MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Comunicaciones Celulares, S.A.

As at and for the three-month period ended 31 March 2020

Management's discussion and analysis of financial condition and results of operations Comunicaciones Celulares, S.A

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Overview

We are the leading provider of mobile communications services in Guatemala, providing communications, data, entertainment and solutions services under the Tigo brand across the most extensive 2G, 3G and 4G networks in the country. With 10.71 million mobile subscribers, we estimate our market share of mobile users in Guatemala at approximately 61% as at 31 March 2020. We established ourselves in 1990 as the first mobile operator in Guatemala and have maintained a market-leading position since 2007, following the entry of additional mobile operators in 1999. We are evolving beyond traditional mobile communications and data services to offer a combination of corporate solutions, fixed-line, cable TV, broadband services and MFS to residential, retail and business customers in Guatemala.

We are jointly owned by the Millicom Group, which holds a 55% ownership interest in Comcel and each of the other Note Guarantors, and Miffin, which holds the remaining 45% ownership interest. Millicom offers digital lifestyle products and services primarily through mobile and hybrid fiber cable (HFC) networks in Latin America and Africa, mainly under the Tigo brand. We benefit from Millicom's emerging markets operating experience, product development and technical expertise and sharing of best practices gained from its operations in 10 countries. We also benefit from the economies of scale that result from being part of Millicom's global purchasing and supply chain. Miffin is a holding company with interests in several lines of business, including telecommunications, real estate and renewable power. As Millicom's local partner, Miffin has greatly contributed to our success through its deep understanding of Guatemala's economy and demographics (including our customer base) and through its relationships with local partners.

Currently, we offer our products through two business units:

- Tigo B2C:
  - Mobile: voice, SMS, data, other value-added services and Tigo Money / MFS
  - Tigo Residential: cable TV, Tigo Sports Channel and App, Satellite TV (DTH), fixed-line broadband, fixed-line telephone services and advertising;
- Tigo B2B Fixed: video surveillance, cloud services, cybersecurity, connectivity and other corporate productivity solutions;

During January 2019, America Movil (Claro) acquired Telefonica's Movistar operation in Guatemala, consolidating the market with two mobile operators. Claro and Telefonica have an estimated market share of 39%, focused mainly in urban areas, and their current value proposition is centered around a lower price.

B2C:

Tigo Mobile: As at 31 March 2020, we had approximately 10.71 million mobile customers, which we estimate represented approximately 61% of the total mobile customer base in Guatemala, and our network covered 99% of the country's total population. Our networks provide the most extensive coverage and highest reliability in our market, which has reached a mobile penetration rate of approximately 125%. We have developed an extensive distribution network for the sale of our products and services across the country.

In order to maintain our leading market share and enhance our profitability in a market with high penetration, we tailor our mobile service offerings to meet the needs of our targeted customer segments and offer a comprehensive range of prepaid and postpaid service plans. We target customer segments by classifying them by, among other factors, projected ARPU, preferred activities, education level, budget, region, age, type of device and gender. As at 31 March 2020, 93% of our customers received our services on a prepaid basis and 7% of our customers received our services on a postpaid basis. Our prepaid customers generated 73% of our mobile revenue for the three months ended 31 March 2020. Our postpaid customers, who have a higher ARPU and tend to use more value-added services, such as MMS, music and video streaming, generated 27% of our mobile revenue for the same period. While ARPU among our prepaid customers is lower, these customers are generally serviced at a lower cost than our postpaid customers.

As smartphone penetration and data usage increase in Guatemala, we will continue to refine our offer through simplification and targeted communication that promote recharges designed for data consumption. There has been a steady increase in recharge frequency and amount, as a result of fine tuning our offer in the prepaid customer segment. In the postpaid segment, we offer a variety of data plans for new customers and incentives that increase upgrades in renewing customers. Additionally, we offer our postpaid customers discounts for smartphones at attractive pricing packages.

