



# Unaudited Interim Condensed Consolidated Financial Statements of Telefónica Celular del Paraguay S.A.E.

For the nine-month period  
ended September 30, 2021

November 30, 2021

# Unaudited Interim Condensed Consolidated Financial Statements

for the nine-month period ended September 30, 2021

## Unaudited interim condensed consolidated statement of income for the nine-month period ended September 30, 2021

PYG millions	Notes	Nine-months ended September 30, 2021	Nine-months ended September 30, 2020 (i)
Revenue		2,796,649	2,176,905
Cost of sales		(712,847)	(442,403)
<b>Gross profit</b>		<b>2,083,802</b>	<b>1,734,502</b>
Operating expenses (ii)		(1,019,196)	(1,001,298)
Depreciation		(444,448)	(325,406)
Amortization		(307,474)	(216,964)
Other operating income (expenses), net		6,757	11,244
<b>Operating profit</b>		<b>319,441</b>	<b>202,078</b>
Interest expense		(303,235)	(306,134)
Interest and other financial income		1,071	51,823
Exchange gain (loss), net		2,282	(161,384)
Other non-operating (expenses) income, net		671	-
<b>Profit (loss) before taxes</b>		<b>20,230</b>	<b>(213,617)</b>
Charge for taxes, net		(20,903)	7,275
<b>Profit (loss) for the period</b>		<b>(673)</b>	<b>(206,342)</b>
<b>Attributable to:</b>			
<b>Equity holders of the company</b>		<b>(673)</b>	<b>(206,342)</b>

(i) Restated as a result of the finalization of the purchase accounting in respect of the latest acquisitions (see note 3)

(ii) As of September 30, 2021, operating expenses include recharges of the support services provided by Millicom to the Group for PYG 188,839 million (September 30, 2020: PYG 165,977 million)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

# Unaudited Interim Condensed Consolidated Financial Statements

for the nine-month period ended September 30, 2021

## Unaudited interim condensed consolidated statement of comprehensive income for the nine-month period ended September 30, 2021

PYG millions	Notes	Nine-months ended September 30, 2021	Nine-months ended September 30, 2020 (i)
Profit (loss) for the period		(673)	(206,342)
<b>Other comprehensive income (to be reclassified to statement of income in subsequent periods), net of tax:</b>			
Change in value of cash flow hedges, net of tax effects		(68)	-
<b>Total comprehensive income (loss) for the period</b>		<b>(741)</b>	<b>(206,342)</b>

(i) Restated as a result of the finalization of the purchase accounting in respect of the latest acquisitions (see note 3)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

# Unaudited Interim Condensed Consolidated Financial Statements

for the nine-month period ended September 30, 2021

## Unaudited interim condensed consolidated statement of financial position as at September 30, 2021

PYG millions	Notes	September 30, 2021	December 31, 2020 (i)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets, net	5	3,252,234	3,401,543
Property, plant and equipment, net	4	2,239,281	2,384,145
Right of use assets		441,513	457,351
Deferred tax assets		103,103	92,747
Contract costs, net		26	53
Other non-current assets		52,617	45,731
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,088,774</b>	<b>6,381,570</b>
<b>CURRENT ASSETS</b>			
Inventories, net		49,567	39,001
Trade receivables, net		295,510	295,669
Derivative financial instruments		25	-
Contract assets, net		44,351	45,790
Amounts due from related parties	8	16,960	12,594
Prepayments and accrued income		181,542	185,918
Supplier advances for capital expenditure		54,900	37,014
Other current assets		42,486	83,394
Restricted cash		128,718	206,151
Cash and cash equivalents		659,467	817,782
<b>TOTAL CURRENT ASSETS</b>		<b>1,473,526</b>	<b>1,723,313</b>
<b>TOTAL ASSETS</b>		<b>7,562,300</b>	<b>8,104,883</b>

(i) Restated as a result of the finalization of the purchase accounting in respect of the latest acquisitions (see note 3)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

