2019

Millicom International Cellular S.A.

Société Anonyme

Audited annual accounts
as at and for the year ended
31 December 2019

We believe in better.
We believe in tigo

2, rue du Fort Bourbon
L-1249 Luxembourg
R.C.S. Luxembourg : B 40 630

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Directors’ report and Management responsibility statement

Principal activities and background

Millicom International Cellular S.A. (the “Company” or “MIC SA”), a Luxembourg Société Anonyme, and its subsidiaries, joint ventures and associates (the “Group” or “Millicom”) is an international telecommunications and media group providing digital lifestyle services in emerging markets, through mobile and fixed telephony, cable, broadband, internet, TV (incl. DTH and PayTV) and investments in online businesses in Latin America (Latam) and Africa.

Millicom operates its mobile businesses in Latin America (Bolivia, Colombia, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Paraguay), and in Africa (Ghana and Tanzania).

Millicom operates various cable and fixed line businesses in Latin America (Bolivia, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Paraguay). Millicom also provides direct to home satellite service in most of its Latam countries.

Millicom holds investments in online/e-commerce businesses in several countries in Africa (Jumia), in a tower infrastructure company in Africa (Helios Towers), as well as other small minority investments in other businesses such as micro-insurance (Milvik).

The Company’s shares are traded as Swedish Depositary Receipts on the Stockholm stock exchange under the symbol TIGO SDB (formerly MIC SDB) and, since 9 January 2019, on the Nasdaq Stock Market in the U.S. under the ticker symbol TIGO.

On November 14, 2019, Millicom’s historical principal shareholder, Kinnevik AB, distributed its entire shareholding (approximately 37% of Millicom’s outstanding shares) in Millicom to its own shareholders through a share redemption plan. Since that date, Kinnevik is no longer a related party or shareholder in Millicom.

The Company has its registered office at 2, Rue du Fort Bourbon, L-1249 Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Commerce under the number RCS B 40 630.

Group performance

In 2019, total revenue for the Group was $4,336 million and the gross profit was $3,135 million. This represents a margin of 72.3 percent.

Operating expenses represented 37% of revenue, a decrease compared to last year, mainly due to the adoption of a new accounting policy for leases, which reduced operating expenses by $149 million. The effect was partially offset by the additions of our acquisitions in Panama and Nicaragua.

Our operating profit amounted to $575 million, representing a 13.3 percent margin. For 2019, this was impacted negatively mainly through lower gains on the tower deals in El Salvador, Colombia, and Paraguay, higher amortization expenses due to acquisitions, as well as the impact of IFRS 16 (additional depreciation expense of $124 million).

Net financial expenses were $544 million, $198 million higher compared to last year. This is mainly due to higher levels of gross debt to fund recent acquisitions and also related to the IFRS 16 adoption.

Profit before taxes at $218 million included the effects of the decrease in operating profit and interest expense described above. On the positive side, there was an increase in the value of our equity investment in Helios Towers.

The Group net tax charge in 2019 was $120 million, resulting in a net gain for the year from continuing operations of $97 million. The gain of $57 million from discontinued operations was mainly triggered by the disposal of our business in Chad.

As a result, the net profit for the year was $154 million. The share of gains of non-controlling interests was $5 million reflecting our partners’ share of net results in the subsidiaries in Colombia and Panama.

The net profit for the year attributable to the Millicom owners was $149 million. Earnings per share was $1.48.

Share Capital

At 31 December 2019, Millicom had 101.7 million issued and paid up common shares of par value US$ 1.50 each, of which 580,143 were held by the Company as treasury shares (2018: 913,583). During the year, the Company acquired approximately 132,162 shares and issued around 445,598 shares to management and employees under the LTIP remuneration plans and approximately 19,483 shares to Directors as part of their annual remuneration.

Directors' report and Management responsibility statement

Distribution to Shareholders and Proposed Distributions

On 2 May 2019, at the Annual General Meeting of shareholders, a dividend distribution of US$ 2.64 per share was approved, and subsequently paid to the Shareholders during May and November.

On February 24, 2020, Millicom's Board approved to the Annual General Meeting of the shareholders a share buyback program to repurchase at least US$500 million over the next three years. The current shareholder authorization, which expires on May 5, 2020, allows for the repurchase of up to 5% of the outstanding share capital. In addition, the Board approved to the Annual General Meeting of the shareholders a dividend distribution of US$1.00 per share to be paid in 2020. The Annual General Meeting to vote these matters is scheduled to May 5, 2020.

On February 25, 2020, Millicom announced a three year $500 million share repurchase plan and on 28th February 2020 it initiated the first phase of this program comprising the purchase of not more than 350,000 shares and not more than a maximum total amount of SEK 107 million (approximately $11 million). The purpose of the repurchase program is to reduce Millicom's share capital , or to use the repurchased shares for meeting obligations arising under Millicom´s employee share based incentive programs. The repurchase program may take place during the period between February 28, 2020 and May 5, 2020. Payment for the shares will be made in cash.

Risks and Uncertainty Factors

The Group operates in an industry and in markets which are characterized by rapid change and subject to macro-economic, competitive and political uncertainty. This change creates both opportunities and at the same time a degree of risk. Many of the inherent underlying risks in these markets, including regulatory change (including tariff controls and taxation), currency fluctuations and underlying macroeconomic conditions, impact on the level of disposable income and consumers' attitudes and demand of products and services.

Further information on these and other key risks faced by the Group are set out in the Risk Management section on pages 22–25 in the Group Annual Report.

Financial Risk Management Objectives and Policies

Millicom's financial risk management policies and objectives, together with a description of the various risks and hedging activities undertaken by the Group, are set out in Section D financial risk management of the consolidated financial statements in the Group Annual Report.

Internal controls and additional information on the preparation of the Annual Report are set out in the Corporate Governance section of the Group Annual Report.

Non-Financial Information

Non-financial information, such as environmental, social, human rights and the fight against corruption, are integrated in the section of the Corporate Responsibility Performance Review. The composition of administrative. management and supervisory bodies (including their committees) and the way in which these bodies operate, are described in the Group Annual Report.

Management and Employees

During recent years, the Group has developed many key functions and improved support to local operations, including the areas of procurement, network development, marketing, IT, HR, compliance and finance. Since 2017, the Executive Management Team is complete.

At 31 December 2019, the Group's headcount from continuing operations reached approximately 22,000 up from almost 21,000 at 31 December 2018. This increase is mainly attributable to recent acquisitions.

Outlook for the Group

Although many of the macroeconomic and competitive challenges we faced in 2019 will continue to impact our performance in the near term, we are committed to further invest in order to capture the long term growth opportunities presented to us. In 2020, we expect to make significant progress towards our medium term goals to deliver mid-single-digit organic service revenue growth, mid-to-high single-digit organic EBITDA growth, and around 10% OCF (EBITDA less Capex) organic growth for the Latam segment.

Subsequent events

On January 28, 2020, Millicom's wholly-owned subsidiary Telefónica Celular del Paraguay S.A.E ("Telecel"), closed a $250 million re-tap to its senior unsecured notes due 2027, representing an additional issuance of Telecel's outstanding $300 million 5.875% Senior Notes due 2027 issued on April 5, 2019. The New notes will be treated as a single class with the Initial Notes, and they were priced at 106.375 for an implied yield to maturity of 4.817%.

José Antonio Ríos García

Chairman of the Board of Directors

Luxembourg, 28 February 2020

MANAGEMENT RESPONSIBILITY STATEMENT

We, Mauricio Ramos, Chief Executive Officer and Tim Pennington, Chief Financial Officer, confirm, to the best of our knowledge, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and that the Directors' report includes a fair review of the development and performance of the business and the position of Millicom International Cellular S.A., together with a description of the principal risks and uncertainties that Millicom International Cellular S.A. faces.

Luxembourg, 28 February 2020

Mauricio Ramos
President and Chief Executive Officer

Tim Pennington
Chief Financial Officer

Independent auditor's report

To the Shareholders of
Millicom International Cellular S.A.
2, rue du Fort Bourbon
L-1249 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Millicom International Cellular S.A. ("the Company"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Regulation, Law and standards are further described in the « Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. *Impairment of Shares in affiliated undertakings and impairment of Loans owed by Affiliated Undertakings*

Risk identified

Millicom International Cellular S.A., as ultimate holding of the group, holds a number of shares in and loans to affiliated undertakings, which are operating mainly in emerging markets in the telecommunication sector. As described in Note 5 and Note 6, shares in affiliated undertakings and loans to affiliated undertakings are valued at cost less any durable impairment in value. At least annually, the Company evaluates the carrying value of the investments and the nominal value of the loans. Impairment losses are measured and recorded based on the difference between the estimated recoverable amount and the carrying amount of the asset. Impairment of shares in and loans to affiliated undertakings is considered a significant risk due to historical impairment, business industry and locations of these investments.

Our answer

Our audit procedures over the valuation of the shares in affiliated undertakings included, among others:

- Obtaining the latest capital call to which Millicom subscribed or the shareholders' agreements to confirm the acquisition cost of each investment and the movement of the year.
- Obtaining and reading the latest financial statements of each investment in order to identify whether any going concern issue or liquidity issue exist at the investment level and ultimately if the investment is recoverable.
- Assessing the valuation model prepared by Management and its impairment test for the determination of the recoverable amount of the investments.
- Recomputing the fair value of equity interests of the investments prepared by Management and comparing the carrying value of the investments to the fair market value of equity interests in order to determine whether an impairment exists.
- Assessing the valuation of guarantees provided by the Company to direct or indirect affiliated companies

Our audit procedures over the valuation of the loans granted to affiliated undertakings included, among others:

- Obtaining the loan agreements to confirm the nominal value of the loans and the movement of the year.
- Obtaining and reading the latest financial statements of each affiliated undertaking in order to identify whether any going concern issue or liquidity issue exist and ultimately if the loan is recoverable.
- Assessing the valuation model prepared by Management for the determination of the recoverable amount of the loans.
- Recomputing the recoverable amount of the loans prepared by Management and comparing the carrying value of the loans to their recoverable value in order to determine whether an impairment exists.