Through our Tigo Money category, we offer MFS products to our mobile customers including mobile top-ups, bill payments, local and international remittances. We believe that MFS products provide an opportunity to generate incremental revenue by becoming and important payment platform in Guatemala. Tigo Money is currently working with more than 32 partners in bill payments and 8 major partners in International remittances that generate during 2020 a total of 0.5 million transactions per month and a transaction value of more than $15 million. These businesses are supported by a broad network of 1.4K retailers that provide Tigo Money with nation-wide coverage. Mobile subscribers who use our MFS services exhibit higher ARPU and lower churn compared to our customers who don't use MFS. As at 31 March 2020, MFS penetration reached 4.1% of handsets registered on our network. As part of our growth strategy for this category, we are focusing on increasing the partner base for both billing and remittance companies. In recent years, we have digitalized the Tigo Money experience by introducing the Tigo Money App that can be accessed via mobile devices as well as desktop computers.

Tigo Residential: We currently have presence in eighteen departments of Guatemala through HFC technology, mainly in the capital cities and its high-density surrounding areas. In all departments, we go to market using the "Tigo" brand, which allows us to offer "triple-play" bundles (combining digital and HD cable TV, broadband internet (BBI), content and fixed telephony. In areas where we have recently acquired smaller cable networks, we provide services under transitional brands while we work on upgrading the network to the level required to enable the commercial deployment of our bundles under the "Tigo" brand. Our business model and long-term strategy is based mainly on these pillars:

i) Consolidate our presence and expand our footprint with acquisitions using a dedicated team and targeting cable companies operating in the most densely-populated and economically-attractive regions of the country;

ii) Upgrade our networks, mainly recently-acquired cable networks, to enable the deployment of our bundled triple-play services, and

Extend the reach of our Tigo Home services using direct broadcast satellite (direct-to-home, or DTH technology) to provide Pay television services, both postpaid and prepaid, to areas of the country that we do not currently reach with our HFC network.

Consistent with our strategy, during Q2-2019 we commercially launched LTE broadband (Fixed Wireless WTTX) services in different territories reaching 13,985 Households YTD.

Tigo B2B Fixed: Through this business unit we offer an array of corporate and productivity solutions and services to the operations of multinational corporations, large businesses, SME and home offices in Guatemala. These services include fixed-line, broadband internet, enterprise VoIP, IP video surveillance, IP-PBX, cyber security and cloud services. This business unit's differentiating proposition is to provide attractive pricing, end-to-end solutions and after-sales customer service, all these in a market where many businesses have limited experience and resources to maintain a robust IT infrastructure. As at 31 March 2020, Tigo Business had 28.6K customers, which we estimate represents approximately 43% of the total corporate market in terms of value share in Guatemala.

Non-Consolidation of Subsidiaries of the Note Guarantors

Our Combined Financial Statements do not consolidate the subsidiaries over which Comcel and the other Note Guarantors exerted control as of, and for, the periods presented. The only such subsidiary is Newcom Ltd. Bermuda, which represented less than 1% of the combined total revenue, less than 1% of the combined EBITDA, less than 1% of the combined total assets and less than 1% of the combined total liabilities of Comcel and the other Note Guarantors as of, and for the three-month period ended 31 March 2020. We do not intend to consolidate these or any other subsidiaries that may exist from time to time in future combined financial statements of Comcel and the other Note Guarantors, including those prepared for purposes of "Description of the Notes—Covenants of the Note Guarantors—Provision of Financial Information."

Factors Affecting our Results of Operations

Our operating results are primarily affected by the following factors:

COVID-19 - Qualitative and quantitative assessment on business activities, financial situation and economic performance

The outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a pandemic, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in global equity and debt markets. The impact of the outbreak is rapidly evolving and most countries globally, including Guatemala have reacted by implementing severe restrictions on travel and public gatherings, including the closing of offices, businesses, schools, retail stores and other public venues, and by instituting curfews or quarantines.

Such measures, as well as the general uncertainty surrounding the dangers of COVID-19, have produced a significant disruption in economic activity and are having an adverse impact on transportation, hospitality, tourism, entertainment and other industries. As a result, many economists now project a severe global recession and a contraction in economic activity in Guatemala and the broader Latin America region in 2020. In addition, many currencies globally have weakened against the U.S. dollar since the onset of the pandemic, although the Guatemalan quetzal has remained relatively stable during this period.

