purchases of property and equipment divided by total service revenues. The Company’s capital expenditures do not include expenditures on spectrum licenses. Capital intensity allows the Company to compare the level of the Company’s additions to property and equipment to those of other companies within the same industry.

(Back To Top)

Section 3: EX-99.2 (EXHIBIT 99.2)

TRILOGY INTERNATIONAL PARTNERS INC.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

PART I - FINANCIAL INFORMATION
Item 1) Financial Statements

TRILOGY INTERNATIONAL PARTNERS INC.
Condensed Consolidated Balance Sheets
(US dollars in thousands, except share amounts)
(unaudited)

	September 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 109,445	$ 43,942
Short-term investments	-	1,986
Accounts receivable, net	62,488	71,917
Equipment Installment Plan (“EIP”) receivables, net	24,172	22,165
Inventory	15,419	45,957
Prepaid expenses and other current assets	32,149	12,609
Total current assets	243,673	198,576
Property and equipment, net	352,745	394,841
License costs and other intangible assets, net	66,673	80,987
Goodwill	8,415	9,014
Long-term EIP receivables	25,148	21,216
Deferred income taxes	26,895	10,746
Other assets	29,625	23,648
Total assets	$ 753,174	$ 739,028
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 26,989	$ 36,717
Construction accounts payable	13,127	26,834
Current portion of debt	23,101	8,293
Customer deposits and unearned revenue	19,231	16,995
Other current liabilities and accrued expenses	127,624	143,435
Total current liabilities	210,072	232,274
Long-term debt	512,361	498,532
Deferred gain	47,393	-
Deferred income taxes	10,663	11,439
Other non-current liabilities	28,959	30,399
Total liabilities	809,448	772,644
Commitments and contingencies		
Shareholders' deficit:		
Common shares and additional paid-in capital; no par value, unlimited authorized, 58,327,291 and 57,713,836 shares issued and outstanding	2,750	286
Accumulated deficit	(88,416)	(75,309)
Accumulated other comprehensive (loss) income	(873)	3,428
Total Trilogy International Partners Inc. shareholders' deficit	(86,539)	(71,595)
Noncontrolling interests	30,265	37,979
Total shareholders' deficit	(56,274)	(33,616)
Total liabilities and shareholders' deficit	$ 753,174	$ 739,028

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

TRILOGY INTERNATIONAL PARTNERS INC.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(US dollars in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Revenues				
Wireless service revenues	$ 114,073	$ 122,830	$ 346,460	$ 379,744
Wireline service revenues	17,544	14,953	51,314	46,033
Equipment sales	26,400	49,386	122,563	153,660
Non-subscriber international long distance and other revenues	2,458	3,255	7,487	11,787
Total revenues	160,475	190,424	527,824	591,224
Operating expenses				
Cost of service, exclusive of depreciation, amortization and accretion shown separately	49,062	48,017	146,944	153,576
Cost of equipment sales	28,674	54,474	127,334	167,482
Sales and marketing	22,678	23,889	63,087	76,009
General and administrative	28,805	28,577	93,628	94,691
Depreciation, amortization and accretion	27,530	28,173	81,946	84,868
(Gain) loss on disposal of assets and sale-leaseback transaction	(2,578)	1,035	(10,196)	1,017
Total operating expenses	154,171	184,165	502,743	577,643
Operating income	6,304	6,259	25,081	13,581
Other (expenses) income				
Interest expense	(11,210)	(11,087)	(34,736)	(33,665)
Change in fair value of warrant liability	153	923	(150)	6,058
Debt modification and extinguishment costs	-	(4,192)	-	(4,192)
Other, net	405	(4,878)	(985)	(4,339)
Total other expenses, net	(10,652)	(19,234)	(35,871)	(36,138)
Loss before income taxes	(4,348)	(12,975)	(10,790)	(22,557)
Income tax expense	(753)	(903)	(3,560)	(4,932)
Net loss	(5,101)	(13,878)	(14,350)	(27,489)
Less: Net loss (income) attributable to noncontrolling interests	324	5,514	(54)	11,207
Net loss attributable to Trilogy International Partners Inc.	$ (4,777)	$ (8,364)	$ (14,404)	$ (16,282)
Comprehensive (loss) income				
Net loss	$ (5,101)	$ (13,878)	$ (14,350)	$ (27,489)
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(8,614)	(2,619)	(8,547)	(7,932)
Net gain on short-term investments	-	22	1	19
Other comprehensive loss	(8,614)	(2,597)	(8,546)	(7,913)
Comprehensive loss	(13,715)	(16,475)	(22,896)	(35,402)
Comprehensive loss attributable to noncontrolling interests	4,610	6,855	4,191	15,411
Comprehensive loss attributable to Trilogy International Partners Inc.	$ (9,105)	$ (9,620)	$ (18,705)	$ (19,991)
Net loss attributable to Trilogy International Partners Inc. per share:				
Basic (see Note 12 - Earnings per Share)	$ (0.08)	$ (0.15)	$ (0.25)	$ (0.31)
Diluted (see Note 12 - Earnings per Share)	$ (0.08)	$ (0.15)	$ (0.25)	$ (0.32)
Weighted average common shares:				
Basic	56,755,346	54,042,355	56,519,875	53,239,125
Diluted	56,755,346	82,431,972	56,519,875	82,106,475

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

TRILOGY INTERNATIONAL PARTNERS INC.
Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(US dollars in thousands, except shares)
(unaudited)

Three Months Ended	**Common Shares**		**Additional Paid-In Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Income (Loss)**	**Noncontrolling Interests**	**Total Shareholders' Deficit**
	Shares	**Amount**					
Balance, June 30, 2018	55,305,962	$ -	$ 788	$ (62,151)	$ 3,801	$ 45,068	$ (12,494)
Dividends declared	-	-	-	-	-	(3,987)	(3,987)
Equity-based compensation	-	-	719	-	-	308	1,027
Net loss	-	-	-	(8,364)	-	(5,514)	(13,878)
Other comprehensive loss	-	-	-	-	(1,256)	(1,341)	(2,597)
Issuance of shares related to RSUs, redemption of Trilogy LLC C units and other	362,370	-	(237)	-	9	78	(150)
Balance, September 30, 2018	55,668,332	$ -	$ 1,270	$ (70,515)	$ 2,554	$ 34,612	$ (32,079)
Balance, June 30, 2019	58,024,175	$ -	$ 2,160	$ (83,639)	$ 3,453	$ 36,566	$ (41,460)
Dividends declared	-	-	-	-	-	(1,992)	(1,992)
Equity-based compensation	-	-	872	-	-	103	975
Net loss	-	-	-	(4,777)	-	(324)	(5,101)
Other comprehensive loss	-	-	-	-	(4,328)	(4,286)	(8,614)
Issuance of shares related to RSUs, redemption of Trilogy LLC C units and other	303,116	-	(282)	-	2	198	(82)
Balance, September 30, 2019	58,327,291	$ -	$ 2,750	$ (88,416)	$ (873)	$ 30,265	$ (56,274)

Nine Months Ended	**Common Shares**		**Additional Paid-In Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Income (Loss)**	**Noncontrolling Interests**	**Total Shareholders' Equity (Deficit)**
	Shares	**Amount**					
Balance, December 31, 2017	53,815,631	$ -	$ -	$ (53,259)	$ 6,059	$ 53,390	$ 6,190
Dividends declared	34,734	-	115	(851)	-	(6,837)	(7,573)
Equity-based compensation	-	-	2,599	-	-	2,257	4,856
Net loss	-	-	-	(16,282)	-	(11,207)	(27,489)
Other comprehensive loss	-	-	-	-	(3,709)	(4,204)	(7,913)
Issuance of shares related to RSUs, redemption of Trilogy LLC C units and other	1,817,967	-	(1,444)	(123)	204	1,213	(150)
Balance, September 30, 2018	55,668,332	$ -	$ 1,270	$ (70,515)	$ 2,554	$ 34,612	$ (32,079)
Balance, December 31, 2018	57,713,836	$ -	$ 286	$ (75,309)	$ 3,428	$ 37,979	$ (33,616)
Cumulative effect of accounting changes	-	-	-	2,158	-	2,227	4,385
Dividends declared	72,557	-	109	(861)	-	(6,261)	(7,013)
Equity-based compensation	-	-	2,604	-	-	405	3,009
Net (loss) income	-	-	-	(14,404)	-	54	(14,350)
Other comprehensive loss	-	-	-	-	(4,301)	(4,245)	(8,546)
Issuance of shares related to RSUs, redemption of Trilogy LLC C units and other	540,898	-	(249)	-	-	106	(143)
Balance, September 30, 2019	58,327,291	$ -	$ 2,750	$ (88,416)	$ (873)	$ 30,265	$ (56,274)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

TRILOGY INTERNATIONAL PARTNERS INC.
Condensed Consolidated Statements of Cash Flows
(US dollars in thousands)
(unaudited)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Operating activities:		
Net loss	$ (14,350)	$ (27,489)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Provision for doubtful accounts	8,586	11,440
Depreciation, amortization and accretion	81,946	84,868
Equity-based compensation	3,008	4,989
(Gain) loss on disposal of assets and sale-leaseback transaction	(10,196)	1,017
Non-cash interest expense, net	2,119	2,581
Settlement of cash flow hedges	(723)	(957)
Change in fair value of warrant liability	150	(6,058)
Debt modification and extinguishment costs	-	4,192
Non-cash loss from change in fair value on cash flow hedges	2,378	947
Unrealized loss on foreign exchange transactions	1,053	992
Deferred income taxes	(18,370)	(1,937)
Changes in operating assets and liabilities:		
Accounts receivable	(296)	(10,057)
EIP receivables	(9,712)	(21,705)
Inventory	29,789	(9,868)
Prepaid expenses and other current assets	(11,770)	(6,391)
Other assets	(4,177)	(4,381)
Accounts payable	(9,152)	(3,132)
Other current liabilities and accrued expenses	(17,986)	14,859
Customer deposits and unearned revenue	1,409	(4,774)
Net cash provided by operating activities	33,706	29,136
Investing activities:		
Proceeds from sale-leaseback transaction	66,464	-
Purchase of property and equipment	(64,366)	(58,250)
Maturities and sales of short-term investments	1,987	29,183
Purchase of short-term investments	-	(8,948)
Other, net	(1,324)	(451)
Net cash provided by (used in) investing activities	2,761	(38,466)
Financing activities:		
Proceeds from debt	164,351	297,611
Payments of debt, including sale-leaseback and EIP receivables financing obligations	(156,191)	(285,636)
Proceeds from EIP receivables financing obligation	11,671	-
Proceeds from sale-leaseback financing obligation	18,016	-
Dividends to shareholders and noncontrolling interest	(7,013)	(7,573)
Debt issuance, modification and extinguishment costs	(429)	(6,892)
Other, net	(1,328)	(150)
Net cash provided by (used in) financing activities	29,077	(2,640)
Net increase (decrease) in cash and cash equivalents	65,544	(11,970)
Cash and cash equivalents, beginning of period	43,942	47,093
Effect of exchange rate changes	(41)	(150)
Cash and cash equivalents, end of period	$ 109,445	$ 34,973

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

NOTE 1 – DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business and Basis of Presentation

The accompanying unaudited interim Condensed Consolidated Financial Statements include the accounts of Trilogy International Partners Inc. ("TIP Inc." and together with its consolidated subsidiaries referred to as the "Company"). All intercompany transactions and accounts were eliminated. The Condensed Consolidated Balance Sheet as of December 31, 2018 is derived from the audited TIP Inc. financial statements at that date and should be read in conjunction with these Condensed Consolidated Financial Statements. Certain information in footnote disclosures normally included in annual financial statements was condensed or omitted for the interim periods presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In the opinion of management, the interim financial information includes all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results for the interim periods. The interim results of operations and cash flows are not necessarily indicative of those results and cash flows expected for the full year.