We also assessed the adequacy of the Company's disclosures in respect of the accounting policies on impairment as disclosed in Note 2.3.6 of the financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and of those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on May 4, 2018 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is seven years.

The management report, which is disclosed from pages 1 to 4 and which is the responsibility of the Board of Directors, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, as published on the Company's website http://www.millicom.com/our-responsibility/, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent, at the date of this report, with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Other matter

Th corporate governance statement includes the information required by article 68ter paragraph (1) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Ernst & Young

Société anonyme

Cabinet de révision agréé

Bruno di Bartholomeo

Luxembourg, 28 February 2020

MILLICOM INTERNATIONAL CELLULAR S.A.
BALANCE SHEET AS AT 31 DECEMBER 2019

ASSETS	Notes	31-Dec 2019 USD	31-Dec 2018 USD
Fixed assets			
Intangible assets	3		
Concessions, patents, licenses, trade marks and similar rights and assets , if they were acquired for valuable consideration and need not be shown under C.I.3		17,606,131	17,295,899
Payments on account and intangible fixed assets under development		5,968,784	289,136
Tangible assets	4		
Other fixtures and fittings, tools and equipment		1,524,705	184,186
Payments on account and tangible assets in the course of construction		1,514,573	667,568
Financial assets	5		
Shares in affiliated undertakings		4,709,430,681	3,753,597,770
Participating interest		—	49,924,772
Other loans		40,000,000	58,279,843
		4,776,044,874	3,880,239,174
Current assets			
Debtors	6		
Amounts owed by affiliated undertakings			
becoming due and payable within one year (1)		63,260,038	968,204,646
becoming due and payable after more than one year (2)		418,749,540	—
Amounts owed by undertakings with which the company is linked by virtue of participating interests (3)			
becoming due and payable within one year		12,311,352	8,219,826
Other debtors		23,336,609	2,414,637
Investments			
Own shares	7	27,980,297	57,938,121
Other investments	5	32,435,000	—
Cash at bank and in hand		665,826,991	115,334,143
		1,243,899,827	1,152,111,373
Prepayments	8	37,136,714	26,472,794
TOTAL ASSETS		6,057,081,415	5,058,823,341

MILLICOM INTERNATIONAL CELLULAR S.A.
BALANCE SHEET AS AT 31 DECEMBER 2019—*Continued*

EQUITY AND LIABILITIES	Notes	31-Dec 2019 USD	31-Dec 2018 USD
Capital and reserves	7		
Subscribed capital		152,608,826	152,608,826
Share premium account		428,282,120	398,324,314
Reserves			
Cash flow hedge reserve		(6,124,690)	(27,671)
Legal reserve		16,357,968	16,357,968
Reserve for own shares		27,980,315	57,938,121
Profit or (loss) brought forward		957,344,859	313,729,150
Profit or (loss) for the financial year		708,920,835	910,552,729
		2,285,370,233	1,849,483,435
TOTAL EQUITY			
Provisions	9		
Other provisions		18,384,989	19,797,371
Creditors			
Debenture loans			
Non-convertible loans			
becoming due and payable within one year	10	—	250,000,000
becoming due and payable after more than one year	11	2,813,561,132	1,550,000,000
Amounts owed to affiliated undertakings	12		
becoming due and payable within one year		695,583,803	1,309,620,686
becoming due and payable after more than one year		149,400,000	900,000
Amounts owed to undertakings with which the company is linked by virtue of participating interests			
becoming due and payable within one year	13	1,011,126	214,523
Other creditors			
Tax authorities		—	9,189
Social security authorities		97,735	4,100,587
Other creditors	14		
becoming due and payable within one year		91,751,865	73,929,797
becoming due and payable after more than one year		1,238,084	—
		3,752,643,745	3,188,774,782
Deferred income		682,448	767,754
TOTAL LIABILITIES		3,771,711,182	3,209,339,907
TOTAL EQUITY AND LIABILITIES		6,057,081,415	5,058,823,341

MILLICOM INTERNATIONAL CELLULAR S.A.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	**31-Dec 2019 USD**	31-Dec 2018 USD
Other operating income	15	160,482,005	436,824,958
Staff costs	16		
Wages and salaries		(39,661,274)	(38,398,316)
Social Security costs		(869,154)	(1,024,499)
Other staff costs		(12,710)	(1,832,983)
Value adjustments			
In respect of formation expenses and of tangible and intangible assets	3,4	(5,178,109)	(3,502,103)
In respect of current assets	6	(53,350)	(493,442)
Other operating charges	17	(218,936,057)	(206,357,270)
Income from participating interests	18		
derived from affiliated undertakings		996,147,000	813,989,863
Other interest and similar income			
derived from affiliated undertakings		20,695,237	6,205,460
other interest and similar income	19	10,458,572	18,780,519
Value adjustments in respect of financial assets and of investments held as current assets	20	(26,205,849)	(17,925,959)
Adjustments of other taxes and duties		152,830	495,763
Interest payable and similar expenses			
Concerning affiliated undertakings		(8,782,710)	(1,795,111)
Other interest and similar expenses	21	(172,387,807)	(90,525,042)
Tax on profit or loss	22	(6,927,789)	(3,889,108)
Gain/(Loss) after taxation		708,920,835	910,552,729
Gain/(Loss) for the financial year		708,920,835	910,552,729

NOTE 1— GENERAL INFORMATION

Millicom International Cellular S.A. (the "Company" or "MIC SA"), a Luxembourg Société Anonyme governed by the Luxembourg Law of August 10, 1915 on Commercial Companies (as amended), was incorporated on June 16, 1992. Millicom International Cellular S.A. and its subsidiaries, joint ventures and associates (the "Group" or "Millicom") is an international telecommunications and media group providing digital lifestyle services in emerging markets, through mobile and fixed telephony, cable, broadband, internet, TV (incl. DTH and PayTV) and investments in online businesses in Latin America (Latam) and Africa.

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On November 14, 2019, Millicom's historical principal shareholder, Kinnevik AB, distributed its entire shareholding (approximately 37% of Millicom's outstanding shares) in Millicom to its own shareholders through a share redemption plan. Since that date, Kinnevik is no longer a related party or shareholder in Millicom.

To reflect increased operational activities in the US, a MICSA branch was incorporated (in the US) during 2019. In recent years, Millicom management adopted a transition plan to gradually increase the presence of the Millicom group in the US, with the creation of the majority of the senior leadership positions being based out of Miami. The objective thereof is/was to better service the markets in Latam.

In order to mirror the growth of the Millicom operations in the US, the group's transfer pricing strategy and intercompany charges model needed to be adjusted to mitigate a potential US tax risk. To mitigate this risk and to adapt the structure to the actual organizational framework, Millicom formalized the implementation of an IP Branch of MICSA in the US by 30 June 2019 with the transfer of 12 employees into it.

The Company has its registered office at 2, Rue du Fort Bourbon, L-1249 Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Commerce under the number RCS B 40 630.

The Company prepares consolidated annual accounts, which are published in Luxembourg and are available at the registered office of the Company.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Change in accounting policies

Millom Group adopted new accounting policy for 'Leases' from 1 January 2019. As there are no defined rules for the accounting treatment of leases under Luxembourg legal and regulatory requirements, management decided to apply these rules in the preparation of these annual accounts. Should the Company have kept applying previous accounting principles, management determined that the impact on the profit and loss account would have been immaterial.

The Company adopted the new accounting policy for leases using the modified retrospective approach with the cumulative effect of applying the new Standard recognized in retained profits as of 1 January 2019. Its application had no significant impact on the Company's retained profits. Comparatives for the 2018 financial statements were not restated.

On adoption, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the old accounting policies of the Group. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

The right-of-use asset was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognized in the balance sheet immediately before the date of initial application.

The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 1.91%. Each lease commitment was individually discounted using a specific incremental borrowing rate, following a build-up approach including: risk-free rates, industry risk, country risk, credit risk at cash generating unit level, currency risk and commitment's maturity.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*Continued*

$ USD	
Operating lease commitments disclosed as at 31 December 2018	3,213,000
(Less): Short term leases recognized on a straight line basis as an expense	(1,573,587)
(Less): Low value leases recognized on a straight line basis as an expense	(4,901)
(Plus/Less): Other	900
Gross lease liabilities	
Discounted using the lessee's incremental borrowing rate at the date of the initial application	(13,207)
Lease liabilities recognized at 1 January 2019	1,622,205

Of which are:	
Current lease liabilities	842,924
Non-current lease liabilities	779,286

The application of new lease rules affected the following items in the statement of financial position on 1 January 2019:

$ USD	**1 January 2019 before application**	**Effect of adoption of new lese rules**	**1 January 2019 after application**	**Reason for the change**
ASSETS				
Intangible assets	17,295,899	1,622,205	18,918,104	(1)
LIABILITIES				
Other creditors becoming due and payable within one year	73,929,797	779,284	74,772,719	(2)
Other creditors becoming due and payable after more than one year	—	842,922	779,284	(2)

(1) Initial recognition of Right-of-Use assets, included as Intangible Assets, transfers of previously recognized finance leases and of lease prepayments being part of the Right- of-Use asset cost at transition.
(2) Initial recognition of lease liabilities.

In applying the new lease rules as per the Group accounting policies for the first time, the Company has used the following practical provisions permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

2.2 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention, except for the use of the fair value option for financial derivative instruments and transferable securities.