Impact on our business units: To date, Guatemala has reported fewer cases and fatalities related to COVID-19 than in Europe and the United States, but this may reflect a relative lack of testing and reporting, and the number of cases and deaths both continue to rise.

As one of the largest private companies in Guatemala, we have been supporting local governments and health officials in many ways, especially by communicating important information to the public.

Our business is at the core of the contingency plans for the millions of individuals and companies who rely on us to connect them to their family and friends, business partners, and to the world. As a result, we have observed an increase in traffic on our fixed networks since the onset of the pandemic, whilst the impact on our mobile networks have been more modest. However, we have also seen the negative impact of the disruption to our sales and distribution channels caused by reduced foot traffic and by the closure or reduced operating activities of some of our stores and points of sale. These disruptions impact our ability to service and to collect from our customers and to sell products and services, including postpaid mobile and residential cable subscriptions and prepaid SIM cards and top-ups.

Government has mandated that company such as ours avoid disconnecting clients for non-payment, that we waive fees for late payments, and/or that we defer late payments over an extended period, among other measures. We have gradually rolled out "lifeline products" to all our business units to retain customers who are temporarily unable to pay for our services, while also providing an incentive for other customers to continue to pay fully and in a timely manner.

Finally, our supply chain continues to function without any meaningful interruption, and we have taken steps to continue to secure sufficient inventory and supplies.

Management action: It is difficult to predict whether the challenges we have been facing since mid-March will continue for the remainder of 2020 or 2021 and beyond, but we have implemented cost savings initiatives and reduced our investment plans, with the aim of preserving our strong cash flow and liquidity in 2020.

Impact on financial resources: Tigo Guatemala has relatively modest financial obligations maturing near term. We are currently in compliance with all of our covenants, and we continue to have significant headroom over our principal leverage covenant.

The State of the Guatemala Economy

We derive more than 80% of our revenue from Guatemala, an emerging market. Inflation rates, exchange rate, rates of GDP growth and remittance levels affect our business, financial condition and results of operations.

Taxes

Our effective tax rate for the three months ended 31 March 2020 and 2019 was 16.83% and 18.89%, respectively.

Interconnection Rates

Interconnection rates and terms are not subject to specific regulation in Guatemala and are thus set by private contract. Our operations are dependent upon interconnection agreements with other providers, which give our customers access to networks other than our own. Interconnection is required to complete calls that originate on our networks but terminate outside our networks, or that originate outside our networks and terminate on our networks. Interconnection rates have not varied significantly over recent years, with the domestic interconnection rate being unchanged since 1998.

Rates for new Interconnection agreements are freely negotiated between parties, but in case no agreement is reached any of the parties can request the Superintendency of Telecommunications to resolve the differences in rates through a special procedure which requires the selection and appointment of an expert to define the interconnection rates, which under the law must be cost oriented.

Revenue

We generate our revenue mainly from the provision of services to our customers primarily through monthly subscription fees, airtime sales (voice, data and value added services), roaming fees, interconnection fees, installation fees, fees from the provision of broadband internet, fixed line telephony, VoIP, data transmission, fees on mobile money transfer, electronic payments, collection, cable TV (HFC & DTH), LTE broadband (Fixed Wireless WTTX), advertising, sale of content, tower rental, cyber security services, cloud services, manage services, enterprise VoIP, IP video surveillance, IP-PBX and equipment and telephone handsets and equipment sales. We generally seek to increase our revenue through the growth of our customer base and through the introduction of new products and value-added services. Our results of operations are therefore dependent on the size of our customer base, the introduction of new products and value-added services, and the number of distribution points that offer our products and services. Due to our high market share, our revenue is also impacted by interconnection rates between communications operators, including interconnection fees charged for a call originating from a competitor's network and terminating on our network.

A substantial proportion of our revenue is denominated in US dollars, stemming from roaming, interconnection and other fees, and from the sale of airtime credits through international distributors. Dollar-denominated revenue totalled $51.8 million (or 14.1% of revenue) for the three months ended 31 March 2020, from $46.1 million (13.5% of revenue) for the three months ended 31 March 2019, and from $47.4 million (14.2% of revenue) for the three months ended 31 March 2018.