On February 7, 2017, Trilogy International Partners LLC ("Trilogy LLC"), a Washington limited liability company, and Alignvest Acquisition Corporation completed a court approved plan of arrangement (the "Arrangement") pursuant to an arrangement agreement dated November 1, 2016 (as amended December 20, 2016, the "Arrangement Agreement"). As a result of the Arrangement, TIP Inc., through a wholly owned subsidiary, obtained a controlling interest in and thus consolidates Trilogy LLC.

Certain amounts in the prior period Condensed Consolidated Balance Sheet have been reclassified to conform to the current presentation related to certain deferred tax liabilities and the tax paying components to which they apply.

The Company has two reportable operating segments, New Zealand and Bolivia. Unallocated corporate operating expenses, which pertain primarily to corporate administrative functions that support the operating segments, but are not specifically attributable to or managed by any segment, are presented as a reconciling item between total segment operating results and consolidated financial results. Below is a brief summary of each of the Company's operations:

New Zealand:
Two Degrees Mobile Limited ("2degrees") was formed under the laws of New Zealand on February 15, 2001. 2degrees holds spectrum licenses to provide nationwide wireless communication services. A portion of these licenses expire in 2021 while others expire in 2031. 2degrees launched commercial operations in 2009 as the third operator in New Zealand. 2degrees provides voice, data and long distance services to its customers over third generation ("3G") and fourth generation ("4G") networks. 2degrees also maintains inbound visitor roaming and international outbound roaming agreements with various international carriers. 2degrees offers its mobile communications services through both prepaid and postpaid payment plans. Commencing in 2015, 2degrees also began offering fixed broadband communications services to residential and enterprise customers.

As of September 30, 2019, through its consolidated subsidiaries, Trilogy LLC's ownership interest in 2degrees was 73.2% .

Bolivia:
Empresa de Telecomunicaciones NuevaTel (PCS de Bolivia), S.A. ("NuevaTel") was formed under the laws of Bolivia in November 1999 to engage in Personal Communication Systems ("PCS") operations. NuevaTel was awarded its first PCS license in 1999 and commenced commercial service in November 2000 under the brand name Viva. NuevaTel operates a Global System for Mobile Communications network along with 3G and 4G networks. These networks provide voice and data services, including high-speed Internet, messaging services and application and content downloads. NuevaTel offers its services through both prepaid and postpaid payment plans, although the majority of NuevaTel's subscribers pay on a prepaid basis. In addition to mobile voice and data services, NuevaTel offers public telephony services. NuevaTel's public telephony service utilizes wireless pay telephones located in stores and call centers that are owned and managed by NuevaTel resellers.

As of September 30, 2019, through its consolidated subsidiaries, Trilogy LLC's ownership interest in NuevaTel was 71.5% .

Additional details on our reportable operating segments are included in Note 16 – Segment Information.

The Company's Condensed Consolidated Financial Statements have been prepared in accordance with GAAP. The Company consolidates majority-owned subsidiaries over which it exercises control, as well as variable interest entities ("VIEs") where it is deemed to be the primary beneficiary and thus, must be consolidated in the financial statements. All significant intercompany transactions and accounts have been eliminated in consolidation for all periods presented. See Note 4 – EIP Receivables for additional information as it relates to VIEs specifically attributable to EIP receivables financing transaction activities.

Summary of Significant Accounting Policies

Use of Estimates:
The preparation of the unaudited interim Condensed Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the amounts of revenues and expenses reported for the periods presented. Certain estimates require difficult, subjective or complex judgments about matters that are inherently uncertain. Actual results could differ from those estimates.

Accounts Receivable, net:
Management makes estimates of the uncollectability of its accounts receivable. In determining the adequacy of the allowance for doubtful accounts, management analyzes historical experience and current collection trends, known troubled accounts, receivable aging and current economic trends. The Company writes off account balances against the allowance for doubtful billed accounts when collection efforts are unsuccessful. Provisions for uncollectible receivables are included in General and administrative expenses. The allowance for doubtful accounts was $5.0 million and $6.3 million as of September 30, 2019 and December 31, 2018, respectively.

Accounting Pronouncements Adopted During the Current Year:
As an "emerging growth company," the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company intends to comply with the extended transition period. As a result, the Company's financial statements may not be comparable to the financial statements of issuers who have adopted these new or revised accounting standards that are applicable to public companies.

Revenue
In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("Topic 606"), and has since modified the standard with several ASUs (collectively, the "new revenue standard"). The new revenue standard requires entities to recognize revenue through the application of a five-step model, which includes: identification of the contract; identification of the performance obligations; determination of the transaction price; allocation of the transaction price to the performance obligations; and recognition of revenue as the entity satisfies the performance obligations. The new revenue standard also amends current guidance for the recognition of costs to obtain and fulfill contracts with customers such that incremental costs of obtaining, and direct costs of fulfilling, contracts with customers will be deferred and amortized consistent with the transfer of the related good or service.

Under the JOBS Act, we adopted the new revenue standard beginning on January 1, 2019 using the modified retrospective method. This method requires the cumulative effect of initially applying the new revenue standard to be recognized at the date of adoption. Financial information prior to our adoption date has not been adjusted. The new revenue standard allows certain practical expedients to be elected upon implementation. We elected to apply the new revenue standard to contracts not completed as of our adoption date, referred to as open contracts. We have additionally elected the practical expedient that permits an entity to reflect the aggregate effect of all of the modifications (on a contract-by-contract basis) that occurred before the date of initial application in determining the transaction price, identifying the satisfied and unsatisfied performance obligations and allocating the transaction price to the performance obligations. Electing this practical expedient does not have a significant impact on our financial statements due to the short-term duration of most of our contracts and the nature of our contract modifications.

The cumulative effect of initially applying the new revenue standard to all open contracts as of January 1, 2019 is as follows:

(US dollars in thousands unless otherwise noted)

	January 1, 2019		
	Beginning Balance	**Impact of Adoption**	**Beginning balance, as adjusted**
Assets			
EIP receivables, net	$ 22,165	$ 256	$ 22,421
Prepaid expenses and other current assets	12,609	7,661	20,270
Deferred income taxes	10,746	(1,431)	9,315
Other assets	23,648	620	24,268
Liabilities and Shareholders' Deficit			
Customer deposits and unearned revenue	$ 16,995	$ 1,971	$ 18,966
Other current liabilities and accrued expenses	143,435	750	144,185
Total shareholders' deficit	(33,616)	4,385	(29,231)

Additionally, financial statement results as reported under the new revenue standard as compared to the previous revenue standard for the three and nine months ended and as of September 30, 2019 are as follows. Adoption of the new revenue standard had no impact on cash from or used in operating, financing or investing activities on our Condensed Consolidated Statements of Cash Flows.

	Three Months Ended September 30, 2019		
	Previous Revenue Standard	**Impact of Adoption**	**New Revenue Standard**
Revenues			
Wireless service revenues	$ 115,042	$ (969)	$ 114,073
Wireline service revenues	17,474	70	17,544
Equipment sales	25,349	1,051	26,400
Non-subscriber international long distance and other revenues	2,592	(134)	2,458
Total revenues	160,457	18	160,475
Operating expenses			
Cost of equipment sales	28,674	-	28,674
Sales and marketing	25,352	(2,674)	22,678
Other operating expenses	102,819	-	102,819
Total operating expenses	156,845	(2,674)	154,171
Operating income	3,612	2,692	6,304
Other expenses, net	(10,652)	-	(10,652)
Income tax expense	(711)	(42)	(753)
Net loss	(7,751)	2,650	(5,101)
Less: Net loss attributable to noncontrolling interests	1,644	(1,320)	324
Net loss attributable to Trilogy International Partners Inc.	$ (6,107)	$ 1,330	$ (4,777)
Net loss attributable to Trilogy International Partners Inc. per share:			
Basic	$ (0.10)	$ 0.02	$ (0.08)
Diluted	$ (0.10)	$ 0.02	$ (0.08)

(US dollars in thousands unless otherwise noted)

	Nine Months Ended September30, 2019		
	Previous Revenue Standard	**Impact of Adoption**	**New Revenue Standard**
Revenues			
Wireless service revenues	$ 350,056	$ (3,596)	$ 346,460
Wireline service revenues	51,488	(174)	51,314
Equipment sales	119,563	3,000	122,563
Non-subscriber international long distance and other revenues	7,746	(259)	7,487
Total revenues	528,853	(1,029)	527,824
Operating expenses			
Cost of equipment sales	127,730	(396)	127,334
Sales and marketing	73,553	(10,466)	63,087
Other operating expenses	312,322	-	312,322
Total operating expenses	513,605	(10,862)	502,743
Operating income	15,248	9,833	25,081
Other expenses, net	(35,871)	-	(35,871)
Income tax expense	(3,091)	(469)	(3,560)
Net loss	(23,714)	9,364	(14,350)
Less: Net loss (income) attributable to noncontrolling interests	4,616	(4,670)	(54)
Net loss attributable to Trilogy International Partners Inc.	$ (19,098)	$ 4,694	$ (14,404)
Net loss attributable to Trilogy International Partners Inc. per share:			
Basic	$ (0.33)	$ 0.08	$ (0.25)
Diluted	$ (0.33)	$ 0.08	$ (0.25)

	As of September 30, 2019		
	Previous Revenue Standard	**Impact of Adoption**	**New Revenue Standard**
Assets			
EIP receivables, net	$ 22,477	$ 1,695	$ 24,172
Prepaid expenses and other current assets	20,391	11,758	32,149
Deferred income taxes	28,795	(1,900)	26,895
Other assets	24,410	5,215	29,625
Liabilities and Shareholders' Deficit			
Customer deposits and unearned revenue	$ 16,816	$ 2,415	$ 19,231
Other current liabilities and accrued expenses	126,554	1,070	127,624
Total shareholders' deficit	(69,557)	13,283	(56,274)

The primary impact on our financial statements upon adoption of the new revenue standard, both as of January 1, 2019 and on the current period financial statement results, as compared to the previous revenue standard, is as follows:

- Prior to the adoption of Topic 606, the amount of revenue recognized when equipment was sold was limited to the amount of consideration that was not contingent on the provision of future services, which was typically limited to the amount of consideration received or receivable from the customer at the time of sale. Under Topic 606, the total consideration in the contract is allocated between wireless equipment and service based on their relative standalone selling prices. This change primarily impacts our arrangements that include sales of wireless devices and wireline equipment at subsidized prices in conjunction with a fixed-term plan for service, also known as the subsidy model. Accordingly, under Topic 606, generally more revenue is recognized initially upon sale of the equipment to the customer and less revenue is recognized in service revenue over the contract term than under the prior revenue standard ("Topic 605"). At the time the equipment is sold, this allocation results in the recognition of a contract asset equal to the difference between the amount of revenue recognized and the amount of consideration received or receivable from the customer.

- Prior to the adoption of Topic 606, we expensed contract acquisition costs, including commissions, as they were incurred. Under Topic 606, we defer and capitalize incremental contract acquisition costs, including commissions paid to acquire postpaid and prepaid service contracts, and recognize them over the period of the benefit to which the costs relate. Deferred contract costs have an average amortization period ranging between 1 to 3 years, subject to periodic adjustment to reflect any significant change in assumptions. In addition, the deferred contract cost asset will be assessed for impairment on a periodic basis. Contract costs capitalized for new contracts will accumulate during the initial years under Topic 606, which will generally result in less sales and marketing expense in our statement of operations in those years as compared to results under the prior revenue standard. As capitalized costs are amortized, the accretive impact to operating income anticipated in the initial year of Topic 606 adoption is expected to moderate progressively in the second and third years, and become insignificant in the fourth year as the timing impact of deferring these costs is offset by related amortization.
- Under Topic 605, at the time of the sale of a device to a customer under an EIP, we imputed risk adjusted interest on the device payment plan agreement receivables. We recorded the imputed interest as a reduction to the related accounts receivable and interest income was recognized over the financed device payment term. Under Topic 606, while there continues to be a financing component in both the fixed-term plans and device payment plans, we have determined that this financing component for certain direct channel customer classes in the postpaid wireless plans is not significant and therefore we no longer impute interest for these customer contracts.