Accounting policies and valuation rules are, besides those prescribed by the Law of December 19th, 2002, as amended subsequently, determined and applied by the Board of Directors. The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Management to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed.

Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.3 Significant accounting policies

The principal accounting policies applied in the preparation of these annual accounts are set out below. These policies have been consistently applied to all years presented.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*Continued*

2.3.1 Going concern
Management is not aware of anything that would prevent the company from continuing as a going concern. Therefore, the going concern basis of accounting is applied in preparing these annual accounts (See also Note 12).

2.3.2 Foreign currency translation
These annual accounts are expressed in US Dollars ($). The translation at the balance sheet is made according to the following principles:

Monetary items are converted at the exchange rates effective at the balance sheet date whereas non-monetary items are converted at the exchange rate effective at the time of the transaction. The realized and unrealized exchange losses are recorded in the profit and loss account, whereas the realized exchange gains are recorded in the profit and loss account at the moment of their realization. Unrealized gains resulting from the fair valuation of derivatives held for trading are recognized under the caption "other interest and similar income".

Financial liabilities and assets, which are hedged by derivative instruments are translated at closing rate.

2.3.3 Intangible assets
Intangible fixed assets are valued at purchase price including the expenses incidental thereto. Intangible fixed assets are depreciated over their estimated useful economic lives, as follows:

- Licenses and trademarks rights
  5 years or the contract term if less
- Rights of use (IRUs) (note 2.2.4)
  12 or 13 years term of the underlying contract
- Software
  3 years or the contract term if less

Depreciation is calculated on a straight line basis.

Where the Company considers that an intangible fixed asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.3.4 Indefeasible rights of use
There is no universally-accepted definition of an indefeasible rights of use (IRU). These agreements come in many forms. However, the key characteristics of a typical arrangement include:

- The right to use specified network infrastructure or capacity;
- For a specified term (often the majority of the useful life of the relevant assets);
- Legal title is not transferred;
- A number of associated service agreements including operations and maintenance (O&M) and co-location agreements. These are typically for the same term as the IRU; and
- Any payments are usually made in advance.

IRUs are accounted for either as a lease, or service contract based on the substance of the underlying agreement.

IRU arrangements will qualify as a lease if, and when:

- The purchaser has an exclusive right for a specified period and has the ability to resell (or sublet) the capacity; and
- The capacity is physically limited and defined; and
- The purchaser bears all costs related to the capacity (directly or not) including costs of operation, administration and maintenance; and
- The purchaser bears the risk of obsolescence during the contract term.

If all of these criteria are not met, the IRU is treated as a service contract.

An IRU of network infrastructure (cables or fiber) is accounted for as a right of use asset (see E.4.), while capacity IRU (wavelength) is accounted for as an intangible asset.

The costs of an IRU recognized as service contract is recognized as prepayment and amortized in the statement of income as incurred over the duration of the contract.

Usage of the Company's controlled IRUs is charged to the Operations on a monthly basis including a markup of 1.5%. Company's profit and loss shows these recharges as revenues for the amount net of withholding tax under the caption "Other operating income".

2.3.5 Tangible assets
Tangible fixed assets are valued at purchase price including the expenses incidental thereto. Tangible fixed assets are depreciated over their estimated useful economic lives. All repairs and maintenance expenditures are expensed as incurred.

The depreciation rates and methods applied are as follows:

- Computer equipment: 3 years
- Other equipment: 4 to 10 years

Depreciation is calculated on a straight-line basis.

Where the Company considers that a tangible fixed asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.3.6 Financial assets
Shares in affiliated undertakings, participating interest and loans to affiliated undertakings are valued at purchase price and at nominal value including the expenses incidental thereto, less any durable impairment in value.

The recoverability of the Company's shares in affiliated undertakings, participating interest and loans to affiliated undertakings is subject to the future profitability of the underlying operations and the evolution of the business in accordance with plans. In evaluating the recoverability of its assets, the value and future benefits of the underlying operations are periodically reviewed by management based on technological, regulatory and market conditions.

Annually, or when certain operational and financial factors indicate an impairment of value, the Company evaluates the carrying value of the investments and the nominal value of the loans, in relation to the operating performance and future cash flows of the underlying assets. When indicated, the impairment losses are measured based on the difference between the estimated recoverable amount and the carrying amount of the asset. Management's estimates of recoverable amounts are based on the net present values of estimated future cash flows and valuations based on market transactions in similar circumstances. Impairment losses are reversed when the reasons for which the impairment has been created no longer exist.

2.3.7 Debtors
Debtors are valued at their nominal value. They are subject to value adjustments when their recovery is compromised.

2.3.8 Prepayments
Prepayments include expenditures incurred during the current year but relating to a subsequent financial year, as well as debenture loans origination and further amendments costs which are amortized on a straight line basis over remaining estimated debt periods based on the maturity of the financing agreements.

2.3.9 Debenture Loans
Debenture loans are recorded at their reimbursement value. The debt origination and further amendments costs are included in prepayments (note 2.2.8).

2.3.10 Cash at bank and in hand
Highly liquid investments with an original maturity of three months or less are considered to be cash at bank and in hand.

2.3.11 Provisions
Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise. See also note 2.2.16.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions for taxation corresponding to the difference between the tax liability estimated by the Company and the advance payments for the financial years for which the tax return has not yet been filed are recorded under the caption "Tax authorities".

2.3.12 Share based compensation
Share awards under Long-Term Incentive Plans (LTIP) are granted to the directors, management and key employees. The cost of the LTIP awards is recognized on the date of issuance of the shares to the employees together with a corresponding increase in share premium. The cost is based on the market value of the shares at grant date. If shares are issued from treasury shares, the difference between the value of the shares issued and the acquisition cost of the treasury shares is recorded in the profit and loss account as an adjustment to the value of the treasury shares. Value of the shares issued are reported in the "Wages and Salaries" caption upon issuance of the shares related to the share awards plans.

2.3.13 Expense recognition
Expenses are charged in the year they are incurred and they are stated on an accrual basis.

2.3.14 Other operating income
The Company's income is disclosed gross of withholding tax and principally comprises of consultancy, royalty and technical fees charged to affiliated companies. The Company is financing its various subsidiaries and also charging them for business support services, brand fees, management fees and recharging certain costs incurred on behalf of these subsidiaries. Income is recognized as earned.

2.3.15 Leases
<u>Until 31 December 2018</u>

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the life of the lease.

Finance leases, which transfer substantially all risks and benefits incidental to ownership of the leased item to the lessee, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

<u>From 1 January 2019</u>

As a consequence of the application of the new Group accounting policy for 'leases', from 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the reduction of the liability and finance cost. The finance cost is charged to the profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use are recognized under caption "intangible assets" in the balance sheet and is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*Continued*

The lease payments are discounted using the interest rate implicit in the lease. As it is generally impracticable to determine that rate, the Company uses the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The incremental borrowing rate applied can have a significant impact on the net present value of the lease liability recognized under the new accounting policy for leases.

The Company determines the incremental borrowing rate by country and by considering the risk-free rate, the country risk, the industry risk, the credit risk, the currency risk and the asset specific risk, as well as the lease and payment terms and dates.

The Company is also exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is adjusted against the right-of-use asset by discounting the revised lease payments using either the initial discount rate or a revised discount rate. The initial discount rate is used if future lease payments are reflecting market or index rates or if they are in substance fixed. The discount rate is revised, if a change in floating interest rates occurs.

The Company reassess the variable payment only when there is a change in cash flows resulting from a change in the reference index or rate and not at each reporting date.

According to the new accounting policy for leases, the lease term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both: (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate if the lessee is reasonably certain not to exercise that option. The assessment of such options is performed at the commencement of a lease. As part of the assessment, Millicom introduced the 'time horizon concept': the reasonable term under which the company expects to use a leased asset considering economic incentives, management decisions, business plans and the fast-paced industry Millicom operates in. The assessment must be focused on the economic incentives for Millicom to exercise (or not) an option to early terminate/extend a contract. The Company has decided to work on the basis that the lessor will generally accept a renewal/forego on the early termination of a contract, as there is an economic incentive to maintain the contractual relationship.

Millicom has considered the specialized nature of most of its assets under lease, the remote likelihood that the lessor can find a third party to substitute Millicom as a lessee and past practice to conclude that, the lease term can go beyond the notice period when there is more than an insignificant penalty for the lessor not to renew the lease. This analysis requires judgment and has a significant impact on the lease liability recognized under the new accounting policy for leases.

Millicom has elected not to recognize a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are rather recognized on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs

Finally, the Company has taken the additional following decisions when adopting the Group accounting policy on leases:

- Non-lease components are capitalized
- Intangible assets are out of scope for the new lease rules.

2.3.16 Derivative financial instruments

The Company may enter from time to time into derivative financial instruments in order to hedge certain financial risk at Company or Group level.

Since 1 January 2016, the Company opted to use the fair value model as described by the Law of 19 December 2002, as amended subsequently, art. 64bis. Derivative financial instruments used for hedging purposes are measured at fair value based on their market value (Mark to Market) at the reporting date and they are recorded under either 'other provisions' (when fair value is negative) or 'other debtors' (when fair value is positive). The profit and loss impact is presented under "other interests and similar income" (unrealized gain) or in "other interests and similar expenses" (unrealized losses).

For hedge accounting purposes, hedges are classified as either:

- Fair value hedges, when they hedge exposure to a change in the fair value of a recognized asset or liability, or of a firm commitment (except for currency risk); or
- Cash-flow hedges, when they hedge exposure to a change in cash flow arising from a specific risk associated with a recognized asset or liability, a highly probable future transaction or a currency risk on a firm commitment.

The "effective" part of the cash flow hedge instrument is recognized in "cash flow reserve" in equity, while the "non-effective" part is recognized in the profit and loss account under the caption "other interests and similar expenses" (loss) or under the caption "other interest and similar income" (gain). Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit and loss. The cash flow hedge reserve is non-distributable.