# Unaudited Interim Condensed Consolidated Financial Statements

for the nine-month period ended September 30, 2021

## Unaudited interim condensed consolidated statement of financial position as at September 30, 2021 (continued)

PYG millions	Notes	September 30, 2021	December 31, 2020 (i)
<b>EQUITY AND LIABILITIES EQUITY</b>			
Share capital and premium		327,245	327,245
Legal reserve		50,110	50,110
Other reserves		73,284	69,520
Retained profits		60,454	195,877
Profit (Loss) for the year attributable to equity holders		(673)	(135,423)
<b>TOTAL EQUITY</b>		<b>510,420</b>	<b>507,329</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Debt and financing	6	4,721,616	4,929,306
Lease liabilities		454,561	467,259
Provisions and other non-current liabilities		384,377	354,447
Deferred tax liabilities		153,957	169,300
<b>Total non-current liabilities</b>		<b>5,714,511</b>	<b>5,920,312</b>
<b>Current liabilities</b>			
Debt and financing	6	95,800	162,124
Payables and accruals for capital expenditure		207,590	344,514
Derivative financial instruments		93	-
Lease liabilities		83,797	78,873
Other trade payables		121,401	170,019
Amounts due to related parties	8	59,906	155,827
Accrued interest and other expenses		289,606	185,205
Current income tax liabilities		14,236	39,449
Contract liabilities		58,207	64,803
Provisions and other current liabilities		406,733	476,428
<b>Total current liabilities</b>		<b>1,337,369</b>	<b>1,677,242</b>
<b>TOTAL LIABILITIES</b>		<b>7,051,880</b>	<b>7,597,554</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,562,300</b>	<b>8,104,883</b>

(i) Restated as a result of the finalization of the purchase accounting in respect of the latest acquisitions (see note 3)

# Unaudited Interim Condensed Consolidated Financial Statements

for the nine-month period ended September 30, 2021

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

## Unaudited interim condensed consolidated statement of cash flows for the nine-month period ended September 30, 2021

PYG millions	Notes	September 30, 2021	September 30, 2020 (i)
<b>Cash flows from operating activities</b>			
Profit (Loss) before taxes from continuing operations		20,230	(213,617)
<b>Adjustments to reconcile to net cash:</b>			
Interest expense, net		303,235	306,134
Interest and other financial income		(1,071)	(51,823)
Exchange loss (gain) on foreign exchange		(2,282)	161,384
<b>Adjustments for non-cash items:</b>			
Depreciation and amortization		751,922	542,370
Gain on disposal and impairment of assets, net		(6,757)	(11,244)
Shared based compensation		3,832	4,068
Other non-operating income (expenses)		(671)	-
<b>Changes in working capital:</b>			
Decrease (Increase) in trade receivables, prepayments and other current assets, net		59,562	82,229
Decrease (Increase) in inventories		(10,566)	(3,353)
Increase (Decrease) in trade and other payables		(135,121)	103,613
Changes in contract assets, liabilities and costs, net		(3,655)	1,232
<b>Total changes in working capital</b>		<b>(89,780)</b>	<b>183,721</b>
Interest paid		(221,508)	(231,389)
Interest received		803	62,287
Taxes (paid) refunded		(54,895)	(6,333)
<b>Net cash provided by operating activities</b>		<b>703,058</b>	<b>745,558</b>
<b>Cash flows from investing activities:</b>			
Acquisition of subsidiaries, net of cash acquired		-	(2,438,375)
Purchase of intangible assets and licenses	5	(219,361)	(237,182)
Proceeds from sale of intangible assets		(1)	3
Purchase of property, plant and equipment	4	(326,207)	(91,422)
Proceeds from sale of property, plant and equipment	4, 5	4,995	11,596
<b>Net cash used in investing activities</b>		<b>(540,574)</b>	<b>(2,755,380)</b>
<b>Cash flows from financing activities:</b>			
Repayment of debt and financing		(274,772)	(491,669)
Repayment of Leases		(42,013)	(12,087)
Proceeds from issuance of debt and other financing		-	1,942,027
Payment of dividends to equity holders		-	(211,007)
Debt and other financing (granted to) obtained from related parties, net		-	1,172,429
<b>Net cash provided by (used in) financing activities</b>		<b>(316,785)</b>	<b>2,399,693</b>
Exchange impact on cash and cash equivalents, net		(4,014)	36,779
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(158,315)</b>	<b>426,650</b>
Cash and cash equivalents at the beginning of the year		817,782	187,141
<b>Cash and cash equivalents at the end of the year</b>		<b>659,467</b>	<b>613,791</b>

# Unaudited Interim Condensed Consolidated Financial Statements

for the nine-month period ended September 30, 2021

(i) Restated as a result of the finalization of the purchase accounting in respect of the latest acquisitions (see note 3)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

## Unaudited interim condensed consolidated statements of changes in equity for the nine-month periods ended September 30, 2021 and September 30, 2020