See disclosures related to Contracts with Customers under the new revenue standard in Note 11 - Revenue from Contracts with Customers.

Recently Issued Accounting Standards:

In August 2018, the FASB issued ASU 2018-15 related to implementation costs incurred in a cloud computing arrangement that is a service contract. The new guidance aligns the requirement for a customer to capitalize implementation costs incurred in a hosting arrangement that is a service contract with the requirement to capitalize implementation costs incurred to develop or obtain internal-use software. The standard will take effect for public entities for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other entities, the standard will take effect for fiscal years beginning after December 15, 2020, and for interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted for all entities. As an "emerging growth company", our effective date for the standard is when it becomes applicable to private companies. We are currently evaluating the impact this ASU will have on our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13 related to the measurement of credit losses on financial instruments and has since modified the standard with several ASUs (collectively, the "standard"). The standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. The standard will take effect for public entities for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. As amended in ASU 2018-19, for companies that file under private company guidelines, the standard will take effect for fiscal years beginning after December 15, 2021, and for interim periods within those fiscal years. Early adoption is permitted for all entities for fiscal years beginning after December 15, 2018. As an "emerging growth company", we intend to adopt this standard when it becomes applicable to private companies. The adoption of this ASU will require a cumulative-effect adjustment to Accumulated deficit as of the beginning of the first reporting period in which the guidance is effective (that is, a modified-retrospective approach). We are currently evaluating the impact this ASU will have on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," and has since modified the standard with several ASUs (collectively, the "standard" or "new guidance"). This standard will require organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The new guidance will require classifications of leases, both operating and capital, to be recognized on the balance sheet. Consistent with current GAAP, the recognition, measurement and presentation of expenses and cash flows arising from a lease will depend on its classification. The standard also will require disclosures to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. As an "emerging growth company", we intend to adopt this standard in the first quarter of fiscal 2020. We plan to apply certain practical expedients permitted within the guidance, including those which allow the Company to carry forward its historical lease classification, along with the transition option which does not require application of the guidance to comparative periods in the year of adoption. The adoption of this standard will result in the recognition of significant right-of-use assets and lease liabilities in our Condensed Consolidated Balance Sheet. The adoption will also result in an adjustment to opening amount of the Accumulated deficit to adjust the balance of Deferred gain attributable to the NuevaTel tower sale-leaseback as of the adoption date. See Note 2 – Property and Equipment for further information on the tower sale-leaseback transaction. We do not expect the adoption to have significant impacts on our Condensed Consolidated Statements of Operations and Comprehensive Loss since we expect the majority of our leases to continue to be classified as operating leases under the new standard. We have formed a dedicated team of Company employees, engaged an external consulting firm and developed a comprehensive multi-stage project plan to assess and implement the standard. The assessment focuses on our accounting for cell site, office and retail leases. We are performing a completeness assessment over our leases, and leveraging a technology solution in implementing the standard. The preparation for adoption is on-going including our assessment of other potential impacts of the standard, such as an analysis of the potential transitional adjustments to shareholders' equity and the impact of adoption on the Condensed Consolidated Statement of Operations and Comprehensive Loss and Condensed Consolidated Statement of Cash Flows.

(US dollars in thousands unless otherwise noted)

NOTE 2 – PROPERTY AND EQUIPMENT

	As of September 30, 2019	As of December 31, 2018
Land, buildings and improvements	$ 9,316	$ 9,187
Wireless communication systems	757,885	785,548
Furniture, equipment, vehicles and software	185,369	176,267
Construction in progress	46,363	44,806
	998,933	1,015,808
Less: accumulated depreciation	(646,188)	(620,967)
Property and equipment, net	$ 352,745	$ 394,841

Depreciation expense was $23.3 million and $23.5 million for the three months ended September 30, 2019 and 2018, respectively. Depreciation expense was $68.9 million and $70.7 million for the nine months ended September 30, 2019 and 2018, respectively.

Advances to equipment vendors are included in Other assets and totaled $5.2 million and $4.9 million as of September 30, 2019 and December 31, 2018, respectively.

In February 2019, NuevaTel entered into an agreement to sell and leaseback approximately 600 network towers for expected cash proceeds of approximately $100 million. The initial closing for 400 towers was completed in February for cash consideration of $64.3 million. A second closing for 143 towers was completed in August for additional cash consideration of $20.2 million resulting in total consideration received of $84.5 million through September 30, 2019. The Company recorded proceeds from financing obligations of $18.0 million during the nine months ended September 30, 2019 for towers that did not meet the criteria for sale-leaseback accounting due to continuing involvement by NuevaTel, primarily relating to incomplete ownership transfer for certain sites which are subject to buyer-seller management agreements along with seller management of certain third party rental arrangements for certain sites. See Note 7 – Debt for further information on the tower transaction financing obligation. A deferred gain of $15.0 million and $55.4 million was recognized during the three and nine months ended September 30, 2019, respectively, for the towers that qualified as a sale-leaseback, all of which are operating leases based on a lease by lease accounting evaluation. At the time of the first and second closings, $7.0 million and $2.6 million of gain, respectively, was immediately recognized in Gain on disposal of assets and sale-leaseback transaction in the Condensed Consolidated Statement of Operations and Comprehensive Loss and the deferred gain will be recognized in Gain on disposal of assets and sale-leaseback transaction over the initial non-cancellable lease term for the towers subject to operating leases. During the three and nine months ended September 30, 2019, $1.1 million and $2.5 million of the deferred gain was recognized, respectively. The current portion of the deferred gain was $5.6 million as of September 30, 2019 and is included in Other current liabilities and accrued expenses in the Condensed Consolidated Balance Sheet. Bank fees of $1.3 million were incurred in connection with the transaction in the first quarter of 2019 and were included in General and administrative expenses in the Condensed Consolidated Statement of Operations and Comprehensive Loss for the nine months ended September 30, 2019 and within Net cash provided by operating activities in the Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2019.

(US dollars in thousands unless otherwise noted)

The assets and liabilities for the remaining towers were classified as held for sale in the first quarter of 2019 as it is the Company's intention to complete the sale of these towers within the next 12 months. The net book value of the remaining towers of $0.9 million was included in Property and equipment, net and the associated asset retirement obligation of $0.4 million was included in Other non-current liabilities and accrued expenses in the Condensed Consolidated Balance Sheet as of September 30, 2019. The Company ceased depreciation for the assets held for sale along with accretion expense associated with the asset retirement obligation once the assets met held for sale criteria in the first quarter of 2019 and the sale of the towers was probable.

The tower sites have an initial lease term of 10 years with up to three 5 year renewals at NuevaTel's option. NuevaTel's initial annual tower operating lease rent obligation for the sites that qualified as a sale-leaseback is $8.2 million and initial annual tower financing obligation payments for the sites that did not qualify as a sale-leaseback is $2.2 million, both of which are subject to certain 3% annual rent increases.

The initial and second closings of the tower sale-leaseback transaction generated a taxable gain which is expected to result in $17.2 million of Bolivian income tax. This gave rise to a deferred tax asset and taxes payable which are included within Deferred income taxes and Other current liabilities and accrued expenses, respectively, in the Condensed Consolidated Balance Sheet as of September 30, 2019. In addition to the income tax, the sale-leaseback also resulted in payment of $0.7 million and $3.0 million of transaction taxes included within General and administrative expenses in the Condensed Consolidated Statement of Operations and Comprehensive Loss during the three and nine months ended September 30, 2019, respectively.

Supplemental cash flow information:

The Company acquired $0.8 million and $1.6 million of property and equipment through current and long-term debt during the nine months ended September 30, 2019 and 2018, respectively.

The Company also acquires property and equipment through current and long-term construction accounts payable. The net change in current and long-term construction accounts payable resulted in additions or (adjustments) to Purchase of property and equipment in the Condensed Consolidated Statements of Cash Flows of $14.1 million and ($0.8) million for the nine months ended September 30, 2019 and 2018, respectively.

NOTE 3 – GOODWILL, LICENSE COSTS AND OTHER INTANGIBLE ASSETS

No goodwill impairments were recognized as of September 30, 2019 and December 31, 2018, since events and circumstances did not indicate such impairment. Changes in the Company's goodwill balance for the nine months ended September 30, 2019 and 2018 were related to foreign currency adjustment and were not material.

The Company's license costs and other intangible assets consisted of the following:

		As of September 30, 2019			As of December 31, 2018		
	Estimated Useful Lives	**Gross Carrying Amount**	**Accumulated Amortization**	**Net**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net**
License costs	7 - 20 years	$ 180,567	$ (115,494)	$ 65,073	$ 187,415	$ (109,402)	$ 78,013
Subscriber relationships	7 years	11,710	(10,110)	1,600	12,546	(9,670)	2,876
Other	6 -14 years	3,445	(3,445)	-	3,537	(3,439)	98
Total		$ 195,722	$ (129,049)	$ 66,673	$ 203,498	$ (122,511)	$ 80,987

Amortization expense was $3.9 million and $4.2 million for the three months ended September 30, 2019 and 2018, respectively. Amortization expense was $12.0 million and $13.0 million for the nine months ended September 30, 2019 and 2018, respectively.

(US dollars in thousands unless otherwise noted)

Bolivia:
The license for 30 MHz of NuevaTel's 1900 MHz spectrum holdings will expire in November 2019. NuevaTel expects to renew the license and estimates that a payment of approximately $30 million will be due in the fourth quarter of 2019 prior to the expiration. The payment is expected to be funded with cash resources from a combination of NuevaTel's operating cash flows, changes in the timing of property and equipment purchases or through a reinvestment of proceeds from the sale-leaseback of NuevaTel's towers entered into in February 2019.

NOTE 4 – EIP RECEIVABLES

In New Zealand, 2degrees offers certain wireless subscribers the option to pay for their handsets in installments over a period of up to 36 months using an EIP. In Bolivia, in 2018, NuevaTel began offering certain wireless subscribers the option to pay for their handsets in installments over a period of 18 months using an EIP.

The following table summarizes the unbilled EIP receivables:

	As of September 30, 2019	As of December 31, 2018
EIP receivables, gross	$ 56,225	$ 50,072
Unamortized imputed discount	(3,293)	(3,784)
EIP receivables, net of unamortized imputed discount	$ 52,932	$ 46,288
Allowance for doubtful accounts	(3,612)	(2,907)
EIP receivables, net	$ 49,320	$ 43,381

Classified on the balance sheet as:	As of September 30, 2019	As of December 31, 2018
EIP receivables, net	$ 24,172	$ 22,165
Long-term EIP receivables	25,148	21,216
EIP receivables, net	$ 49,320	$ 43,381

Of the $56.2 million EIP receivables gross amount as of September 30, 2019, $3.2 million related to NuevaTel and the remaining related to 2degrees.

2degrees categorizes unbilled EIP receivables as prime or subprime based on subscriber credit profiles. Upon initiation of a subscriber's installment plan, 2degrees uses a proprietary scoring system that measures the credit quality of EIP receivables using several factors, such as credit bureau information, subscriber credit risk scores, service plan and EIP characteristics. 2degrees periodically assesses the proprietary scoring system. Prime subscribers are those with lower risk of delinquency and whose receivables are eligible for sale to a third party. Subprime subscribers are those with higher delinquency risk. Based on subscribers' credit quality, subscribers may be denied an EIP option or be required to participate in a risk mitigation program which includes paying a deposit and allowing for automatic payments. NuevaTel offers installment plans only to subscribers with a low delinquency risk based on NuevaTel's credit analysis and the subscriber's income level. As of the periods presented, all of NuevaTel's unbilled EIP receivables were categorized as prime.