To avoid any accounting mismatch, unrealized exchange losses and/or gains on financial assets and liabilities, being hedged with these derivative financial instruments, are also recognized in the profit and loss account.

Changes in the fair value of derivatives that are designated and qualify as fair value hedge are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

2.3.17 Own shares

Own shares are initially measured at acquisition cost and recognized as an asset with a corresponding non-distributable reserve created from share premium and retained earnings. Own shares are subsequently re-measured at the lower of cost or market value using the average cost. Transferred or cancelled shares are valued using the average cost method. They are subject to value adjustments where their recovery is compromised. These value adjustments are reversed when the reasons for which the value adjustments were made have ceased to apply.

2.3.18 Other investments (transferable securities)

Transferable securities are valued at fair value. The fair value of these financial instruments corresponds to the latest available quote. The changes in fair value of transferable securities are recorded in the profit and loss account.

NOTE 3—INTANGIBLE ASSETS

The movements of the year in intangible fixed assets are as follows:

	Software US$	IRU's US$	Other US$	Work in Progress US$[(2)]	Total US$
As at 1 January 2019					
Cost	16,941,484	18,217,401	1,575,623	289,136	37,023,644
Accumulated amortisation	(10,766,412)	(8,258,761)	(413,436)		(19,438,609)
Carrying amount	**6,175,072**	**9,958,640**	**1,162,187**	**289,136**	**17,585,035**
Additions	72,876	—	—	10,156,626	10,229,502
Disposals	—	—	—	—	—
Category transfers[(1)]	4,877,136	—	(400,159)	(4,476,977)	—
Transfers from Tangible Assets	206,152				206,152
Amortisation	(2,534,093)	(1,855,626)	(56,055)	—	(4,445,774)
– Amortization on in use assets	(2,499,476)	(1,855,626)	(90,672)	—	(4,445,774)
– Amortization on the transfer of assets	(34,617)	—	34,617	—	—
Cost	22,097,648	18,217,401	1,175,464	5,968,785	47,459,298
Accumulated amortisation	(13,300,505)	(10,114,387)	(469,491)	—	(23,884,383)
Carrying amount as at 31 December 2019	**8,797,143**	**8,103,014**	**705,973**	**5,968,785**	**23,574,915**

Intangible assets include software licenses and indefeasible rights of use (IRU) related to telecommunications capacity contracts which the Company purchases centrally and resells capacity to certain of its operating subsidiaries.

(1) During 2019, significant transfers from work in progress (WIP) to cost, comprise $1.3 million for the new leasing solution 'Sigma' and $1.1 million for the BTO project. The remaining transfers were related to the several system upgrades, eBS and HFM migrations, development of new treasury management system, etc.
(2) As of 31 December 2019, the work in progress is related to several projects including RFC Solutions for B2C ($1.6 million), Riskconnect/SOX projects ($2.3 million), BTO project ($0.6 million), etc..

NOTE 4—TANGIBLE ASSETS

The movements of the year in tangible fixed assets are as follows:

	Leaseholds improvements US$	Other PPE US$	Right of use asset US$[1]	Work in Progress US$	Total US$
As at 1 January 2019					
Cost	98,318	4,875,469	—	667,569	5,641,356
Accumulated depreciation	(52,760)	(4,736,840)	—	—	(4,789,600)
Carrying amount	**45,558**	**138,629**	**—**	**667,569**	**851,756**
Additions	—	—	1,419,623	1,171,713	2,591,336
Disposals	(98,318)	(2,283,572)	—	—	(2,381,890)
Transfers	—	118,557	—	(324,710)	(206,153)
Depreciation	52,760	2,170,903	(39,434)	—	2,184,229
– Depreciation on in use assets	(17,984)	(92,926)	(39,434)	—	(150,344)
– Reversal of Depreciation of Disposal assets	70,744	2,263,829	—	—	2,334,573
As at 31 December 2019					
Cost	—	2,710,454	1,419,623	1,514,572	5,644,649
Accumulated depreciation	—	(2,565,937)	(39,434)	—	(2,605,371)
Carrying amount	—	**144,517**	**1,380,189**	**1,514,572**	**3,039,278**

Tangible assets include IT equipment and office furniture.

(1) The right of use asset represents the amount recorded due to the adoption of the new group accounting policy (see note 2.1)

NOTE 5—FINANCIAL ASSETS

5.1 Shares in affiliated undertakings, participating interest and other loans

The movements for the year on shares in affiliated undertakings, participating interest and other loans were as follows:

	Total 31 December 2019 US$			Total December 31, 2018 US$		
	Shares in affiliated undertakings	**Shares in participating interest**	**Other loans**	Shares in affiliated undertakings	Shares in participating interest	Other loans
Cost						
Opening balance	3,762,889,088	173,574,180	58,279,843	3,843,464,877	173,574,180	200,864,346
Additions(1)	955,832,912	—	—	991,529,210	—	18,279,843
Disposals/repayments	—	—	—	(1,072,104,999)	—	(160,864,346)
Transfers(2)	—	(49,924,772)	(18,279,843)	—	—	—
Closing balance	4,718,722,000	123,649,408	40,000,000	3,762,889,088	173,574,180	58,279,843
Value adjustments						
Opening balance	(9,291,318)	(123,649,408)	—	(77,673,000)	(123,649,408)	—
Impairment of the year(3)	—	—	—	(8,891,318)	—	—
Disposals	—	—	—	77,273,000	—	—
Transfers	—	—	—	—	—	—
Closing balance	(9,291,318)	(123,649,408)	—	(9,291,318)	(123,649,408)	—
Net book value						
Opening balance	3,753,597,770	49,924,772	58,279,843	3,765,791,877	49,924,772	200,864,346
Closing balance	4,709,430,682	—	40,000,000	3,753,597,770	49,924,772	58,279,843

(1) On 29 November 2019, the Company increased its investments in Millicom International Operations S.A.. The Company contributed all of its shares in Millicom International Operations B.V. amounting to US$ 955.6 million. This contribution has been converted into share premium of Millicom International Operations S.A..
(2) Shares on participating interests: During Q1 2019, our investment in Jumia (formelry AIH) was reclassified from Financial Assets to Other Investments (see notes 5.3 and 20). Other loans: Loan receivable from Bharti Airtel Limited was transferred to short term (see notes 5.4 and 6)

5.2 Shares in affiliated undertakings

The carrying values of the shares in affiliated undertakings and the related value adjustments are as follows:

		Percent shares held	Opening carrying value	Additions/ Disposals	**Closing carrying value**	Opening value adjustments	Charge/ Reversal	**Closing value adjustments**	**Closing Net book value**	**Percent shares held**
		2018	2018		**2019**	2018		**2019**	**2019**	**2019**
Name of the Company	Country	%	US$	US$	**US$**	US$	US$	**US$**	**US$**	**%**
Millicom International Operations S.A.	Luxembourg	100	2,726,674,093	955,832,911	3,682,507,004	—	—	—	3,682,507,004	100
Millicom Spain S.L.	Spain	100	1,024,483,966	—	1,024,483,966	—	—	—	1,024,483,966	100
Millicom Global Employment Company S.à r.l.	Luxembourg	100	11,019,887	—	11,019,887	(8,891,319)	—	(8,891,319)	2,128,568	100
Millicom International IX N.V.	Netherlands	100	400,000	—	400,000	(400,000)	—	(400,000)	—	0
Millicom SSC, S.A. DE C.V.	El Salvador	99.99	249,999	—	249,999	—	—	—	249,999	99.99
Shai Holding S.A.	Luxembourg	100	43,153	—	43,153	—	—	—	43,153	100
Millicom Digital Ventures B.V.	Netherlands	100	10,000	—	10,000	—	—	—	10,000	100
Millicom Services AB	Sweden	100	7,786	—	7,786	—	—	—	7,786	100
Millicom International Services LLC	U.S.A.	100	100	—	100	—	—	—	100	100
Millicom USA Holdings LLC	U.S.A.	100	100	—	100	—	—	—	100	100
Millicom Services UK Ltd	United Kigndom	100	2	—	2	—	—	—	2	100
Millicom Telecommunications S.A.	Luxembourg	100	1	—	1	—	—	—	1	100
			3,762,889,087	955,832,911	4,718,721,998	(9,291,319)	—	(9,291,319)	4,709,430,679	

NOTE 5—FINANCIAL ASSETS —continued

Management believes that appropriate value adjustments have been made and that no durable depreciation on investments, other than those already recorded, exist as of 31 December 2019.

Art. 65 paragraph (1) 2° of the Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings (the "law") requires the disclosure of the amount of capital and reserves and profit and loss for the last financial year of each affiliated undertaking. In conformity with Art.67 (3) of the law these details have been omitted as the Company prepares consolidated accounts and these consolidated accounts and the related consolidated management report and auditors' report thereon have been lodged with the Luxembourg Trade Registry.

5.3 Participating interests

The carrying values of the participating interest are as follows:

Name of the Company	Country	Percent shares held 2018 %	Opening carrying value 2018 US$	Additions/ Disposals US$	**Closing carrying value 2019 US$**	Opening value adjustments 2018 US$	Charge/ Reversal US$	**Closing value adjustments 2019 US$**	**Closing Net book value 2019 US$**	**Percent shares held 2019 %**
MKC Brillant Services GmbH	Germany	—	123,649,407	—	123,649,407	(123,649,407)	—	(123,649,407)	—	—
Africa Internet Holding GmbH (AIH)	Germany	10.15	49,924,772	(49,924,772)	—	—	—	—	—	—
			173,574,179	(49,924,772)	123,649,407	(123,649,407)	—	(123,649,407)	—	

Jumia, formerly AIH, indirectly owns a number of companies that provide online services and online marketplaces in certain countries in Africa. During Q1 2019, in preparation of Jumia's IPO, Millicom relinquished its seat on the board of directors, which resulted in Millicom ceasing to have a participating interest in Jumia. As a result, Millicom recognized its investment in Jumia as a transferable security. On 11 April, 2019, Jumia completed its IPO at the offer price per share of $17.5 and shares started trading on the NYSE on 12 April 2019. Post IPO, Millicom holds 6.31 % of the outstanding shares in Jumia (see also note 20).