Consistent with broader industry trends, revenue derived from voice and SMS services has been declining as a result of the increasing popularity of data-capable devices and the development of mobile applications, such as Skype and WhatsApp that generally reduce demand for voice and SMS services. We expect this trend will continue in the future. In response, we have begun to diversify our sources of revenue through the development of a growing number of value-added services in our mobile operations and by our expansion into corporate solutions, fixed-line broadband, fixed-line telephone, cyber security, cable TV, advertising and MFS products to retail and business customers in Guatemala.

Customer Base and Churn

The number of customers we have is dependent upon the number of new customers we obtain and the number of customers that terminate our service, or churn. Our total mobile customer base decreased from approximately 10.89 million customers as at 31 March 2019 to approximately 10.71 million customers as at 31 March 2020, an annual decrease rate of approximately 1.7%, as a result of prepaid user base update (not affecting user core base). During this period, we also saw our market share of mobile users in Guatemala increase by approximately 188 basis points closing at 61%. Our monthly average churn rate for the three months ended 31 March 2019 and 31 March 2020 was approximately 3.15% and 3.40%, respectively. In 2019 we are focusing on increasing the satisfaction of our clients that lead us to an increase in our market share.

Cost of Sales

The primary components of our cost of sales are interconnection costs, telephone handset and equipment costs, roaming costs, costs of leasing lines to connect the switches and main base stations, other transmission and bandwidth costs, value-added services costs, programming and content costs, bad debt provisioning inventory obsolescence provisioning and other direct costs. As we add customers, we continue to seek new ways to control our cost of sales in order to continue to improve our operating margins and to seek new ways to reduce our overall general and administrative cost base. We try to reduce our support costs by identifying synergies with our parent and affiliate companies, such as sharing branding, human resources and global supply arrangements. We have sought to implement various cost-saving and cost-reduction initiatives, including reducing the average handheld subsidy per user and renegotiating the fees we pay for interconnection and value-added services.

Gross Margins

We expect that future gross margin percentages will be primarily affected by pricing (competitors pressuring price down for data, voice and SMS), international incoming traffic declining, interconnection fees, bad debt, and the mix of revenue generated from the level of telephone and equipment sales, voice, SMS services, value-added services, broadband internet, cable TV and data traffic exclusively within our networks and those between our networks and other networks. Calls made exclusively within our networks have a higher gross margin because we do not incur interconnection charges to access other networks.

Operating Expenses

Operating expenses are primarily comprised of commissions to dealers for the sale of prepaid reloads, the sale of handsets and other equipment, smartphone subsidies aimed at obtaining and maintaining customers, as well as general advertising and promotion costs, point of sale materials for our retail outlets, sites and network maintenance charges, billing and collection, and employee related costs.

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Results of Operations

USD thousands	Three months ended 31 March		Percent change
	2020	2019	
Revenue	368,328	342,496	7.5%
Cost of sales	-85,041	-74,013	14.9%
Gross profit	**283,287**	**268,483**	**5.5%**
Operating Expenses	-89,850	-79,180	13.5%
Depreciation and amortization	-59,231	-55,796	6.2%
Other operational income (expenses), net	-697	-1,826	-61.8%
Operating profit	**133,509**	**131,681**	**1.4%**
Interest expense	-23,024	-23,076	-0.2%
Interest and other financial income	5,652	5,109	10.6%
Exchange loss, net	-696	244	-385.2%
Profit before tax	**115,441**	**113,958**	**1.3%**
Income tax expense	-19,429	-21,531	-9.8%
Net profit and comprehensive income	**96,012**	**92,427**	**3.9%**
Operating Data:			
Number of mobile subscribers	**10,707,596**	**10,893,785**	**-1.7%**
Postpaid	756,987	681,140	11.1%
Prepaid	9,950,609	10,212,645	-2.6%
Monthly churn % (1)	**3.40%**	**3.15%**	**7.9%**
Monthly ARPU (US$) (2)	**8.4**	**7.8**	**6.9%**
Number of employees	**3353**	**3143**	3.5%

(1) Our total monthly churn is individually calculated by reference to our aggregate prepaid and postpaid customers.

(2) ARPU is calculated based on a historical exchange rate of 7.68 to US$1.00 for 2020 and 7.69 to US$ 1.00 for 2019.