The balances of EIP receivables on a gross basis by credit category as of the periods presented were as follows:

	As of September 30, 2019	As of December 31, 2018
Prime	$ 39,869	$ 33,161
Subprime	16,356	16,911
Total EIP receivables, gross	$ 56,225	$ 50,072

(US dollars in thousands unless otherwise noted)

The EIP receivables had weighted average imputed discount rates of 7.40% and 6.63% as of September 30, 2019 and December 31, 2018, respectively.

The following table shows changes in the aggregate net carrying amount of the unbilled EIP receivables:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Beginning balance of EIP receivables, net	$ 44,558	$ 35,917	$ 43,381	$ 31,989
Additions	20,736	26,150	69,735	78,206
Billings and payments	(12,042)	(9,782)	(36,779)	(32,392)
Sales of EIP receivables	-	-	(23,276)	(21,913)
Foreign currency translation	(3,500)	(1,129)	(3,528)	(3,308)
Change in allowance for doubtful accounts and imputed discount	(432)	(1,771)	(213)	(3,197)
Total EIP receivables, net	$ 49,320	$ 49,385	$ 49,320	$ 49,385

Sales of EIP Receivables:

2degrees has a mobile handset receivables sales agreement (the "EIP Sale Agreement") with a third party New Zealand financial institution (the "EIP Buyer"). The EIP Sale Agreement provides an arrangement for 2degrees to accelerate realization of receivables from wireless subscribers who purchase mobile phones from 2degrees on installment plans. Under the agreement and on a monthly basis, 2degrees may offer to sell specified receivables to the EIP Buyer and the EIP Buyer may propose a price at which to purchase the receivables. Neither party is obligated to conclude a purchase, except on mutually agreeable terms.

The following table summarizes the impact of the sales of the EIP receivables in the nine months ended September 30, 2019 and 2018. There were no sales of EIP receivables under the EIP Sale Agreement in the three months ended September 30, 2019 and 2018.

	Nine Months Ended September 30,	
	2019	**2018**
EIP receivables derecognized	$ 23,276	$ 21,913
Cash proceeds	(20,313)	(18,531)
Reversal of unamortized imputed discount	(1,773)	(1,480)
Reversal of allowance for doubtful accounts	(1,397)	(877)
Pre-tax (gain) loss on sales of EIP receivables	$ (207)	$ 1,025

EIP Receivables Financing:

In August 2019, 2degrees entered into an EIP receivables secured borrowing arrangement with an intermediary purchasing entity (the "Purchaser") and certain financial institutions that provide lending capital to, and hold equity in, the purchasing entity. Under the arrangement, 2degrees may sell EIP receivables to the Purchaser at a price reflecting interest rates and fees established in the arrangement.

The Company evaluated the structure and terms of the arrangement and determined that the Purchaser is a VIE because it lacks sufficient equity to finance its activities and its equity holders, which are certain financial lending institutions, lack the attributes of a controlling financial interest. The Company's interest in the EIP receivables transferred to the Purchaser is a variable interest as 2degrees will in substance absorb all potential losses associated with the transferred EIP receivables. In addition, 2degrees has the control to direct the Purchaser's most significant activities, which are the collection and management of EIP receivables that have been purchased. As such, 2degrees is the primary beneficiary of the Purchaser and thus the Purchaser is required to be consolidated in our financial statements.

(US dollars in thousands unless otherwise noted)

2degrees has continuing involvement with the EIP receivables transferred to the Purchaser through a servicing agreement and maintains effective control by having the right to repurchase the EIP receivables or acquire the shares of the Purchaser at any time. The transfer of receivables through this arrangement does not qualify under GAAP as a sale of financial assets and as such is recorded as a secured borrowing. Upon transfer to the Purchaser, the Company does not derecognize the receivables or related allowance for doubtful accounts and unamortized imputed discount.

The outstanding balance of unbilled EIP receivables sold through this arrangement within EIP receivables, net and Long-term EIP receivables in the Company's Condensed Consolidated Balance Sheets was $6.5 million and $7.5 million, respectively, as of September 30, 2019. These EIP receivables serve as collateral for the outstanding financing obligation of $10.9 million related to this arrangement within Current portion of long-term debt in the Condensed Consolidated Balance Sheet as of September 30, 2019. For further information, see Note 7 – Debt.

NOTE 5 – OTHER CURRENT LIABILITIES AND ACCRUED EXPENSES

	September 30, 2019	December 31, 2018
Payroll and employee benefits	$ 17,026	$ 16,587
Income and withholding taxes	16,222	3,087
Interest payable	13,583	5,963
Dealer commissions and subsidies	11,206	13,411
Value-added tax and other business taxes	10,907	13,990
Handset purchases	9,680	37,405
Interconnection and roaming charges payable	8,223	13,017
Accrued legal contingencies	7,254	7,381
Accrued transmission costs	4,917	7,997
Other	28,606	24,597
Other current liabilities and accrued expenses	$ 127,624	$ 143,435

NOTE 6 – FAIR VALUE MEASUREMENTS

The accounting guidance for fair value establishes a framework for measuring fair value that uses a three-level valuation hierarchy for disclosure of fair value measurement. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability at the measurement date. The three levels are defined as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;
- Level 3 – Unobservable inputs in which little or no market activity exists, requiring an entity to develop its own assumptions that market participants would use to value the asset or liability.

The following table presents assets and liabilities measured at fair value on a recurring basis as of September 30, 2019 and December 31, 2018:

(US dollars in thousands unless otherwise noted)

	Fair Value Measurement as of September 30, 2019			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Forward exchange contracts	$ 710	$ -	$ 710	$ -
Total assets	$ 710	$ -	$ 710	$ -
Liabilities:				
Warrant liability	$ 256	$ 256	$ -	$ -
Interest rate swaps	3,277	-	3,277	-
Total liabilities	$ 3,533	$ 256	$ 3,277	$ -

	Fair Value Measurement as of December 31, 2018			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Short-term investments	$ 1,986	$ -	$ 1,986	$ -
Forward exchange contracts	717	-	717	-
Total assets	$ 2,703	$ -	$ 2,703	$ -
Liabilities:				
Warrant liability	$ 99	$ 99	$ -	$ -
Interest rate swaps	1,829	-	1,829	-
Total liabilities	$ 1,928	$ 99	$ 1,829	$ -

The fair value of the short-term investments is based on historical trading prices or model-driven valuations which are observable in the market or can be derived principally from or corroborated by observable market data. The fair value of forward exchange contracts is based on the differential between the contract price and the foreign currency exchange rate as of the balance sheet date. The fair value of the warrant liability is based on the public market price of the warrants as of the balance sheet date. The fair value of interest rate swaps is measured using quotes obtained from a financial institution for similar financial instruments.

There were no transfers between levels within the fair value hierarchy during the nine months ended September 30, 2019.

Cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued expenses are carried at cost, which approximates fair value given their short-term nature. The carrying values of EIP receivables approximate fair value as the receivables are recorded at their present value, net of unamortized imputed discount and allowance for doubtful accounts.

The estimated fair value of the Company's debt, including current maturities, was based on Level 2 inputs, being market quotes or values for similar instruments, such as the interest rates currently available to the Company for the issuance of debt with similar terms and remaining maturities, used to discount the remaining principal payments. The carrying amounts and estimated fair values of our total debt as of September 30, 2019 and December 31, 2018 were as follows:

	As of September 30, 2019	**As of December 31, 2018**
Carrying amount, excluding unamortized discount and deferred financing costs	$ 543,342	$ 516,490
Fair value	$ 528,160	$ 503,748

For the three and nine months ended September 30, 2019 and 2018, we did not record any material other-than-temporary impairments on financial assets required to be measured at fair value on a nonrecurring basis.

(US dollars in thousands unless otherwise noted)

NOTE 7 – DEBT

The Company's long-term and other debt as of September 30, 2019 and December 31, 2018 consisted of the following:

	As of September 30, 2019	As of December 31, 2018
Trilogy LLC 2022 Notes	$ 350,000	$ 350,000
New Zealand 2021 Senior Facilities Agreement	138,749	137,554
Bolivian Tower Transaction Financing Obligation	16,191	-
Bolivian 2021 Syndicated Loan	11,684	15,022
New Zealand EIP Receivables Financing Obligation	10,911	-
Bolivian 2023 Bank Loan	7,556	4,000
Bolivian 2022 Bank Loan	5,687	7,000
Other	2,564	2,914
	543,342	516,490
Less: unamortized discount	(2,259)	(2,817)
Less: deferred financing costs	(5,621)	(6,848)
Total debt	535,462	506,825
Less: current portion of debt	(23,101)	(8,293)
Total long-term debt	$ 512,361	$ 498,532

Trilogy LLC 2022 Notes:

On May 2, 2017, Trilogy LLC closed a private offering of $350 million aggregate principal amount of its senior secured notes due 2022 (the "Trilogy LLC 2022 Notes"). The Trilogy LLC 2022 Notes were offered to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act.

The Trilogy LLC 2022 Notes bear interest at a rate of 8.875% per annum and were issued at 99.506% . Interest on the Trilogy LLC 2022 Notes is payable semi-annually in arrears on May 1 and November 1. No principal payments are due until maturity on May 1, 2022.

Trilogy LLC has the option of redeeming the Trilogy LLC 2022 Notes, in whole or in part, upon not less than 30 days' and not more than 60 days' prior notice as follows:

- On or after May 1, 2019 but prior to May 1, 2020, at 104.438%
- On or after May 1, 2020 but prior to May 1, 2021, at 102.219%
- On or after May 1, 2021, at 100%

The Trilogy LLC 2022 Notes are subject to an indenture which, among other things, limits the Company and its subsidiaries' ability to incur additional indebtedness while providing exceptions to such limitations, including exceptions that permit NuevaTel and 2degrees to incur certain additional indebtedness. The Trilogy LLC 2022 Notes are guaranteed by certain of Trilogy LLC's domestic subsidiaries and are secured by a first-priority lien on the equity interests of such guarantors and a pledge of any intercompany indebtedness owed to Trilogy LLC or any such guarantor by 2degrees or any of 2degrees' subsidiaries and certain third-party indebtedness owed to Trilogy LLC by any minority shareholder in 2degrees. As of the issue date of the Trilogy LLC 2022 Notes, and as of September 30, 2019, there was no such indebtedness outstanding.

New Zealand 2021 Senior Facilities Agreement:

In July 2018, 2degrees completed a bank loan syndication in which ING Bank N.V. acted as the lead arranger and underwriter. This debt facility (the "New Zealand 2021 Senior Facilities Agreement") has a total available commitment of $250 million New Zealand Dollars ("NZD") ($156.6 million based on the exchange rate at September 30, 2019).

Separate facilities are provided under this agreement to (i) repay the then outstanding balance of the prior $200 million NZD senior facilities agreement and pay fees and expenses associated with the refinancing ($195 million NZD), (ii) provide funds for further investments in 2degrees' business ($35 million NZD), and (iii) fund 2degrees' working capital requirements ($20 million NZD). As of September 30, 2019, the $195 million NZD facility ($122.1 million based on the exchange rate at September 30, 2019) was fully drawn and $26.5 million NZD ($16.6 million based on the exchange rate at September 30, 2019) was drawn on the $35 million NZD facility for further investments. As of September 30, 2019, no amount was drawn on the working capital facility. The borrowings and repayments under these facilities, including the recurring activity relating to working capital, are included separately as Proceeds from debt and Payments of debt within Net cash provided by financing activities in the Condensed Consolidated Statements of Cash Flows.