5.4 Other loans

The amount in other loans corresponds to a loan receivable towards the joint venture in Ghana amounting to US$ 40 million which arose as a result of the merger of Tigo and Airtel's respective operations in Ghana. This loan ranks in priority to all other obligations of the combined entity owed to its shareholders. This loan bears interest of LIBOR +3 % and is repayable by 12 October 2022.

Following is the movement of loans:

Name of the Company	**Opening carrying value 2018 US$**	**Additions/ Payments**	**Transfer to short term**	**Impairment**	**Closing carrying value 2019 US$**
Ghana Cellular	40,000,000	—	—	—	40,000,000
Bharti Airtel Limited(1)	18,279,843	—	(18,279,843)	—	—
	58,279,843	—	**(18,279,843)**	—	**40,000,000**

(1) In 2019, the loan receivable from Bharti Airtel Limited was reclassified to short term as it is repayable in 2020 (Note 6).

NOTE 6—DEBTORS

Debtors are composed as follows:

	Total 31 December 2019 US$	Total 31 December 2018 US$
Amounts owed by affiliated undertakings before value adjustment becoming due and payable within one year	131,588,335	1,036,532,943
Value adjustments in amounts owed by affiliated undertakings becoming due and payable within one year[3]	(68,328,297)	(68,328,297)
Amounts owed by affiliated undertakings after value adjustment becoming due and payable within one year[2]	63,260,038	968,204,646
Amounts owed by affiliated undertakings after value adjustment becoming due and payable after more than one year[3]	418,749,540	—
Amounts owed by undertakings in which the company is linked by virtue of participating interests becoming due and payable within one year[4]	12,311,352	8,219,826
Other receivables becoming due and payable within one year[1]	23,336,609	2,414,637
	517,657,539	978,839,109

(1) As of 31 December 2019, Other Receivables includes the loan receivable of US$ 18 million corresponds to a vendor loan receivable from Bharti Airtel Limited as part of the purchase consideration for the disposal of MICSA's operation in Rwanda back in 2018. This loan bears interest of 3 month LIBOR + 2.2% and is repayable by 31 January 2020. Bharti Airtel has 30 additional days as of maturity date to complete payment.
Following are the details of the amounts owed by affiliated undertakings and the related value adjustments:

(2)

	Total 31 December 2019				
	Amounts owed by	Amounts owed to	Net balance before value adjustments	Value adjustments	Net balance after value adjustments
Millicom Cable Costa Rica, S.A.	741,159	(290,888)	450,271	—	450,271
Newcom Nicaragua S.A.	17,226,468	—	17,226,468	—	17,226,468
X-Com Holding S.A.	61,134,669	—	61,134,669	(61,134,669)	—
Telefonia Nicaragua	37,560	—	37,560	—	37,560
Telefónica Móviles Panama, S.A.	808,282	—	808,282	—	808,282
Bolivia Cellular	498,882	(434,742)	64,140	—	64,140
Servicios y Productos Multimedios S.A	234,778	—	234,778	—	234,778
Teledeportes Paraguay S.A	81,859	—	81,859	—	81,859
Mobile Cash RDC S.à r.l	200,026	—	200,026	(150,920)	49,106
Telesis Tanzania Limited	25,878	—	25,878	—	25,878
Millicom International III N.V.	81,038	—	81,038	—	81,038
Millicom International Holding Ltd.	275,205	—	275,205	—	275,205
Millicom Cable 209 N .V.	1,772	—	1,772	—	1,772
Millicom Spain, S.L.	125,641,876	(97,747,538)	27,894,338	—	27,894,338
Millicom Ireland Limited	30,000	—	30,000	—	30,000
Millicom Global Employment Company S.à r.l.	7,147,468	(422,534)	6,724,934	(6,622,007)	102,927
Millicom Telecommunications S.A.	9,631,355	(2,992,031)	6,639,324	—	6,639,324
Millicom LIH S.A. (MLIH)	1,603	—	1,603	—	1,603
Millicom Payment Solutions Ltd.	505,542	—	505,542	—	505,542
Mic Africa B.V.	4,700,450	(1,057,756)	3,642,694	—	3,642,694
Millicom Services B.V.	10,405	(10,000)	405	—	405
Civab	43,229	(1,967)	41,262	—	41,262
Zantel (Zanzibar Telecom Ltd)	420,701	—	420,701	(420,701)	—
Other	5,975,833	(910,247)	5,065,586	—	5,065,586
	235,456,038	**(103,867,703)**	**131,588,335**	**(68,328,297)**	**63,260,038**

These amounts are short-term in nature and do not bear any interest.

NOTE 6—DEBTORS—continued

	Total 31 December 2018				
	Amounts owed by	Amounts owed to	Net balance before value adjustments	Value adjustments	Net balance after value adjustments
Millicom LIH S.A.	955,832,911	—	955,832,911	—	955,832,911
X-Com Holding S.A.	61,134,669	—	61,134,669	(61,134,669)	—
Millicom Spain, S.L.	63,723,445	(56,239,604)	7,483,841	—	7,483,841
Millicom Global Employment Company S.à r.l.	6,949,304	—	6,949,304	(6,622,007)	327,297
Telefónica Celular del Paraguay S.A.	892,068	(29,263)	862,805	—	862,805
Telemovil El Salvador, S.A. de C.V.	944,755	(150,226)	794,529	—	794,529
Millicom Holding 100 B.V.	730,787	—	730,787	—	730,787
Millicom Payment Solutions Ltd.	505,542	—	505,542	—	505,542
Zantel (Zanzibar Telecom Ltd)	420,701	—	420,701	(420,701)	—
Millicom Ireland Limited	322,074	—	322,074	—	322,074
Millicom Americas L.L.C.	1,804,144	(1,509,672)	294,472	—	294,472
Millicom International Holding Ltd.	275,205	—	275,205	—	275,205
Mobile Cash RDC S.à r.l	200,026	—	200,026	(150,920)	49,106
Millicom International One S.L.	1,155,354	(963,943)	191,411	—	191,411
MIC Africa B.V.	145,262	—	145,262	—	145,262
Shai Holding S.A.	217,364	(110,768)	106,596	—	106,596
Millicom International III N.V.	81,038	—	81,038	—	81,038
Millicom International Ventures AB	80,044	—	80,044	—	80,044
Millicom International Operations B.V.	159,661	(106,680)	52,981	—	52,981
Comvik International (Vietnam) AB	27,082	(2,081)	25,001	—	25,001
Mobile Cash Paraguay S.A.	23,333	—	23,333	—	23,333
Millicom Tchad S.A.	17,588	—	17,588	—	17,588
Newcom Nicaragua S.A.	2,182	—	2,182	—	2,182
Millicom Services B.V.	10,641	(10,000)	641	—	641
	1,095,655,180	(59,122,237)	1,036,532,943	(68,328,297)	968,204,646

As of 31 December 2019, Management concluded that no impairment losses should be recorded on certain amounts owed by affiliated undertakings. Impairment losses were recorded under the caption "Value adjustments in respect of current assets" in the profit and loss account for an amount US$0.5 million in 2018.

(3)	**Total 31 December 2019**		
	Amounts owed by	**Amounts owed to**	**Net balance**
Newcom Nicaragua S.A.	418,749,540	—	418,749,540
	418,749,540	—	**418,749,540**

Liquid funds were made available to Newcom Nicaragua S.A. to enable the acquisition of Telefonia Celular de Nicaragua, S.A. in May 2019. The loan carries an interest rate of 6.25 % and repayable in May 2029.

(3) Amounts owed by undertakings in which the Company is linked by participating interests are detailed below:

(4)

	Total 31 December 2019		
	Amounts owed by	**Amounts owed to**	**Net balance**
Comunicaciones Celulares, S.A.	3,564,089	(27,173)	3,536,916
Servicios Innovadores de Comunicación y Entretenimiento, S.A.	70,369	—	70,369
Telefonica Celular, S.A de C.V.	4,148,169	(79,219)	4,068,951
Navega, S.A. de C.V.	158,854	—	158,854
Servicios, Productos y Negocios, S.A. de C.V.	150,000	—	150,000
Airtel Tigo Ghana (JV)	4,332,831	(6,568)	4,326,262
	12,424,312	**(112,960)**	**12,311,352**

	Total 31 December 2018		
	Amounts owed by	Amounts owed to	Net balance
Comunicaciones Celulares, S.A.	2,577,268	(8,293)	2,568,975
Airtel Tigo Ghana (JV)	2,494,144	(25,139)	2,469,005
Navega, S.A. de C.V.	131,851	—	131,851
Servicios, Productos y Negocios, S.A. de C.V.	150,000	—	150,000
Servicios Innovadores de Comunicación y Entretenimiento, S.A.	34,602	—	34,602
Telefonica Celular, S.A de C.V.	3,056,716	(191,322)	2,865,394
	8,444,581	(224,754)	8,219,827

Management believes that appropriate value adjustments have been made and that no durable depreciation on the amounts owed by affiliated undertakings, other than those already recorded, exist as December 2019

In the normal course of the business, the Company is financing its various subsidiaries and also charging those for business support services, brand fees, management fees and recharging certain costs incurred on behalf of those subsidiaries. At the same time, certain costs incurred by subsidiaries are recharged to the Company and advanced dividends remitted to the Company. These transactions give rise to intercompany payable and receivable balances which are settled periodically either through offset of receivables and payables, declaration of dividends, or cash settlement.