PYG millions	Number of shares	Share Capital	Retained profits	Legal reserves	Other Reserves	Total equity
<b>Balance as of December 31, 2019</b>	<b>10,000</b>	<b>164,008</b>	<b>448,301</b>	<b>50,110</b>	<b>13,122</b>	<b>675,541</b>
Total comprehensive income for the period	-	-	(206,342)	-	-	(206,342)
Other adjustments	-	-	(41,417)	-	-	(41,417)
Effect of acquisition of subsidiaries	-	-	-	-	50,922	50,922
Dividends	-	-	(211,007)	-	-	(211,007)
Increase of share capital	272	163,237	-	-	-	163,237
Share based compensation	-	-	-	-	4,068	4,068
<b>Balance as of September 30, 2020 (unaudited) (i)</b>	<b>10,272</b>	<b>327,245</b>	<b>(10,465)</b>	<b>50,110</b>	<b>68,112</b>	<b>435,002</b>
<b>Balance as of December 31, 2020 (i)</b>	<b>10,272</b>	<b>327,245</b>	<b>60,454</b>	<b>50,110</b>	<b>69,520</b>	<b>507,329</b>
Total comprehensive income for the period	-	-	(741)	-	-	(741)
Share based compensation	-	-	-	-	3,832	3,832
<b>Balance as of September 30, 2021 (unaudited)</b>	<b>10,272</b>	<b>327,245</b>	<b>59,713</b>	<b>50,110</b>	<b>73,352</b>	<b>510,420</b>

(i) Restated as a result of the finalization of the purchase accounting in respect of the latest acquisitions (see note 3)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

# Notes to the unaudited interim condensed consolidated financial statements

for the nine- month period ended September 30, 2021

## Notes to the unaudited interim condensed consolidated statements

### 1. GENERAL

Telefónica Celular del Paraguay S.A.E. (the "Company"), a Paraguayan Company, and its subsidiaries: Teledeportes Paraguay S.A., Lothar Systems S.A., Mobile Cash Paraguay S.A. and Servicios y Productos Multimedios S.A. (the "Group" or "Telecel") is a Paraguayan group providing communications, information, entertainment, cable TV, mobile financial services and solutions in Paraguay. The Company maintains multiple license contracts with the Comisión Nacional de Telecomunicaciones ("Conatel"), the regulator of the telecommunications system in Paraguay, to operate cellular and cable telephony businesses in Paraguay and with the Banco Central del Paraguay to operate as an EMPE (Entidad de Medio de Pago Electrónico), which is the form under which Tigo Money operates since March, 2015. The Company was formed in 1992.

The general administration of the Company is located at Zavalas Cue y Artillería, Fernando De La Mora, Paraguay.

Telecel is a wholly owned subsidiary of Millicom International III N.V. The ultimate parent company is Millicom International Cellular S.A. ("MIC S.A."), a Luxembourg Société Anonyme whose shares are traded (as Swedish Depositary Receipts) on the Stockholm stock exchange under the symbol TIGO SDB and, since January 9, 2019, on the Nasdaq Stock Market in the U.S. under the symbol TIGO.

### 2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES

#### *I. Basis of presentation*

These interim condensed consolidated financial statements of the Group are unaudited. They are presented in Paraguayan Guaraníes and have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' issued by the International Accounting Standard (IASB). In the opinion of management, these unaudited interim condensed consolidated financial statements reflect all adjustments that are necessary for a proper presentation of the results for interim periods. The Company's operations are not affected by significant seasonal or cyclical patterns.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the December 31, 2020 consolidated financial statements, except for the changes described below.

#### *II. COVID-19 - Qualitative and quantitative assessment on business activities, financial situation and economic performance*

##### *Impact on our business*

During the first nine months of 2021, economic activity continued to recover in our market, in tandem with rapidly increasing vaccination rates and mobility. As of September 30, 2021, the company followed safety protocols and encouraged customers and employees to join the vaccination campaign.

As of September 30, 2021, and for the nine-month period ended September 30, 2021, management did not identify any significant adverse accounting effects as a result of the pandemic.



# Notes to the unaudited interim condensed consolidated financial statements

for the nine- month period ended September 30, 2021

## 2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

### III. New and amended IFRS standards

The following changes to standards have been adopted by the Group and did not have any significant impact on the Group's accounting policies or disclosures and did not require retrospective adjustments:

- Amendment to IFRS 16, 'Leases' - COVID 19 Rent Concessions - effective for annual periods starting on June 1, 2020. While the Group has implemented this amendment already in 2020, the IASB (in March 2021) extended its initial application beyond June 30, 2021, by one additional year.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 - effective for annual periods starting on January 1, 2021. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate.