The New Zealand 2021 Senior Facilities Agreement also provides for an uncommitted $35 million NZD accordion facility which, after commitments are obtained, can be utilized in the future to fund capital expenditures. The New Zealand 2021 Senior Facilities Agreement matures on July 31, 2021.

The outstanding debt drawn under the New Zealand 2021 Senior Facilities Agreement accrues interest quarterly at the New Zealand Bank Bill Reference Rate ("BKBM") plus a margin ranging from 2.40% to 3.80% (the "Margin") depending upon 2degrees' net leverage ratio at that time. The weighted average interest rate on the outstanding balance of all drawn facilities was 4.27% as of September 30, 2019.

Additionally, a commitment fee at the rate of 40% of the applicable Margin is payable quarterly on all undrawn and available commitments. As of September 30, 2019, the commitment fee rate was 0.96% .

Bolivian Tower Transaction Financing Obligation:
In February 2019, NuevaTel entered into an agreement to sell and leaseback approximately 600 network towers. As a result of the initial two closings of 543 towers, the Company recorded $18.0 million of such proceeds as a financing obligation relating to those towers that did not meet the criteria for sale-leaseback accounting due to continuing involvement. The outstanding balance of the current and long-term portion of the Bolivian Tower Transaction Financing Obligation was $1.0 million and $15.2 million, respectively, as of September 30, 2019. Of the $16.2 million financing obligation outstanding as of September 30, 2019, $11.6 million is not considered indebtedness under the indenture for the Trilogy LLC 2022 Notes as these amounts relate to certain towers that are treated as debt for accounting purposes due to our continuing involvement in the management of the towers and certain other factors. For further information, see Note 2 – Property and Equipment.

New Zealand EIP Receivables Financing Obligation:
In August 2019, 2degrees entered into the EIP receivables secured borrowing arrangement that enables 2degrees to sell specified EIP receivables to the Purchaser. The Company evaluated the structure and terms of this arrangement and determined we are required to consolidate the Purchaser in our financial statements. See Note 4 – EIP Receivables for further information.

While 2degrees can, in part, determine the amount of cash it will receive from each sale of EIP receivables under the arrangement, the amount of cash available to 2degrees varies based on a number of factors and is limited to a predetermined portion of the total amount of the eligible EIP receivables sold to the Purchaser.

The arrangement has a total available commitment of $35.5 million NZD ($22.2 million based on the exchange rate at September 30, 2019). As of September 30, 2019, the total amount outstanding under this arrangement was $17.4 million NZD ($10.9 million based on the exchange rate at September 30, 2019), and the total amount available of the unused commitment was $18.1 million NZD ($11.3 million based on the exchange rate at September 30, 2019). All proceeds received and repayments under this arrangement are included separately as Proceeds from EIP receivables financing obligation and Payments of debt, including sale-leaseback and EIP receivables financing obligations within financing activities in the Condensed Consolidated Statements of Cash Flows.

This transaction was analyzed and accounted for in accordance with the applicable accounting guidance for consolidations and transfers and servicing arrangements. Accordingly, the $0.7 million NZD ($0.4 million based on the exchange rate at September 30, 2019) of incremental fees and expenses directly related to entering into the EIP receivables financing obligation was recorded as deferred financing cost and is included as a reduction within debt on the Condensed Consolidated Balance Sheets. The unamortized balance of the deferred financing costs associated with the EIP receivables financing obligation is amortized ratably to Interest expense over the term of the EIP receivables financing obligation.

The Company determined the obligation under the EIP receivables financing arrangement to have similar characteristics as a revolving secured borrowing debt arrangement and has classified the total amount of the outstanding obligation as current in the Condensed Consolidated Balance Sheets. Although the obligation is presented as a component of debt due to the accounting consolidation of the Purchaser, because the Purchaser is a separate entity whose equity is held by third parties the obligation does not constitute indebtedness under the indenture for the Trilogy LLC 2022 Notes. Repayments of the obligation principal, interest and other fees are made on a monthly basis in accordance with a cash flow distribution prescribed in the arrangement.

(US dollars in thousands unless otherwise noted)

The repayments are made using the cash collections from subscribers whose EIP receivables were sold to the Purchaser. The EIP receivables financing obligation matures August 2022. The outstanding obligation drawn under this arrangement accrues interest monthly at the BKBM plus a margin of 3.50% . The interest rate on the outstanding balance of the drawn facility was approximately 4.7% as of September 30, 2019. Additionally, a line fee at 0.65% is payable annually on the total available commitment.

The EIP receivables financing obligation contains no financial covenants. The EIP receivables financing obligation contains customary representations, warranties, and events of default for an arrangement of this nature.

Bolivian 2023 Bank Loan:
In December 2018, NuevaTel entered into an $8.0 million debt facility (the "Bolivian 2023 Bank Loan") with Banco Nacional de Bolivia S.A., a Bolivian bank and a lender in NuevaTel's outstanding syndicated loan due 2021, to fund capital expenditures. NuevaTel drew down the Bolivian 2023 Bank Loan in two $4.0 million advances that occurred in December 2018 and January 2019. The Bolivian 2023 Bank Loan is required to be repaid in quarterly installments commencing in September 2019 through 2023, with 11% of the principal amount to be repaid during the first year and 22.25% of the principal amount to be repaid during each of the final four years. Interest on the Bolivian 2023 Bank Loan accrues at a fixed rate of 7.0% for the first 24 months and thereafter at a variable rate of 5.0% plus Tasa de Referencia and is payable quarterly. The outstanding balance of the current and long-term portion of the Bolivian 2023 Bank Loan was $1.8 million and $5.7 million, respectively, as of September 30, 2019.

The Bolivian 2023 Bank Loan agreement contains no financial covenants and is unsecured.

Covenants:
The Company is in compliance with all of its debt covenants.

NOTE 8 – DERIVATIVE FINANCIAL INSTRUMENTS

Interest Rate Swaps:
2degrees enters into various interest rate swap agreements to fix its future interest payments under the New Zealand 2021 Senior Facilities Agreement. Under these agreements, 2degrees principally receives a variable amount based on the BKBM and pays a fixed amount based on fixed rates ranging from 1.385% to 3.740% . Settlement in cash occurs quarterly until termination and the variable interest rate is reset on the first day of each calendar quarter. These derivative instruments have not been designated for hedge accounting; thus changes in the fair value are recognized in earnings in the period incurred. The fair value of these contracts, included in Other non-current liabilities, was $3.3 million and $1.8 million as of September 30, 2019 and December 31, 2018, respectively. As of September 30, 2019, the total notional amount of these agreements was $197.5 million NZD ($123.7 million based on the exchange rate as of September 30, 2019). The agreements have effective dates from June 30, 2017 through June 30, 2021 and termination dates from March 31, 2020 to June 28, 2024. During the nine months ended September 30, 2019, interest rate swap agreements with a total notional amount of $40.0 million NZD ($25.1 million based on the exchange rate as of September 30, 2019) matured.

Summarized financial information for all of the aforementioned derivative financial instruments is shown below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Non-cash loss from change in fair value recorded in Other, net	$ (1,049)	$ (441)	$ (2,378)	$ (947)
Net cash settlement	$ (345)	$ (259)	$ (713)	$ (957)

Forward Exchange Contracts:
At September 30, 2019, 2degrees had short-term forward exchange contracts to sell an aggregate of $14.8 million NZD and buy an aggregate of $10.0 million USD to manage exposure to fluctuations in foreign currency exchange rates. During the nine months ended September 30, 2019, short-term forward exchange contracts to (i) sell an aggregate of $73.3 million NZD and buy an aggregate of $50.0 million USD, and (ii) sell an aggregate of $2.0 million USD and buy an aggregate of $3.0 million NZD matured. These derivative instruments are not designated for hedge accounting, thus changes in the fair value are recognized in earnings in the period incurred. The foreign exchange gains and losses recognized in Other, net were not material for the three and nine months ended September 30, 2019 or 2018. The estimated settlements under these forward exchange contracts were not material as of September 30, 2019 or December 31, 2018.

NOTE 9 – EQUITY-BASED COMPENSATION

TIP Inc. Restricted Share Units:
During the nine months ended September 30, 2019, TIP Inc. granted a total of 1,500,000 restricted share units ("RSUs" or "Awards") to certain officers and employees under TIP Inc.'s restricted share unit plan (the "RSU Plan") pursuant to which vesting is subject to TIP Inc. meeting certain performance or time-based criteria. RSUs entitle the grantee to receive common shares in the capital of TIP Inc. (the "Common Shares") at the end of a specified vesting period, up to four years, subject to continued service through the applicable vesting date, and certain Company performance obligations for performance-based Awards. The maximum number of Common Shares that may be issued under the RSU Plan as of September 30, 2019 was 6,362,485 shares, which is equal to 7.5% of the combined issued and outstanding Common Shares and Trilogy LLC Class C Units (the "Class C Units").

A portion of the RSU grants consisted of Awards that combine time-based elements with performance-based elements, which entitle the holder thereof to receive a number of Common Shares that varies based on the Company's performance against revenue or EBITDA performance goals for the 2019 fiscal year. The estimated equity-based compensation expense attributable to the performance-based RSUs is updated quarterly. The total number of RSUs granted includes these performance-based Awards and assumes that the performance goals will be achieved. The number of RSUs is updated upon the completion of each applicable fiscal year, when a final determination is made as to whether the performance goals have been achieved. These performance-based RSUs vest on a straight-line basis over a four-year period.

Equity-based compensation expense is generally recognized on a straight-line basis over the requisite service period; however, exceptions include Awards with an accelerated vesting schedule and updated estimates of achievement against performance goals for performance-based Awards. As of September 30, 2019, 2,438,527 RSUs were unvested and unrecognized compensation expense relating to RSUs was approximately $5.8 million, including $1.9 million relating to grants made in 2019. These amounts reflect time-based vesting along with estimated future expense with respect to certain performance-based Awards.

NOTE 10 – EQUITY

<u>TIP Inc. Capital Structure</u>
TIP Inc.'s authorized share structure consists of two classes of shares, namely Common Shares and one special voting share (the "Special Voting Share") as follows:

TIP Inc. Common Shares:
TIP Inc. is authorized to issue an unlimited number of Common Shares with no par value. As of September 30, 2019, TIP Inc. had 58,327,291 Common Shares outstanding, reflecting an increase of 613,455 Common Shares issued during the nine months ended September 30, 2019 as a result of the issuance of Common Shares in January and July 2019 for vested RSUs, the issuance of Common Shares in May 2019 pursuant to TIP Inc.'s dividend reinvestment plan and Class C Units being redeemed for Common Shares. Holders of Common Shares are entitled to one vote for each share held on matters submitted to a vote of shareholders. Holders of Common Shares and the Special Voting Share, described below, vote together as a single class, except as provided in the *Business Corporation Act* (British Columbia), by law or by stock exchange rules.

Holders of Common Shares are entitled to receive dividends as and when declared by the board of directors of TIP Inc. In the event of the dissolution, liquidation or winding-up of TIP Inc., whether voluntary or involuntary, or any other distribution of assets of TIP Inc. among its shareholders for the purpose of winding up its affairs, the holders of Common Shares shall be entitled to receive the remaining property and assets of TIP Inc. after satisfaction of all liabilities and obligations to creditors of TIP Inc. and after $1.00 Canadian dollar ("C$") is distributed to the holder of the Special Voting Share.