NOTE 7—CAPITAL AND RESERVES

7.1 Share capital and share premium

The authorized share capital of the Company totals 133,333,200 registered shares (2018: 133,333,200) consisting of 101,739,217 (2018: 101,739,217) registered common shares at a par value of US$1.50 each, of which at 31 December 2019, 580,141 are owned by the Company (2018: 913,583).

In 2019, 464,714 shares were issued to management, directors, and employees (2018: 350,747).

7.2 Reserve for own shares

In 2019, the Company re-purchased 131,293 shares for US$12 million (2018: 69,652 shares for US$6.1 million), and transferred a similar amount from share premium to reserve for own shares as required under Luxembourg law. The cost of shares issued during the year from treasury shares is US$ 39.35 million. A fair value loss has been recognized in the profit and loss account of US$0.5 million due to the issuance of shares under "Value adjustments in respect of financial assets and of investments held as current assets".

At 31 December 2019, the Company has booked an impairment on the value of the treasury shares amounting to US$8.2 million under the same caption in the profit and loss account (2018: reversal of impairment of US$2 million), in application of the Company's accounting policy for own shares (2.2.17).

7.3 Legal reserve

On an annual basis, if the Company reports a net profit for the year, Luxembourg law requires appropriation of an amount equal to at least 5% of the annual net profit to a legal reserve until such reserve equals 10% of the subscribed capital. This reserve is not available for dividend distribution.

NOTE 7—CAPITAL AND RESERVES—continued

7.4 Changes in shareholders' equity

The changes in shareholders' equity for 2019 and 2018 are shown below:

	Number of shares outstanding	Share capital US$	Share premium US$	Reserve for own shares US$	Cash flow Hedge Reserve US$	Legal reserve US$	Accumulated profits US$	Profit for the year US$	Total shareholders' equity US$
Balance as at 31 December 2017	101,739,217	152,608,826	375,371,342	80,891,093	310,680	16,357,968	963,978,514	(384,414,983)	1,205,103,438
Allocation of 2017 result	—	—	—	—	—	—	(384,414,983)	384,414,983	—
Dividends	—	—	—	—	—	—	(265,834,381)	—	(265,834,381)
Acquisition of Own shares	—	—	(6,151,012)	6,151,012	—	—	—	—	—
Transfer from reserve for own shares	—	—	(1,871,051)	1,871,051	—	—	—	—	—
Cash flow hedge reserve	—	—	—	—	(338,351)	—	—	—	(338,351)
Long term incentive plans	—	—	30,975,034	(30,975,034)	—	—	—	—	—
Profit for the year	—	—	—	—	—	—	—	910,552,729	910,552,729
Balance as at 31 December 2018	101,739,217	152,608,826	398,324,313	57,938,122	(27,671)	16,357,968	313,729,150	910,552,729	1,849,483,435

	Number of shares outstanding	**Share capital US$**	**Share premium US$**	**Reserve for own shares US$**	**Cash flow Hedge Reserve US$**	**Legal reserve US$**	**Accumulated profits US$**	**Profit for the year US$**	**Total shareholders' equity US$**
Balance as at 31 December 2018	**101,739,217**	**152,608,826**	**398,324,314**	**57,938,121**	**(27,671)**	**16,357,968**	**313,729,150**	**910,552,729**	**1,849,483,437**
Allocation of 2018 result	—	—	—	—	—	—	910,552,729	(910,552,729)	—
Dividends	—	—	—	—	—	—	(266,937,020)	—	(266,937,020)
Acquisition of Own shares	—	—	(11,594,730)	11,594,730	—	—		—	—
Transfer from reserve for own shares	—	—	512,776	(512,776)	—	—		—	—
Cash flow hedge reserve(1)	—	—		—	(6,097,019)	—		—	(6,097,019)
Long term incentive plans	—	—	41,039,760	(41,039,760)	—	—		—	—
Profit for the year	—	—		—	—	—		708,920,835	708,920,835
Balance as at 31 December 2019	**101,739,217**	**152,608,826**	**428,282,120**	**27,980,315**	**(6,124,690)**	**16,357,968**	**957,344,859**	**708,920,835**	**2,285,370,233**

(1) Cash flow hedge reserve comprises of the fair value changes of the SEK interest rate swaps.

NOTE 7—CAPITAL AND RESERVES—*continued*

7.5 Long-term incentive plans

As of 31 December 2019, the number of share awards expected to vest under the long-term incentive plans is as follows:

Plan awards and shares expected to vest		**2019 Plans**		2018 Plans		2017 Plans
(number of shares)	**Performance Plan**	**Deferred plan**	Performance Plan	Deferred plan	Performance Plan	Deferred plan
Initial shares granted	**257,601**	**320,840**	237,196	262,317	279,807	438,505
Additional shares granted[1]		**20,131**	—	3,290	2,868	29,406
Total shares granted	**257,601**	**340,971**	237,196	265,607	282,675	467,911
Revision for forfeitures	**(17,182)**	**(9,198)**	(27,484)	(26,860)	(40,946)	(88,437)
Revision for cancellations	—	—	(4,728)	—	—	—
Total before issuances	**240,419**	**331,773**	204,984	238,747	241,729	379,474
Shares issued in 2017	—	—	—	—	—	(2,686)
Shares issued in 2018	—	—	(97)	(18,747)	(2,724)	(99,399)
Shares issued in 2019	**(150)**	**(24,294)**	(3,109)	(54,971)	(19,143)	(82,486)
Performance conditions	—	—	—	—	—	—
Shares expected to vest	**240,269**	**307,479**	201,778	165,029	219,862	194,903

(1) Additional shares granted represent special one-time awards

Deferred share plan (unchanged since 2014, except for vesting schedule)

Until 2018 deferred awards plan, participants were granted shares based on past performance, with 16.5% of the shares vesting on January 1 of each of year one and two, and the remaining 67% on 1 January of year three. Beginning with the 2019 plan, while all other guidelines remain the same, shares vest with 30% on January 1 of each of year one and two, and the remaining 40% on 1 January of year three. Vesting is conditional upon the participant remaining employed with Millicom at each vesting date. The cost of this long-term incentive plan, which is not conditional on performance conditions, is calculated as follows:

Fair value (share price) of Millicom's shares at grant date x number of shares expected to vest.

Performance share plan (for plans issued in 2017)

Shares granted under this performance share plan vest at the end of the three-year period, subject to performance conditions, 25% based on Positive Absolute Total Shareholder Return (Absolute TSR), 25% based on Relative Total Shareholder Return (Relative TSR) and 50% based on budgeted Earnings Before Interest Tax Depreciation and Amortization (EBITDA) minus Capital Expenditure (Capex) minus Change in Working Capital (CWC) (Free Cash Flow).

As the TSRs measures are market conditions, the fair value of the shares in the performance share plan requires consideration of potential adjustments for future market-based conditions at grant date.

For this, a specific valuation had been performed at grant date based on the probability of the TSR conditions being met (and to which extent) and the expected payout based upon leaving conditions.

The Free Cash Flows (FCF) condition is a non-market measure which had been considered together with the leaving estimate and based initially on a 100% fulfillment expectation. The reference share price for this condition is the same share price as the share price for the deferred share plan above.

Performance share plan (for plans issued from 2018)

Shares granted under this performance share plan vest at the end of the three-year period, subject to performance conditions, 25% based on Relative Total Shareholder Return ("Relative TSR"), 25% based on the achievement of the Service Revenue target measured on a 3-year CAGRs from year one to year three of the plan ("Service Revenue") and 50% based on the achievement of the Operating Free Cash Flow ("Operating Free Cash Flow") target measured on a 3-year CAGRs from year one to year three of the plan.

For the performance share plans, and in order to calculate the fair value of the TSR portion of those plans, it is necessary to make a number of assumptions which are set out below. The assumptions have been set based on an analysis of historical data as at the grant date.

Performance share plan (for plans issued from 2019)

Shares granted under this performance share plan vest at the end of the three-year period, subject to performance conditions, 25% based on Relative Total Shareholder Return ("Relative TSR"), 25% based on the achievement of the Service Revenue target measured on a 3-year CAGRs from year one to year three of the plan ("Service Revenue") and 50% based on the achievement of the Operating Free Cash Flow ("Operating Free Cash Flow") target measured on a 3-year CAGRs from year one to year three of the plan.

For the performance share plans, and in order to calculate the fair value of the TSR portion of those plans, it is necessary to make a number of assumptions which are set out below. The assumptions have been set based on an analysis of historical data as at the grant date.

NOTE 8—PREPAYMENTS

	Total 31 December 2019	Total 31 December 2018
	US$	US$
Unamortized loan origination costs[1]	34,287,814	24,437,207
Other prepayments	2,848,900	2,035,587
	37,136,714	26,472,794

(1) As at 31 December 2019, unamortized loan origination costs amount to US$ 34 million (2018: US$ 24 million). The amortization for the year of US$ 5.7 million is recorded in the profit and loss account under the caption "other interest and similar expenses"

NOTE 9—OTHER PROVISIONS

	Total 31 December 2019	Total 31 December 2018
	US$	US$
Derivative financial instrument[1]	166,560	27,671
Provisions for guarantees on intercompany loans[2]	9,000,000	12,000,000
Income Tax Risk provision (Note 23)	3,907,615	1,200,000
Other provisions[3]	5,310,814	6,569,700
	18,384,989	19,797,371

(1): The fair value of the SEK swaps is a liability of US$ 166,560 (see note 11) and the net effect corresponding to the fair value of the interest portion of the swap is recognized in the cash flow hedge reserve for US$ 6.1 million (see note 7)
(2): Relates to the risks of some of the Company's subsidiaries for which the Company acts as guarantor as well as a provision for other expenses directly linked with the disposal of DRC estimated at US$ 9 million (2018: US$12 million).
(3): Out of the total provision, US$ 4 million are provided for in respect of a litigation case in Ghana. The remaining amount of US$ 1 million corresponds to Global Interlink for which a provision was made to cover the potential loss of a non-recoverable cash balance.