(3) Our total ARPU is individually calculated by reference to our aggregate prepaid and postpaid customers.

The following table is a reconciliation of our net profit to EBITDA:

USD thousands	Period ended 31 March	
	2020	2019
Net profit	96,012	92,427
Net finance costs	17,372	17,967
Income tax	19,429	21,531
Foreign exchange loss / (gain), net	696	(244)
Share-based compensation	183	298
Depreciation and amortization	59,231	55,796
Loss on disposal and impairment of assets	697	1,826
EBITDA (1)	**193,620**	**189,601**

USD thousands	Period ended 31 March	
	2020	2019
EBITDA	193,620	189,601
EBITDA margin (2)	52.57%	55.36%
Net debt to LTM (3) EBITDA (4)	1.35x	1.36x
Total debt to LTM EBITDA (5)	1.55x	1.68x

(1) We calculate EBITDA by adding net finance costs; income tax; depreciation and amortization; and net other non-operating expense (income) to our total comprehensive income. EBITDA is not a recognized term or recognized measure of performance under IFRS and should not be considered as an alternative to net profits as a measure of operating performance or to net cash provided by operating activities as a measure of liquidity. EBITDA as used herein is the same as ''EBITDA'' as defined in the Indenture for purpose of the Notes. EBITDA as presented may not be comparable to similarly titled measures of other companies.

(2) We define EBITDA Margin as our EBITDA divided by revenue. EBITDA Margin is not a recognized term or measure of performance under IFRS.

(3) LTM stands for last three months.

(4) We calculate Net debt to EBITDA by dividing our total borrowings, less cash and cash equivalents, by our EBITDA.

(5) We calculate Total debt to EBITDA by dividing our total borrowings by our EBITDA.

Revenue

Revenue for the three months ended 31 March 2020 amounted to $368.3 million, increasing 7.5% from $342.5 million for the three months ended 31 March 2019.

Analysing our revenue by business unit:

Tigo Mobile (includes individual and corporate subscribers) revenue increased 7.0%, to $314.8 million, for the three months ended in 31 March 2020 compared to the three months ended 31 March 2019, increase driven mainly by Data services (increasing 9.7% from $130.9 million to $143.6 million). Innovation and smartphone penetration continues to be a major focus for us as we seek to grow revenue by developing and selling additional digital products (focus on data consumption) and services through which we can gain a greater share of customers, disposable income, increase loyalty. In the three months ended 31 March 2020, value-added services represented 56% of recurring revenue and grew by 8% to $147.9 million (out of a total of $264.7 million in recurring revenue). As at 31 March 2020, our mobile customer base was 10.71 million, a decrease of 1.7% from 10.89 million as at 31 March 2019. As at 31 March 2020, prepaid customers accounted for 93%, or 9.95 million, of our total mobile customers compared to 94%, or 10.2 million, as at 31 March 2019.

Tigo Residential revenue grew by 13.7% to $36.9 million for the three months ended 31 March 2020 compared to the three months ended 31 March 2019. As a result of the increase of digital products penetration in data and cable, the Direct to Home (satellite TV services), LTE broadband (Fixed Wireless WTTX) and the continued consolidation of the fragmented Cable TV market in Guatemala through the acquisition of the assets and subscribers of small cable companies.

Tigo Business (fixed products only) revenue increased by 4.5% to $16.7 million, for the three months ended 31 March 2020 compared to $16.0 million for the three months ended 31 March 2019, mainly driven by customer segmentation strategy and a wider portfolio of business solutions, leading to an increase of our customer base. Additionally, Tigo Business continue to experience revenue coming from broadband internet, cloud services and Cybersecurity.

Cost of sales

Cost of sales increased by 14.9% for the three months ended 31 March 2020, to $85.0 million from $74.0 million for three months ended 31 March 2019. The increase in cost of sales mainly driven by increase in local interconnection cost (since we launch unlimited calls to all local networks for LTE plans), bad debt costs increase in postpaid and residential services subscribers, programming cost (driven by growth in cable services) and telephone & equipment costs in line with revenue increase.