In connection with the Arrangement Agreement, certain holders of Common Shares and Class C Units entered into lock-up agreements with TIP Inc. (the "Lock-Up Agreements"). Pursuant to the Lock-Up Agreements, each locked-up shareholder and unitholder agreed that it would not during specified periods, without the prior written consent of TIP Inc., sell, assign, pledge, dispose of, or transfer any equity securities of TIP Inc. or Trilogy LLC, or enter into any swap, forward or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of Common Shares or Class C Units.

On February 7, 2019, the lock-up period expired with respect to 5,748,383 Common Shares. There were no Common Shares subject to these lock ups as of September 30, 2019.

As of September 30, 2019, TIP Inc. holds a 68.8% economic ownership interest in Trilogy LLC through its wholly owned subsidiary, Trilogy International Partners Intermediate Holdings Inc. (“Trilogy Intermediate Holdings”). The 0.1% increase in TIP Inc.’s economic ownership interest in Trilogy LLC during the nine months ended September 30, 2019 is primarily attributable to the issuance of Common Shares in January and July 2019 for vested RSUs.

Forfeitable Founders Shares:
At September 30, 2019, the Company had 1,675,336 Common Shares issued and outstanding to founding shareholders that are subject to forfeiture on February 7, 2022 (the “Forfeitable Founders Shares”), unless the closing price of Common Shares exceeds C$13.00 (as adjusted for stock splits or combinations, stock dividends, reorganizations, or recapitalizations) for any 20 trading days within a 30 day-trading-day period. The Forfeitable Founders Shares are subject to transfer restrictions unless the conditions for release from the forfeiture risk have been satisfied.

Special Voting Share of TIP Inc.:
TIP Inc. has one issued and outstanding Special Voting Share held by a trustee. Holders of Class C Units, as described below, are entitled to exercise voting rights in TIP Inc. through the Special Voting Share on a basis of one vote per Class C Unit held. At such time as there are no Class C Units outstanding, the Special Voting Share shall be redeemed and cancelled for C$1.00 to be paid to the holder thereof.

The holder of the Special Voting Share is not entitled to receive dividends. In the event of the dissolution, liquidation or winding-up of TIP Inc., whether voluntary or involuntary, the holder of the Special Voting Share is entitled to receive C$1.00 after satisfaction of all liabilities and obligations to creditors of TIP Inc. but before the distribution of the remaining property and assets of TIP Inc. to the holders of Common Shares.

Warrants:
At September 30, 2019, TIP Inc. had 13,402,685 warrants outstanding. Each warrant entitles the holder to purchase one Common Share at an exercise price of C$11.50, subject to normal anti-dilution adjustments. The warrants expire on February 7, 2022.

As of February 7, 2017, the date of consummation of the Arrangement, TIP Inc.’s issued and outstanding warrants were reclassified from equity to liability, as the warrants are written options that are not indexed to Common Shares. The fair value of the warrants is based on the number of warrants and the closing quoted public market prices of the warrants. The offsetting impact is reflected within Accumulated deficit as a result of the reduction of Additional paid in capital to zero with the allocation of opening equity due to the Arrangement. The warrant liability is recorded in Other current liabilities and accrued expenses in the Condensed Consolidated Balance Sheets. The amount of the warrant liability was $0.3 million and $0.1 million as of September 30, 2019 and December 31, 2018, respectively. The warrant liability is marked-to-market each reporting period with the changes in fair value recorded as a gain or loss in the Condensed Consolidated Statements of Operations and Comprehensive Loss. The Company will continue to classify the fair value of the warrants as a liability until the warrants are exercised or expire.

Dividend Paid:
In May 2019, TIP Inc. paid a dividend of C$0.02 per Common Share. The dividend was declared on April 2, 2019 and paid to holders of Common Shares of record as of April 16, 2019. Eligible Canadian holders of Common Shares who participated in the Company’s dividend reinvestment plan had the right to acquire additional Common Shares at 95% of the volume-weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days immediately preceding the dividend payment date, by reinvesting their cash dividends, net of applicable taxes. As a result of shareholder participation in the dividend reinvestment plan, 72,557 Common Shares were issued. A total cash dividend of $0.8 million was paid to shareholders that did not participate in the dividend reinvestment plan and the cash payment was recorded as financing activities in the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2019.

Concurrently with the issuance of the TIP Inc. dividend, in accordance with the Trilogy LLC Amended and Restated Limited Liability Company Agreement (the "Trilogy LLC Agreement"), a dividend in the form of 259,760 additional Class C Units was issued on equitably equivalent terms to the holders of the Class C Units.

Trilogy LLC Capital Structure
The equity interests in Trilogy LLC consist of three classes of units as follows:

Class A Units:
The Class A Units of Trilogy LLC ("Class A Units") possess all the voting rights under the Trilogy LLC Agreement, have nominal economic value and therefore have no rights to participate in the appreciation of the economic value of Trilogy LLC. All of the Class A Units are indirectly held by TIP Inc., through a wholly owned subsidiary, Trilogy International Partners Holdings (US) Inc. ("Trilogy Holdings"). Trilogy Holdings, the managing member of Trilogy LLC, acting through its TIP Inc. appointed directors, has full and complete authority, power and discretion to manage and control the business, affairs and properties of Trilogy LLC, subject to applicable law and restrictions per the Trilogy LLC Agreement. As of September 30, 2019, there were 157,682,319 Class A Units outstanding.

Class B Units:
TIP Inc. indirectly holds the Class B Units of Trilogy LLC (the "Class B Units") through Trilogy Intermediate Holdings. The Class B Units represent TIP Inc.'s indirect economic interest in Trilogy LLC under the Trilogy LLC Agreement and are required at all times to be equal to the number of outstanding Common Shares. As of September 30, 2019, there were 58,327,291 Class B Units outstanding, reflecting an increase of 613,455 Class B Units issued during the nine months ended September 30, 2019 as a result of the issuance of Common Shares in January and July 2019 for vested RSUs, the issuance of Common Shares in May 2019 pursuant to TIP Inc.'s dividend reinvestment plan and Class C Unit redemptions for Common Shares. The economic interests of the Class B Units are pro rata with the Class C Units.

Class C Units:
The Class C Units are held by persons who were members of Trilogy LLC immediately prior to consummation of the Arrangement. The economic interests of the Class C Units are pro rata with the Class B Units. Holders of Class C Units have the right to require Trilogy LLC to redeem any or all Class C Units held by such holder for either Common Shares or a cash amount equal to the fair market value of such Common Shares, the form of consideration to be determined by Trilogy LLC. As of September 30, 2019, substantially all redemptions have been settled in the form of Common Shares. Class C Units have voting rights in TIP Inc. through the Special Voting Share on a basis of one vote per Class C Unit held. As of September 30, 2019, there were 26,505,847 Class C Units outstanding, reflecting an increase of 161,938 Class C Units outstanding, primarily attributable to the issuance of Class C Units in May 2019 pursuant to a dividend declared and paid to holders of Class C Units, partially offset by Class C Units redemptions. Additionally, there were 96,065 remaining unvested restricted Class C Units as of September 30, 2019, which were originally granted to an employee on December 31, 2016. These restricted Class C Units vest over a four-year period, with one-fourth of the award vesting on the day following each anniversary date of the award based on the employee's continued service. There are no voting rights or right to receive distributions prior to vesting for these unvested Class C Units.

On February 7, 2019, the lock-up period expired with respect to 8,677,753 Class C Units. There were no Class C Units subject to lock-up as of September 30, 2019.

NOTE 11 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Significant Judgments:
The most significant judgments affecting the amount and timing of revenue from contracts with our customers include the following items:

- The assessment of legally enforceable rights and obligations involves judgment and impacts our determination of contractual term, transaction price and related disclosures.
- Our products are generally sold with a right of return, which is accounted for as variable consideration when estimating the amount of revenue to recognize. Expected device returns are estimated based on historical experience.
- The identification of distinct performance obligations within our service plans may require significant judgment.
- The determination of the standalone selling price for contracts that involve more than one product or service (or performance obligation) may require significant judgment.
- Determining costs that we incur to obtain or fulfill a contract may require significant judgment.

(US dollars in thousands unless otherwise noted)

- For capitalized contract costs, determining the amortization period as well as assessing the indicators of impairment may require significant judgment.

Disaggregation of Revenue:
We operate and manage our business in two reportable segments based on geographic region: New Zealand and Bolivia. We disaggregate revenue into categories to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors, including the type of product offering provided, the type of customer and the expected timing of payment for goods and services. See Note 16 – Segment Information for additional information on revenue by segment.

The following table presents the disaggregated reported revenue by category:

	Three Months Ended September 30, 2019			
	New Zealand	**Bolivia**	**Other**	**Total**
Postpaid wireless service revenues	$ 43,796	$ 20,607	$ -	$ 64,403
Prepaid wireless service revenues	21,844	24,588	-	46,432
Wireline service revenues	17,544	-	-	17,544
Equipment sales	24,659	1,741	-	26,400
Other wireless service and other revenues	2,055	3,462	179	5,696
Total revenues	$ 109,898	$ 50,398	$ 179	$ 160,475

	Nine Months Ended September 30, 2019			
	New Zealand	**Bolivia**	**Other**	**Total**
Postpaid wireless service revenues	$ 128,047	$ 61,209	$ -	$ 189,256
Prepaid wireless service revenues	66,440	80,325	-	146,765
Wireline service revenues	51,314	-	-	51,314
Equipment sales	116,398	6,165	-	122,563
Other wireless service and other revenues	6,636	10,720	570	17,926
Total revenues	$ 368,835	$ 158,419	$ 570	$ 527,824

Revenue Recognition:
The Company derives its revenues primarily from wireless services, wireline services and equipment sales. Revenues are recognized when control of the services and equipment is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those services. The Company's revenue recognition policy follows guidance from Topic 606, Revenue from Contracts with Customers.

The Company determines revenue recognition through the following five-step framework:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract or contracts
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract or contracts
- Recognition of revenue when, or as, we satisfy a performance obligation

Wireless Services and Related Equipment
The Company enters into contracts with consumer and business customers for postpaid wireless services, prepaid wireless services and wireless equipment. Customers may elect to purchase wireless services or equipment separately or together. For wireless service and wireless equipment contracts entered into within a short period of time, we follow the contract combination guidance and assess the contracts as a single arrangement. The Company generates wireless services revenues from providing access to, and usage of, our wireless communications network. Performance obligations included in a typical wireless service contract with a customer include data, voice and text message services. We recognize revenue using an output method, either as the services are used or as time elapses if doing so reflects the pattern by which we satisfy our performance obligation through the transfer of the service to the customer. Wireless monthly service contracts are billed monthly either in advance or arrears based on a fixed fee.

Prepaid wireless services sold to customers are recorded as deferred revenue prior to the services being provided to the customer or expiration. When prepaid service credits are not subject to expiration or have not yet expired, the Company estimates breakage (cash consideration received for prepaid services but never expected to be redeemed by customers) based upon historical usage trends. The Company's policy is to recognize revenue for estimated breakage in proportion to the pattern of rights exercised by the customer.

Postpaid monthly wireless services sold to customers are billed monthly in arrears. Postpaid wireless customer contracts are generally either month-to-month and cancellable at any time (i.e., open term) or contain terms greater than one month (typically under a fixed-term plan). Service contracts that exceed one month are generally two years or less. The transaction price allocated to service performance obligations that are not satisfied or are partially satisfied as of the end of the reporting period are generally related to our fixed-term plans. For postpaid plans where monthly usage exceeds the allowance, the overage usage represents options held by the customer for incremental services and the usage-based fee is recognized when the customer exercises the option (typically on a month-to-month basis).

We also generate revenues from the sale of wireless equipment to consumer and business subscribers. Performance obligations associated with a typical wireless equipment contract with a customer include handset and accessory equipment. We recognize revenue at a point in time when the device or accessory is delivered to the customer.