NOTE 10—NON-CONVERTIBLE LOANS BECOMING DUE AND PAYABLE WITHIN ONE YEAR

During 2019 short-term obligations were paid

	Within one year US$	Total 31 December 2019 US$	Total 31 December 2018 US$
US$ 250 million Libor 6M + 1.5% (a)	—	—	250,000,000
	—	—	250,000,000

NOTE 11—NON-CONVERTIBLE LOANS BECOMING DUE AND PAYABLE AFTER MORE THAN ONE YEAR

	After one year and within five years	More than five years	Total 31 December 2019	Total 31 December 2018
	US$	US$	US$	US$
US$ 500M 6% Senior Notes (1)	—	500,000,000	500,000,000	500,000,000
US$ 500M 5.125% Senior Notes (2)	—	500,000,000	500,000,000	500,000,000
COP 144Bn 9.45% Senior Notes (3)	—	50,000,000	50,000,000	50,000,000
US$ 500M 6.625% Senior Notes (4)	—	500,000,000	500,000,000	500,000,000
US$ 750M 6.25% Senior Notes (5)	—	750,000,000	750,000,000	—
SEK 2Bn 2.35% + Stibor Senior Notes (6)	213,561,132	—	213,561,132	—
US$ 300M Camelia Bank Loan (7)	300,000,000	—	300,000,000	—
	513,561,132	2,300,000,000	2,813,561,132	1,550,000,000

NOTE 11—NON-CONVERTIBLE LOANS BECOMING DUE AND PAYABLE AFTER MORE THAN ONE YEAR—continued

The total interest expense on the above debts amounted to US$ 163 million for the year (2018: US$ 75 million) and is presented in the "Other interest and similar expenses" caption (note 21).

1) US$ 500 million 6% Senior Notes

On 17 March 2015, Millicom issued a US$ 500 million 6% fixed interest rate bond repayable in ten years, to repay the El Salvador 8% Senior Notes and for general corporate purposes. The bond was issued at 100% of the principal and has an effective interest rate of 6.132%. US$ 6 million of withheld and upfront costs are presented under the caption "prepayment" and amortized under "other interest and similar expenses" over the duration of the bond.

2) US$ 500 million 5.125% Senior Notes

On 20 September 2017, Millicom issued a US$ 500 million 5.125% fixed interest rate bond repayable in 10 years. The bond was issued at 100% of the principal and has an effective interest rate of 5.244%. US$ 6.4 million of withheld and upfront costs are presented under the caption "prepayments" and amortized under "other interest and similar expenses" over the 10-year life of the bond.

3) COP 144Bn 9.45% Senior Notes

On 24 July 2018, the Company issued a COP 144 Bn /US$ 50 million bilateral facility with IIC (Inter-American Development Bank) for a US$ indexed to COP Note due in 2025. The note bears interest at 9.45% p.a.. This COP Note is used as net investment hedge of the net assets of our operations in Colombia. US$ 1.2 million of withheld and upfront costs are presented under the caption "prepayments" and amortized under "other interest and similar expenses" over the duration of the bond.

4) US$ 500 million 6.625% Senior Notes

On 16 October 2018, Millicom issued a US$ 500 million 6.625% fixed interest rate bond repayable in 8 years. The bond was issued at 100% of the principal and has an effective interest rate of 6.748%. US$ 6.2 million of withheld and upfront costs are presented under the caption "prepayments" and amortized under "other interest and similar expenses" over the duration of the bond.

5) US$ 750 million 6.250% Senior Notes

On 25 September 2019, Millicom issued a US$ 750 million 6.250% fixed interest rate bond repayable in 10 years. The bond was issued at 100% of the principal and has an effective interest rate of 6.94%. US$ 8.2 million of withheld and upfront costs are presented under the caption "prepayments" and amortized under "other interest and similar expenses" over the duration of the bond.

6) SEK 2Bn 2.35% + Stibor Senior Notes

On 15 May 2019, Millicom issued a SEK 2 Bn / US$ 214 million repayable note in 5 years. The bond was issued at 100% of the principal and has an effective interest rate of 2.66%.. The notes bear interest at a floating rate of STIBOR (3 months) (excluding a STIBOR floor) plus 2.35% US$ 2.4 million of withheld and upfront costs are presented under the caption "prepayments" and amortized under "other interest and similar expenses" over the duration of the bond.

7) US$ 300M Camelia Bank Loan

On 29 April 2019, Millicom received a loan of US$ 300 million; the loan bears interest at a floating rate of LIBOR 6m with a margin 3% repayable in 5 years. The loan was issued at 100% of the principal in 2 disbursements of US$150 million and US$ 1.8 million of withheld and upfront costs are presented under the caption "prepayments" and amortized under "other interest and similar expenses" over the duration of the loan.

8) Guarantees

In the ordinary course of business, the Company has issued guarantees to secure certain obligations of some of the Group's operations under bank supplier financing agreements. As of 31 December 2019, the outstanding exposure for guarantees issued by the Company to cover debt and financing, in the operations, amounted to US$464 million (2018: US$626 million).

9) Currency and interest rate swap contracts

Interest rate and currency swaps on SEK denominated debt have a maturity date of 15 May 2024. As of 31 December 2019, the fair value of these swaps is a liability of US$ 166,560 (see note 9) and the net effect corresponding to the fair value of the interest portion of the swap is recognized in the cash flow hedge reserve for US$ 6.1 million (see note 7)

Notional amount in currency	Currency sold	Currency bought	Maturity date
500 million SEK	USD	SEK	May 15, 2024
1,000 million SEK	USD	SEK	May 15, 2024
500 million SEK	USD	SEK	May 15, 2024

NOTE 12—AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

Amounts owed to affiliated undertakings becoming due and payable within one year are detailed below:

	Total 31 December 2019		
	Amounts owed to	**Amounts owed by**	**Net balance**
Cable Onda, S.A.	239,413	(694,055)	(454,642)
Telemovil El Salvador, S.A. de C.V.	796,137	(12,417,965)	(11,621,828)
Colombia Cellular	88,322	(182,478)	(94,155)
UNE EPM TELECOMUNICACIONES S.A.	70,597	(214,896)	(144,299)
Telefónica Celular del Paraguay S.A.	3,017,787	(35,268,624)	(32,250,837)
Tanzania Cellular	198,097	(3,117,653)	(2,919,556)
Zantel (Zanzibar Telecom Ltd)	1,705	(23,111)	(21,407)
Millicom International II N.V.	5,682,760	(215,679,052)	(209,996,292)
Millicom International V N.V.	—	(2,169,884)	(2,169,884)
MILLICOM INTERNATIONAL ONE S.L.U	1,165,353	(1,736,590)	(571,237)
MILLICOM INTERNATIONAL S.L.U	—	(40,045)	(40,045)
Millicom Services U.K.	2,036,478	(12,897,723)	(10,861,245)
Millicom International Operations S.A.	6,005,501	(328,047,907)	(322,042,405)
Shai Holding S.A.	217,343	(285,782)	(68,438)
Millicom Holding B.V.	303,548	(383,414)	(79,866)
Mic Latin America B.V.	—	(847,605)	(847,605)
Millicom International Operations B.V.	12,926,560	(13,097,793)	(171,233)
Millicom International B.V.	—	(72,812)	(72,812)
Comvik International Ab	23,357	(84,365)	(61,007)
Millicom Services AB	17,751	(22,860,501)	(22,842,750)
Millicom International Ventures AB	82,618	(202,136)	(119,518)
Millicom Digital Ventures AB	18,135	(100,942)	(82,807)
Millicom International Enterprises AB	443	(17,156,492)	(17,156,050)
Millicom SSC, S.A. de C.V.	211,311	(3,179,866)	(2,968,554)
Millicom International Services Llc	10,126,225	(67,620,439)	(57,494,214)
Millicom Americas L.L.C.	2,111,612	(2,542,729)	(431,117)
	45,341,053	**(740,924,859)**	**(695,583,803)**

These amounts are short-term in nature and do not bear any interest.