Our gross profit increases in absolute values by $14.8 million (5.5% YoY), gross profit margin decreased to 76.9% for the three months ended 31 March 2020 from 78.4% for the three months ended 31 March 2019 mainly driven by increase in Telephone and Equipment revenue which has a gross margin close to 10% compare with mobile service revenue above 92%.

Operating expenses

Operating expenses had increased by 13.5% for the three months ended 31 March 2020 to $89.9 million from $79.2 million for the three months ended 31 March 2019. Operating expenses increase was mainly attributable to the increase in dealer commissions as a result of prepaid consumption and Telephone and Equipment increase, subsidy costs in line with postpaid revenue increase, sites and network maintenance mainly due to electricity tariff increase and fix network growth, and employee related costs as a result of headcount growth to improve customer service as it is consider a main attribute**.** As a percentage of revenue, operating expenses increased from 23.1% for the three months ended 31 March 2019 to 24.4% for the three months ended 31 March 2020.

Depreciation and amortization

Our expenses related to depreciation and amortization charges increased by 6.2% for the three months ended 31 March 2020, to $59.2 million from $55.8 million for three months ended 31 March 2019.

Operating profit

Operating profit increased by 1.4% for the three months ended 31 March 2020 to $133.5 million from $131.7 million for the three months ended 31 March 2019. This was mainly driven by the increase in revenue ($25.8

million). The operating margin decrease from 38.4% for the three months ended 31 March 2019 to 36.2% for the three months ended 31 March 2020.

Net finance costs

Net finance costs, which comprises interest expense and net of interest income, in the amount of $17.9 million for the three months ended 31 March 2019 to $17.4 million for the three months ended 31 March 2020 reflecting the interest expense related to lease liabilities under IFRS 16 in the amount of $5.3 million. Interest expense includes local currency facility equivalent to $140 million in the amount of $4.2 and mainly attributable to bond issuance of $800 million with an interest expense in the amount of $13.7 million. The first instalment of 2020 was effective on February 6th and are payable since August 2014 in semi-annual instalments.

Foreign exchange gain (loss)

There was net foreign exchange loss for the three months ended 31 March 2020 of $0.7 million compared to net exchange gain of $0.2 million for the three months ended 31 March 2019. Exchange gains and losses primarily are due to movements in the GTQ/USD exchange rate resulting in a revaluation of our U.S. dollar borrowings, loans to shareholders, accounts receivable and payable and cash and cash equivalents. The average GTQ /USD exchange rate for the three months ended 31 March 2020 and 31 March 2019 was Q 7.68 and Q 7.69, respectively.

Charge for taxes

The charge for taxes is $19.4 million for the three months ended 31 March 2020, compared to $21.5 million for the three months ended 31 March 2019. The charge for taxes decreased 9.8% YoY. The company pays 93% of its taxes based on net income.

Net profit for the period

As a result of the foregoing, net profit for the three months ended 31 March 2020 was $96.0 million, a 3.9% increase compared with our net profit of $92.4 million for the three months ended 31 March 2019, as shown above the main drivers are: the increase in revenue ($25.8 million) and the interest gain in investments ($5.6 million).

Trend Information

Our strategy is using voice revenue and retain market share while growing our revenue in value-added products and services such as mobile and fixed internet access, content downloads, music, video streaming and cable television. Data usage is increasing among consumers because of an increasingly digital lifestyle. At the same time, smartphone market penetration is increasing as a result of lower prices and more phone options available to consumers. We expect innovation to be an important driver of growth in the years ahead. To defend margins, we will keep on controlling costs and through economies of scale.

Liquidity and Capital Resources

Liquidity and Capital Resources mainly comprises of cash from our operation as well as cash from external financing. Our main strategy is to continue investments in property, enhancing our systems and equipment (fixed assets), and focusing on working capital management, including timely collection of accounts receivable and efficient management of accounts payable and inventory levels.

Capital Expenditures, Acquisitions

Our capital expenditures on property, plant and equipment, licenses and other intangible assets for the period ended 31 March 2020, 2019 and 2018 amounted to $119.2 million (includes $83.0 million of Spectrum Acquisition in the 700 MHz frequency), $28.2 million and $33.6million.

As of 31 March 2020, the Combined Group had fixed commitments to purchase network equipment, land and buildings and other fixed assets for $45.4 million (31 March 2019: $ 36.9 million), from a number of suppliers.