We offer certain postpaid customers the option to pay for devices and accessories in installments using an EIP. We assessed this payment structure and concluded that there is a financing component related to the EIP. However, we have determined that the financing component for certain direct channel customer classes in the postpaid wireless plans is not significant and therefore we have not recorded interest income over the repayment period for these customer transactions.

Wireline Services and Related Equipment
We enter into wireline or broadband arrangements with consumer and business subscribers. Wireline service performance obligations include broadband internet services and voice services. We recognize revenue using an output method, as time elapses, because it reflects the pattern by which we satisfy our performance obligation through the transfer of service to the customer. Broadband arrangements are billed monthly. Performance obligations included in a typical wireline broadband contract, as defined by Topic 606, include modem equipment, when sold, and telephone equipment. For these sales, we recognize revenue when the device or accessory is delivered to the customer. During 2018, 2degrees updated the terms and conditions of the fixed broadband agreements with residential customers. Agreements with new subscribers provide that 2degrees will assume ownership of customer premises equipment, including modems, and lease such equipment to these subscribers. For these agreements, the modem equipment is not considered a performance obligation subject to Topic 606 guidance, rather it is a lease component of the contract and is accounted for under the applicable leasing guidance. The lease revenues associated with these agreements are included in Wireline service revenues in the Condensed Consolidated Statements of Operations and Comprehensive Loss and were not significant for the periods presented.

We enter into managed service arrangements with large enterprises and governments. Wireline service performance obligations associated with managed service arrangements include managed network services, internet services and voice services. We recognize revenue using an output method, as time elapses, because it reflects the pattern by which we satisfy our performance obligation through the transfer of the service to the customer. Wireline service contracts are billed monthly. Within our managed service arrangements, we provide customers with the use of modem and networking equipment to facilitate the internet and networking services. We have determined that as part of managed service arrangements for the New Zealand segment, equipment is provided to the customer only to enable the customer to consume the service. At the end of the contractual term the customer is required to return the equipment as it may be utilized for other customers.

Wireline customer contracts are generally either month-to-month and cancellable at any time (i.e., open term) or contain terms greater than one month (typically under a fixed-term plan or within managed services arrangements). Service contracts that exceed one month are generally three years or less. The transaction price allocated to service performance obligations, which are not satisfied or are partially satisfied as of the end of the reporting period, are generally related to our fixed-term plans.

Equipment
In addition to selling equipment in connection with wireless and wireline service contracts, as discussed above, we also sell equipment on a standalone basis to dealers and resellers for a fixed fee. The performance obligations include handset and accessory equipment. We recognize revenue when the handset or accessory is delivered to the dealer or reseller as the dealer and reseller is our customer. At the time of delivery, the customer has legal title, physical possession has transferred, the risks and rewards of ownership have transferred to the customer and there are no additional conditions to customer acceptance.

Transaction Price and Allocations:
We have elected to utilize a practical expedient and account for shipping and handling activities that occur after control of the related good transfers as fulfillment activities instead of assessing such activities as performance obligations. We establish provisions for estimated device returns based on historical experience.

We assess whether our contracts are probable of collection. For those not probable of collection, we do not recognize revenue until the contract is completed and cash is received. Collectability is re-assessed when there is a significant change in facts or circumstances.

Consideration payable to a customer is treated as a reduction of the total transaction price, unless the payment is in exchange for a distinct good or service, such as certain commissions paid to dealers. As an accounting policy election, we exclude from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected from a customer (for example, sales, use, value added and some excise taxes).

We may offer a right of return on our products for a short time period after a sale. These rights are accounted for as variable consideration when determining the transaction price and, accordingly, we recognize revenue based on the estimated amount to which we expect to be entitled net of expected returns. Returns and credits are estimated at contract inception based on historical experience with similar classes of customers and updated at the end of each reporting period as additional information becomes available.

Total contract revenue, which represents the transaction price, is allocated to each performance obligation based on its relative standalone selling price ("SSP"). SSP is the price for which we would sell the good or service on a standalone basis without a promotional discount. Judgment is required to determine the SSP for each distinct performance obligation. In instances where SSP is not directly observable, such as when we do not sell the product or service separately, we determine the SSP using information that may include market conditions, costs plus a margin and other observable inputs.

Warranties and Indemnifications:
The Company's equipment is typically provided with an assurance-type warranty that it will perform in accordance with the Company's on-line documentation under normal use and circumstances. The Company includes a service level commitment to its customers, typically regarding certain levels of uptime reliability and performance and if the Company fails to meet those levels, customers can receive credits and in some cases terminate their relationship with the Company. To date, the Company has not had a material amount of credits issued or customers terminate as a result of such commitments.

Contract Modifications:
Our service contracts allow customers to modify their contracts without incurring penalties in many cases. Each time a contract is modified, we evaluate the change in scope or price of the contract to determine if the modification should be treated as a separate contract, if there is a termination of the existing contract and creation of a new contract, or if the modification should be considered a change associated with the existing contract. We typically do not have significant impacts from contract modifications.

Contract Balances:
The timing of revenue recognition may differ from the time of billing to our customers. Receivables presented in our Condensed Consolidated Balance Sheet represent an unconditional right to consideration. Contract balances represent amounts from an arrangement when either the Company has performed, by providing goods or services to the customer in advance of receiving all or partial consideration for such goods and services from the customer, or the customer has made payment to us in advance of obtaining control of the goods and/or services promised to the customer in the contract.

Contract assets primarily relate to our rights to consideration for goods or services provided to the customers but for which we do not have an unconditional right at the reporting date. Under a fixed-term plan, the total contract revenue is allocated between wireless services and equipment revenues, as discussed above. In conjunction with these arrangements, a contract asset may be created, which represents the difference between the amount of equipment revenue recognized upon sale and the amount of consideration received from the customer. The contract asset is reclassified as an account receivable as wireless services are provided and amounts are billed to the customer. We have the right to bill the customer as service is provided over time, which results in our right to the payment being unconditional. Contract asset balances are presented in our Condensed Consolidated Balance Sheet as Prepaid expenses and other current assets and Other assets. We assess our contract assets for impairment on a quarterly basis and will recognize an impairment charge to the extent their carrying amount is not recoverable. For the three and nine months ended September 30, 2019, the impairment charges related to contract assets were insignificant.

(US dollars in thousands unless otherwise noted)

The following table represents changes in the contract assets balance:

		Contract Assets
Balance at January 1, 2019	$	5,231
Increase resulting from new contracts		3,453
Contract assets reclassified to a receivable or collected in cash		(4,611)
Foreign currency translation		(91)
Balance at September 30, 2019	$	3,982

Deferred revenue arises when we bill our customers and receive consideration in advance of providing the goods or services promised in the contract. For prepaid wireless services and wireline services, we typically receive consideration in advance of providing the services, which is the most significant component of the contract liability deferred revenue balance. Deferred revenue is recognized as revenue when services are provided to the customer.

The following table represents changes in the contract liabilities deferred revenue balance:

		Deferred Revenue
Balance at January 1, 2019	$	18,966
Net increase in deferred revenue		18,854
Revenue recognized related to the balance existing at January 1, 2019[1]		(17,276)
Foreign currency translation		(1,313)
Balance at September 30, 2019	$	19,231

[1]The amount related to revenue recognized during the three months ended September 30, 2019 was $0.3 million.

Remaining Performance Obligations:

As of September 30, 2019, the aggregate amount of transaction price allocated to remaining performance obligations was approximately $14.6 million, which is primarily composed of expected revenues allocated to service performance obligations related to our fixed-term wireless plans. We expect to recognize approximately 89% of the revenue related to these remaining performance obligations over the next 12 months and the remainder thereafter. We have elected to apply the practical expedient option available under Topic 606 that permits us to exclude the expected revenues arising from unsatisfied performance obligations related to contracts that have an original expected duration of one year or less.

Contract Costs:

Topic 606 requires the recognition of an asset for incremental costs to obtain a customer contract. These costs are then amortized to expense over the respective periods of expected benefit. We recognize an asset for incremental commission expenses paid to external and certain internal sales personnel and agents in conjunction with obtaining customer contracts. These costs are amortized and recorded ratably as commission expense over the expected period of benefit, which typically ranges from 1 to 3 years. Further, we have elected to apply the practical expedient available under Topic 606 that permits us to expense incremental costs immediately for costs with an estimated amortization period of less than one year.

Capitalized contract costs are assessed for impairment on a periodic basis. There were no impairment losses recognized on capitalized contract costs for the three and nine months ended September 30, 2019.

(US dollars in thousands unless otherwise noted)

The following table represents changes in the contract costs balance:

		Contract Costs
Balance at January 1, 2019	$	3,050
Incremental costs of obtaining and contract fulfilment costs		14,778
Amortization included in operating costs		(4,319)
Foreign currency translation		(518)
Balance at September 30, 2019	$	12,991

NOTE 12 – EARNINGS PER SHARE

Basic and diluted earnings per share are computed using the two-class method, which is an earnings allocation method that determines earnings per share for Common Shares and participating securities. The undistributed earnings are allocated between Common Shares and participating securities as if all earnings had been distributed during the period. Participating securities and Common Shares have equal rights to undistributed earnings. Basic earnings per share is calculated by dividing net earnings, less earnings available to participating securities, by the basic weighted average Common Shares outstanding. Diluted earnings per share is calculated by dividing attributable net earnings by the weighted average number of Common Shares plus the effect of potential dilutive Common Shares outstanding during the period. In calculating diluted net loss per share, the numerator and denominator are adjusted, if dilutive, for the change in fair value of the warrant liability and the number of potentially dilutive Common Shares assumed to be outstanding during the period using the treasury stock method. No adjustments are made when the warrants are out of the money.

For the three and nine months ended September 30, 2019 and 2018, the warrants were out of the money and no adjustment was made to exclude the loss recognized by TIP Inc. for the change in fair value of the warrant liability. A gain of $0.2 million and a loss of $0.2 million resulted from the change in fair value of the warrant liability for the three and nine months ended September 30, 2019, respectively. The loss from the warrant liability for the nine months ended September 30, 2019 and other TIP Inc. expenses for both the three and nine months ended increased the net loss attributable to TIP Inc. along with the resulting basic loss per share and, therefore, resulted in the Class C Units being antidilutive when included as if redeemed. Gains of $0.9 million and $6.1 million resulted from the change in fair value of the warrant liability for the three and nine months ended September 30, 2018, respectively. The gains from the warrants for the three and nine months ended September 30, 2018 reduced the net loss attributable to TIP Inc. along with the basic loss per share and, therefore, resulted in the Class C Units being dilutive when included as if redeemed for those periods.