	Total 31 December 2018		
	Amounts owed to	Amounts owed by	Net balance
Colombia Movil S.A.	(314,087)	88,322	(225,764)
Comvik International AB	(85,580)	14,900	(70,680)
Mic Latin America B.V.	(2,516,566)	56	(2,516,510)
MIC Tanzania Limited	(3,457,531)	1,214,502	(2,243,029)
Millicom Cable Costa Rica, S.A.	(201,741)	182,067	(19,674)
Millicom Cable N.V.	(10,193,545)	—	(10,193,545)
Millicom Digital Ventures AB	(100,388)	12,497	(87,891)
Millicom Holding B.V.	(5,852,198)	104,165	(5,748,033)
Millicom International Enterprises AB	(9,826,547)	4,729,269	(5,097,278)
Millicom International II N.V.	(205,797,190)	5,682,760	(200,114,430)
Millicom International Operations S.A. (*)	(971,272,093)	176,649	(971,095,444)
Millicom International Services LLC	(54,297,525)	8,661,447	(45,636,078)
Millicom International SL	(36,839)	12,276	(24,563)
Millicom International V N.V.	(2,196,288)	—	(2,196,288)
Millicom Services AB	(48,003,287)	—	(48,003,287)
Millicom Services U.K.	(14,375,327)	2,311,268	(12,064,058)
Millicom SSC, S.A. de C.V.	(729,640)	26,731	(702,909)
Millicom Telecommunications B.V.	(2,719,767)	1,549,480	(1,170,286)

NOTE 12—AMOUNTS OWED TO AFFILIATED UNDERTAKINGS—continued

	Total 31 December 2018		
	Amounts owed to	Amounts owed by	Net balance
Telefonica Celular De Bolivia S.A.	(490,049)	239,747	(250,303)
UNE EPM TELECOMUNICACIONES S.A.	(644,814)	55,807	(589,006)
Zantel (Zanzibar Telecom Ltd)	(63,047)	—	(63,047)
Others	(2,349,067)	840,483	(1,508,584)
	(1,335,523,114)	25,902,428	(1,309,620,686)

Amounts owed to affiliated undertakings becoming due and payable after more than one year are detailed below:

	Total 31 December 2019		
	Amounts owed to	**Amounts owed by**	**Net balance**
Millicom Re S.A.(1)	(900,000)	—	(900,000)
Millicom International II N.V.(2)	(148,500,000)	—	(148,500,000)
	(149,400,000)	**—**	**(149,400,000)**

	Total 31 December 2018		
	Amounts owed to	Amounts owed by	Net balance
Millicom Re S.A.(1)	(900,000)	—	(900,000)
	(900,000)	—	(900,000)

(1) On 6 July 2017, the Company entered into an interest-free Loan Facility Agreement with Millicom Re S.A.The value of the facility is US$ 900,000. Unless repaid earlier, the Company shall repay the principal amount in one final instalment, which will be due and payable on 31 December 2022.
(2) As of 31 December 2019, the Company signed promissory notes with Millicom International II N.V. The value of these promissory notes equals US$ 148,500,000. The maturity date of these promissory notes is 30 April 2021.

NOTE 13 – AMOUNTS OWED TO AFFILIATED UNDERTAKINGS IN WHICH THE COMPANY IS LINKED BY PARTICIPANTS INTERESTS

Amounts owed to undertakings in which the Company is linked by participating interests are detailed below:

	Total 31 December 2019		
	Amounts owed by	**Amounts owed to**	**Net balance**
Distribuidora Central de Comunicaciones, S. A.	(1,011,126)	—	(1,011,126)
	(1,011,126)	**—**	**(1,011,126)**

	Total 31 December 2018		
	Amounts owed by	Amounts owed to	Net balance
Servicios Especializados en Telecomunicaciones, S. A.	(214,523)	—	(214,523)
	(214,523)	—	(214,523)

NOTE 14—OTHER CREDITORS

As at 31 December 2019, amounts due to other creditors becoming due and payable within one year amounted to US$ 92 million (2018: US$ 74 million) and mainly related to accrued interest payable on debt and accrued expenses for legal and other professional fees. Amounts due to other creditors becoming due and payable after more than one year amounted to US$ 1 million (2018: nil) and is related to long term lease liabilities

NOTE 15 —OTHER OPERATING INCOME

Amount is composed as follows:

	Total 31 December 2019	Total 31 December 2018
	US$	US$
Value creation fees	142,066,480	158,288,571
Other intercompany revenue	18,098,862	22,597,746
Other income[(1)]	316,663	255,938,642
	160,482,005	436,824,958

(1) For 2018, Other income mainly included the following:
(a) $229 million relates to (1) the reversal of a provision booked in 2017. This was linked to a guarantee provided by the Company to Millicom Mauritius Ltd. And, (2), a gain realized in 2018 related to the disposal of our operations in Rwanda.
(b) Reversal of a US$ 16 million provision booked in 2017 related to a possible tax risk in El Salvador.
(c) Reversal of a provision of US$ 9 million related to the disposal of our operations in the Democratic Republic of Congo.

NOTE 16—STAFF COSTS

The average number of permanent full-time employees during 2019 was 34 (2018: 66) including 12 IP Branch employees.

NOTE 17—OTHER OPERATING CHARGES

Amount is composed as follows:

	Total 31 December 2019	Total 31 December 2018
	US$	US$
Director fees	2,337,482	1,456,301
Business support services[(1)]	113,202,266	113,777,154
Bandwidth charges	8,675,859	12,671,373
Consultancy fees	29,144,781	14,975,438
Legal fees	15,511,395	11,479,997
Tax, accounting and audit charges	16,663,436	10,131,585
External services	14,494,157	26,710,144
Other	18,906,681	15,155,279
	218,936,057	206,357,271

(1) Business support services represent the expenses incurred by the regional offices in Miami and U.K. which are recharged to the Company. These expenses are further recharged by the Company to the Group entities through the Value Creation Fees.

NOTE 18—INCOME FROM PARTICIPATING INTERESTS DERIVED FROM AFFILIATED UNDERTAKINGS

In 2019, the Company received dividends of US$996 million (2018: US$814 million), including US$22 million from Millicom Services AB, (2018: US$10 million), US$971 million from Millicom International Operations S.A. (2018: US$800 million) as well as US$3 million from Millicom International Services UK Ltd. (2018: US$4 million).

NOTE 19—OTHER INTEREST AND SIMILAR INCOME

Amount is composed as follows:

	Total 31 December 2019	Total 31 December 2018
	US$	US$
Interest income	7,621,909	3,987,537
Foreign exchange gain	2,836,663	14,792,983
	10,458,572	18,780,520

NOTE 20—VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS AND OF INVESTMENTS HELD AS CURRENT ASSETS

Amount is composed as follows:

	Total 31 December 2019	Total 31 December 2018
Impairment of treasury shares (note 7)	(8,716,077)	(3,725,959)
Value adjustment on Other Investments (note 5)	(17,489,772)	—
Loss on disposal of shares in affiliated undertakings and participating interest (note 5)	—	(14,200,000)
	(26,205,849)	(17,925,959)

During 2018, a loss has been realized on the disposal of the shares in Millicom International Operations B.V. amounting to US$ 14.2 million.

As explained in note 5.3, Jumia completed its IPO in April 2019 and commenced the listing of its shares on the NYSE. At 31 December 2019, the closing price of a Jumia share was $6.73, which values Millicom's investment at $38 million. As a result, management concluded that an impairment of $17.5 million should be recorded in the profit and loss account.

NOTE 21—OTHER INTEREST AND SIMILAR EXPENSES

	Total 31 December 2019	Total 31 December 2018
Interest on bonds/loans	163,254,983	75,444,562
Early redemption charges (note 11)	—	3,950,229
Amortization of bond issuance cost (note 8)	5,722,557	8,286,496
Interest on finance leases	19,250	—
Other	3,391,017	2,843,755
	172,387,807	90,525,042

NOTE 22—TAX ON PROFIT OR LOSS

The Company is subject to all taxes applicable to a Luxembourg Société Anonyme. The Company has been granted fiscal unity with Millicom International Operations S.A. ("MIOSA").

Tax charges for 2019 included withholding taxes on consultancy, royalty and technical fees charged to affiliated companies for US$6.9 million (2018: US$4 million).

Starting from the fiscal year 2017, the tax consolidation, if MICSA has started to include the other Luxembourg entities of the Group. The tax losses carried forward of MICSA fiscal unity amount to approximately US$ 4.5 billion. Out of the US$ 4.5 billion approximately US$ 0.5 billion expire in 16 years per the Luxembourg law, the other US$ 4 billion do not expire.

NOTE 23—COMMITMENTS AND CONTINGENCIES

The Company has a contingent liability with respect to lawsuits and other matters that arise in the normal course of business.

As of 31 December 2019, the total amount of claims, litigation and tax risks against the Company was US$10 million (2018: US$9 million) of which US$4 million was provided for (2018: US$2.0 million).

Capital commitments
At 31 December 2019, the Company has a commitment that corresponds to a "Converged Cloud" project as part of the transformation to 5G which can not be launched without *cloudifying* the network. The agreement with the vendors is for a total of US$24 million of which US$5 million are due within one year.

Dividends
The ability of the Company to make dividend payments is subject to, amongst others, the terms of the indebtedness, local legal restrictions and the ability to repatriate funds from the Company's various operations.

NOTE 24—RELATED PARTY TRANSACTIONS

Subsidiaries, joint-ventures and associates of Millicom Group

The Company conducts transactions with subsidiaries, joint-ventures and associates of the Millicom Group on regular commercial terms and conditions. These transactions may include loans granted / received to / from group entities (notes 6 & 12), intercompany recharges in connection with delivery / reception of services (note 14 and note 16) and other operations.

NOTE 25—AUDIT FEES

Art. 65 paragraph (1) 16° of the Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings (the "law") requires the disclosure of the independent auditor fees. In conformity with the law these details have been omitted as the Company prepares consolidated accounts in which this information is disclosed and these consolidated accounts and the related consolidated management report and auditors' report thereon have been lodged with the Luxembourg Trade Registry.

NOTE 26—SUBSEQUENT EVENTS

On February 24, 2020, Millicom's Board approved to the Annual General Meeting of the shareholders a share buyback program to repurchase at least $500 million over the next three years. The current shareholder authorization, which expires on May 5, 2020, allows for the repurchase of up to 5% of the outstanding share capital. In addition, the Board approved to the Annual General Meeting of the shareholders a dividend distribution of $1.00 per share to be paid in 2020. The Annual General Meeting to vote these matters is scheduled to May 5, 2020.

On February 25, 2020, Millicom announced a three year $500 million share repurchase plan and on 28th February 2020 it initiated the first phase of this program comprising the purchase of not more than 350,000 shares and not more than a maximum total amount of SEK 107 million (approximately $11 million). The purpose of the repurchase program is to reduce Millicom's share capital , or to use the repurchased shares for meeting obligations arising under Millicom´s employee share based incentive programs. The repurchase program may take place during the period between February 28, 2020 and May 5, 2020. Payment for the shares will be made in cash.