Financing

On January 30, 2014, Tigo Guatemala Companies issued an $800 million 6.875% fixed interest rate bond repayable in 10 years, to refinance the Combined Group and to repay in 2014 each individual financing facility existing as at December 31, 2013. The bond was issued at 98.233% of the principal and has an effective interest rate of 7.168%.

In June 2015, Tigo Guatemala Companies set up 10 years maturity loans in local currency with two local banks; Banco Industrial for GTQ 600 million ($78 million) and Banco G&T for GTQ 1 billion ($122 million). The effective combined interest rate of the loans is 7.16%. Interest is paid in monthly installments while the loan is repayable in one bullet with a 10 years maturity and with an option of early repayment after 5 years without any penalties.

In November and December 2018, the Combined Group redeemed GTQ 467 million ($60 million), of the principal amount of the debt with Banco G&T.

As at March 31, 2020 and December 31, 2019, none of the shareholders had issued any guarantees to secure the obligations of the Combined Group's operations.

Dividends

The ability of the Combined Group to make dividend payments is subject to, among other things, the conditions of indebtedness, legal restrictions and the ability to repatriate funds from the combined entities. The Combined Group don´t have any restriction to make dividend payments, however at March 31, 2020 the entities of the Combined Group have not declared any dividends related with retained earnings to 2019.

Cash Flows

The table below sets forth our cash flows for the periods indicated:

USD thousands	Three-month period ended 31 March	
	2020	2019
Net cash provided by operating activities	131,184	146,929
Net cash used in investing activities	(133,739)	(52,091)
Net cash used in financing activities	(36,348)	(87,355)
Net increase in cash and cash equivalents	(38,830)	6,900
Cash and cash equivalents at the end of the period	150,300	220,984

As at and for three-month period ended 31 March 2020

For the three months ended 31 March 2020, net cash provided by operating activities was $131.2 million compared to $146.9 million of the three months ended 31 March 2019 mainly due on supplier payments from year end 2019 inventory purchases.

Net cash used in investing activities was of $133.7 million for the three months ended 31 March 2020 compared to $52.1 million for the three months ended 31 March 2019. Continued focus on network investment strategy in LTE and HFC installation costs plus the acquisition on strategic spectrum performed in the first quarter of 2020 in the amount of $83 million.

Net cash used in financing activities for the three months ended 31 March 2020 was of $36.3 million with similar behaviour in the three months ended 31 March 2019 of $87.4 million based on the scheduled shareholders loans. Final cash and cash equivalents balance of $150.3 million

Litigation & legal risks

The Tigo Guatemala Companies are contingently liable with respect to lawsuits and other matters that arise in the normal course of business. As at March 31, 2020 and December 31, 2019 by $ 1.2 million in both periods have been provided for these claims in the combined statement of financial position. Management is of the opinion that while it is impossible to ascertain the ultimate legal and financial liability with respect to these claims, the ultimate outcome of these contingencies is not anticipated to have a material effect on the Combined Group's financial position and operations.

Tax Claims

At March 31, 2020, Navega.Com, S.A. is disputing through an administrative process an adjustment made by the Tax Authorities in regards with the goodwill amortization of approximately $18.5 million related with business combinations completed in 2011 with effective date on January 2012. Despite the administrative process has been initiated at the Supreme Court, the tax authority has requested that the attorney general´s office investigate this matter through a criminal prosecution. Currently, a criminal court resolution is pending to define whether the process will be of an administrative or criminal nature. At the current stage of the process, the Company has insufficient information to determine whether a provision would be necessary.

In 12 April 2018, the Constitutional Court notified Navega.Com, S.A. of an appeal filed by the Tax Authorities against the ruling of the Supreme Court of Justice in regards with the 3% stamp tax on the dividends payments from Navega.Com, S.A. to the shareholders for the 2007 and 2010 fiscal years. The estimated tax claim amounts to $2 million. Navega.Com, S.A. has responded this appeal and is waiting for a final resolution from the Constitutional Court. The Combined Group has recorded a provision in regards with this contingency.

Subsequent Events

There is no subsequent event since March 31, 2020 and up to the date of those financial statements.

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