The components of basic and diluted earnings per share were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
(in thousands, except per share amounts)				
Basic EPS:				
Numerator:				
Net loss attributable to TIP Inc.	$ (4,777)	$ (8,364)	$ (14,404)	$ (16,282)
Denominator:				
Basic weighted average Common Shares outstanding	56,755,346	54,042,355	56,519,875	53,239,125
Net loss per share:				
Basic	$ (0.08)	$ (0.15)	$ (0.25)	$ (0.31)
Diluted EPS:				
Numerator:				
Net loss attributable to TIP Inc.	$ (4,777)	$ (8,364)	$ (14,404)	$ (16,282)
Add back: Net loss attributable to Class C Units – Redeemable for Common Shares	$ -	$ (4,399)	$ -	$ (10,271)
Net loss attributable to TIP Inc. and Class C Units	$ (4,777)	$ (12,763)	$ (14,404)	$ (26,553)
Denominator:				
Basic weighted average Common Shares outstanding	56,755,346	54,042,355	56,519,875	53,239,125
Effect of dilutive securities:				
Weighted average Class C Units – Redeemable for Common Shares	-	28,389,617	-	28,867,350
Diluted weighted average Common Shares outstanding	56,755,346	82,431,972	56,519,875	82,106,475
Net loss per share:				
Diluted	$ (0.08)	$ (0.15)	$ (0.25)	$ (0.32)

The following table indicates the weighted average dilutive effect of Common Shares that may be issued in the future. These Common Shares were not included in the computation of diluted earnings per share for the three and nine months ended September 30, 2019 and 2018 because the effect was either anti-dilutive or the conditions for vesting were not met:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Class C Units	26,559,975	-	26,450,276	-
Warrants	13,402,685	13,402,685	13,402,685	13,402,685
Forfeitable Founders Shares	1,675,336	1,675,336	1,675,336	1,675,336
Unvested RSUs	2,438,527	1,684,191	1,998,967	1,672,780
Unvested Class C Units	96,065	144,098	96,065	144,098
Common Shares excluded from calculation of diluted net loss	44,172,588	16,906,310	43,623,329	16,894,899

(US dollars in thousands unless otherwise noted)

NOTE 13 – ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

A summary of the components of Accumulated other comprehensive (loss) income is presented below:

	As of September 30, 2019	As of December 31, 2018
Cumulative foreign currency translation adjustment	$ (873)	$ 3,429
Unrealized gain (loss) on short-term investments	-	(1)
Total accumulated other comprehensive (loss) income	$ (873)	$ 3,428

NOTE 14 – NONCONTROLLING INTERESTS IN CONSOLIDATED SUBSIDIARIES

Noncontrolling interests represent the equity ownership interests in consolidated subsidiaries not owned by the Company. Noncontrolling interests are adjusted for contributions, distributions and income and loss attributable to the noncontrolling interest partners of the consolidated entities. Income and losses are allocated to the noncontrolling interests based on the respective governing documents.

There are noncontrolling interests in certain of the Company's consolidated subsidiaries. The noncontrolling interests are summarized as follows:

	As of September 30, 2019	As of December 31, 2018
2degrees	$ 22,728	$ 20,426
NuevaTel	47,080	51,165
Trilogy International Partners LLC	(38,902)	(32,874)
Salamanca Solutions International LLC	(641)	(738)
Noncontrolling interests	$ 30,265	$ 37,979

Supplemental Cash Flow Disclosure:

During the nine months ended September 30, 2019, NuevaTel declared and paid dividends to a noncontrolling interest of $6.3 million. The dividends were recorded as financing activity in the Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2019.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Commitments:

The disclosure of purchase commitments in these Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related notes for the year ended December 31, 2018. The disclosures below relate to purchase commitments with significant events occurring during the nine months ended September 30, 2019.

New Zealand

Huawei

As of September 30, 2019, 2degrees has an outstanding commitment with Huawei Technologies (New Zealand) Company Limited ("Huawei") through 2022 for technical support and spare parts maintenance, software upgrades, products, professional services, other equipment and services in the aggregate amount of $33.4 million, based on the exchange rate at September 30, 2019. A portion of this total commitment is based upon cell sites on air as of September 30, 2019 and will be updated quarterly to reflect new site additions. This portion of the commitment also assumes that in 2020, upon termination of the related agreement, 2degrees will purchase the existing software license from Huawei.

2degrees also has submitted purchase orders to Huawei in the amount of $0.4 million, based on the exchange rate at September 30, 2019, for other equipment and services, which 2degrees expects to be fulfilled during 2019.

Handsets
In October 2016, 2degrees signed a three-year purchase agreement, effective as of August 1, 2016, with a handset manufacturer. In July 2019, 2degrees signed a three month extension of this agreement. 2degrees has submitted purchase orders to the handset manufacturer in the amount of $8.0 million, based on the exchange rate at September 30, 2019, which 2degrees expects to be fulfilled during 2019.

Bolivia

In April 2019, NuevaTel signed an agreement, effective as of January 1, 2019, with A Comunicaciones S.R.L. ("Comunicaciones") pursuant to which Comunicaciones provides NuevaTel network maintenance services. This purchase commitment expires in 2021. As of September 30, 2019, the minimum purchase commitment with Comunicaciones was $3.4 million.

NuevaTel also has purchase commitments through 2031 of $57.0 million with various vendors to acquire telecommunications equipment, support services, inventory and advertising which have not changed significantly individually from the year ended December 31, 2018.

Contingencies:
General

The financial statements reflect certain assumptions based on telecommunications laws, regulations and customary practices currently in effect in the countries in which the Company's subsidiaries operate. These laws and regulations can have a significant influence on the Company's results of operations and are subject to change by the responsible governmental agencies. The Company assesses the impact of significant changes in laws, regulations and political stability on a regular basis and updates the assumptions and estimates used to prepare its financial statements when deemed necessary. However, the Company cannot predict what future laws and regulations might be passed or what other events might occur that could have a material effect on its investments or results of operations. In particular, Bolivia has experienced, or may experience, political and social instability.

In addition to issues specifically discussed elsewhere in this Note to our Condensed Consolidated Financial Statements, the Company is a party to various lawsuits, regulatory proceedings and other matters arising in the ordinary course of business. Management believes that although the outcomes of these proceedings are uncertain, any liability ultimately arising from these actions should not have a material adverse impact on the Company's financial condition, results of operations or cash flows. The Company has accrued for any material contingencies where the Company's management believes the loss is probable and estimable.

Bolivian Regulatory Matters

Under the Bolivian Telecommunications Law, carriers must negotiate new licenses (to replace their existing concessions) with the Bolivian government. In February 2019, NuevaTel signed its new license agreement. The agreement governs (but does not replace) NuevaTel's existing spectrum grants and its concessions to provide mobile voice services and data services. NuevaTel's initial 1900 MHz spectrum grant and its mobile and data services concessions are due to be renewed on November 25, 2019. The Company expects, but cannot guarantee, that this spectrum grant and the service concessions will be renewed at that time. NuevaTel anticipates that the government will not assess a charge for the renewal of the mobile and data service concessions, but it will be required to pay a fee to renew the 1900 MHz spectrum grant. NuevaTel estimates that a payment of approximately $30 million for its 1900 MHz spectrum renewal will be due in the fourth quarter of 2019. The payment is expected to be funded with cash resources from a combination of NuevaTel's operating cash flows, changes in the timing of property and equipment purchases or through a reinvestment of proceeds from the sale-leaseback of NuevaTel's towers.

NuevaTel's network has experienced several network outages affecting voice and 3G and 4G data services both locally and nationally over the past several years, and outages continue to occur from time to time due to a variety of causes; some of these outages relate to equipment failures or malfunctions within NuevaTel's network and some outages are the result of failures or service interruptions on communications facilities (e.g. fiber optics lines) leased by NuevaTel from other carriers. NuevaTel has voluntarily compensated the customers affected by several of these outages. As to most of these outages, the Autoridad de Regulación y Fiscalización de Telecomunicaciones y Transportes of Bolivia ("ATT") is investigating if the outages were unforeseen or were events that could have been avoided by NuevaTel, and, if avoidable, whether penalties should be imposed. The ATT investigated an August 2015 outage (in the town of San José de Chiquitos) and imposed a fine of $4.5 million against NuevaTel in 2016. NuevaTel appealed the ATT's decision on the basis that the interruption was attributable to a force majeure event. The fine was rescinded by the ATT and then reimposed on different grounds. In June 2017, the Ministry of Public Works, Services and Housing (the "Ministry") vacated the fine, but allowed the ATT to reinstate the penalty provided it could establish that NuevaTel was responsible for the service interruption. The ATT reinstated the penalty, although it noted in its findings that the outage was a force majeure event, and NuevaTel filed another appeal to the Ministry. In September 2018, the Ministry notified NuevaTel that it rejected the appeal and that NuevaTel would be required to pay the $4.5 million fine plus interest. NuevaTel accrued $4.5 million in the third quarter of 2018 within Other current liabilities and accrued expenses as presented in the Condensed Consolidated Balance Sheets as of September 30, 2019 and December 31, 2018. The expense was recorded in Other, Net in the Condensed Consolidated Statement of Operations and Comprehensive Loss. NuevaTel continues to contest the matter vigorously and has appealed the Ministry's decision to the Supreme Tribunal of Justice. On May 22, 2019, the ATT ordered NuevaTel to pay the fine it had imposed. NuevaTel has responded that it is not obligated to pay until the Supreme Tribunal rules on its appeal. The ATT has the right to initiate a separate court proceeding against NuevaTel to collect the fine.

In April 2013, the ATT notified NuevaTel that it proposed to assess a fine of $2.2 million against NuevaTel for delays in making repairs to public telephone equipment in several Bolivian cities in 2010. NuevaTel accrued the full amount of the fine plus interest of approximately $0.1 million but also filed an appeal with the Supreme Tribunal of Justice in regard to the manner in which the fine was calculated. In December 2017, the court rescinded the fine on procedural grounds but permitted the ATT to impose a new fine. If the ATT does so, NuevaTel will have the right to discharge the fine by paying half of the stated amount of the penalty on condition that NuevaTel foregoes any right of appeal. NuevaTel has not decided what action it may take in such event.

NOTE 16 – SEGMENT INFORMATION

We determine our reportable segments based on the manner in which our Chief Executive Officer, considered to be the chief operating decision maker ("CODM"), regularly reviews our operations and performance. Segment information is prepared on the same basis that our CODM manages the segments, evaluates financial results, allocates resources and makes key operating decisions.

(US dollars in thousands unless otherwise noted)

The table below presents financial information for our reportable segments and reconciles total segment Adjusted EBITDA to Loss before income taxes:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues				
New Zealand	$ 109,898	$ 129,623	$ 368,835	$ 408,158
Bolivia	50,398	60,536	158,419	182,443
Unallocated Corporate & Eliminations	179	265	570	623
Total revenues	$ 160,475	$ 190,424	$ 527,824	$ 591,224
Adjusted EBITDA				
New Zealand	$ 26,698	$ 23,755	$ 79,043	$ 64,582
Bolivia	9,475	16,866	35,031	52,096
Equity-based compensation	(974)	(1,139)	(3,008)	(4,989)
Transaction and other nonrecurring costs	(1,141)	(802)	(6,291)	(3,214)
Depreciation, amortization and accretion	(27,530)	(28,173)	(81,946)	(84,868)
Gain (loss) on disposal of assets and sale-leaseback transaction	2,578	(1,035)	10,196	(1,017)
Interest expense	(11,210)	(11,087)	(34,736)	(33,665)
Change in fair value of warrant liability	153	923	(150)	6,058
Debt modification and extinguishment costs	-	(4,192)	-	(4,192)
Other, net	405	(4,878)	(985)	(4,339)
Unallocated Corporate & Eliminations	(2,802)	(3,213)	(7,944)	(9,009)
Loss before income taxes	$ (4,348)	$ (12,975)	$ (10,790)	$ (22,557)

(Back To Top)

Section 4: EX-99.3 (ECHIBIT 99.3)

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Bradley J. Horwitz, Chief Executive Officer of Trilogy International Partners Inc., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Trilogy International Partners Inc. (the “issuer”) for the interim period ended September 30, 2019.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

> (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

> (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework****:* The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on July 1, 2019 and ended on September 30, 2019 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: November 6, 2019

/s/ Bradley J. Horwitz
Bradley J. Horwitz
Chief Executive Officer

(Back To Top)

Section 5: EX-99.4 (EXHIBIT 99.4)

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Erik Mickels, Senior Vice President and Chief Financial Officer of Trilogy International Partners Inc., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Trilogy International Partners Inc. (the "issuer") for the interim period ended September 30, 2019.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

(i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

(ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework****:* The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on July 1, 2019 and ended on September 30, 2019 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: November 6, 2019

/s/ Erik Mickels
Erik Mickels
Senior Vice President and Chief Financial Officer

(Back To Top)