Main reliefs provided by the Phase 2 amendments relate to:

- Changes to contractual cash flows: That is, when changing the basis for determining contractual cash flows for financial assets and liabilities required by the reform this will not result in an immediate gain or loss in the income statement but in an update of the effective interest rate (or an update in the discount rate to remeasure the lease liability as a result of the IBOR reform), and;
- Hedge accounting: That is, allowing hedge relationships that are directly affected by the reform to continue, though additional ineffectiveness might need to be recorded.

The following changes to standards not yet effective are not expected to materially affect the Group:

- Amendments effective for annual periods starting on January 1, 2022:
  - IFRS 3 'Business Combinations' - Reference to Conceptual Framework
  - IAS 16 'Property, Plant and Equipment' - Proceeds before intended use
  - IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Cost of fulfilling a contract
  - Annual improvements to IFRS Standards 2018-2020, affecting IFRS 1, IFRS 9, IFRS 16 and IAS 41
- Amendments effective for annual periods starting on January 1, 2023:
  - Amendments to IAS 1, 'Presentation of Financial Statements': This amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The IASB also issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.
  - IFRS 17, 'Insurance contracts', including amendments.
  - Amendments to IAS 8, 'Accounting policies, Changes in Accounting Estimates and Errors': Definition of accounting estimates.
  - Amendments to IAS 12, 'Income Taxes: Deferred tax related to Assets and liabilities arising from a Single Transaction' - These amendments clarify that the initial recognition exception does not apply to the initial recognition of leases and decommissioning obligations. These amendments apply prospectively to transitions that occur on or after the beginning of the earliest comparative period presented. In addition, an entity should apply the amendments for the first time by recognising deferred tax for all temporary differences related to leases and decommissioning obligations at the beginning of the earliest comparative period presented.

### IV. Comparatives figures

Certain reclassifications have been made to the prior year's quarterly accounts to enhance comparability with the current year's quarterly accounts. As a result, certain line items have been amended in the statement of comprehensive income, cash flow and the related notes. Comparative figures have been adjusted to conform to the current year's presentation.

# Notes to the unaudited interim condensed consolidated financial statements

for the nine- month period ended September 30, 2021

## 3. ACQUISITION OF SUBSIDIARIES

### Acquisitions for the nine-month periods ended September 30, 2021.

There were no material acquisitions or disposals during the nine-month periods ended September 30, 2021.

### Acquisitions for the nine-month periods ended September 30, 2020.

During the nine-month periods ended September 30, 2020, and as a result of a shareholding restructuring, the Company made the acquisitions under common control of Servicios y Productos Multimedios SA ("SPM") and Mobile Cash Paraguay SA ("MCP").

The final purchase accounting and differences compared to the provisional fair values reported as at December 31, 2020 are shown below:

PYG millions	Impact of finalization/update of purchase accounting of			December 31, 2020 Restated	Reason for the change
	December 31, 2020 As reported	Servicios y Productos Multimedios SA	Mobile Cash Paraguay SA		
Consolidated statement of financial position					
ASSETS					
Intangible assets, net	3,338,901	(112,487)	175,129	3,401,543	(i)
Property, plant and equipment, net	2,254,137	130,008	-	2,384,145	(ii)
EQUITY					
Share capital and premium	168,469	-	158,776	327,245	(iii)
Other reserves	49,869	-	19,651	69,520	(iv)
Retained profits	237,294	(41,417)	-	195,877	(v)
Profit (Loss) for the year attributable to equity holders	(29,849)	(84,753)	(20,821)	(135,423)	(vi)
LIABILITIES					
Deferred tax liabilities	-	143,691	17,517	169,300	(vii)

(i) Impact on goodwill and customer lists resulting from the adjustments explained below for SPM and MCP.

(ii) Mainly relates to SPM property, plant and equipment step-up.

(iii) Impact of the 272 new shares premium issued by the Company as consideration for MCP shares contribution.

(iv) Related to MCP's bargain purchase impact.

(v) Impact of SPM's final price adjustment.

(vi) Impact of the amortization and depreciation of the intangible and property, plant and equipment step-up.

(vii) Deferred tax impact of these previously explained adjustments.

	Impact of finalization/update of purchase accounting of				
	September 30, 2020 As reported	Servicios y Productos Multimedios SA	Mobile Cash Paraguay SA	September 30, 2020 Restated	Reason for the change
PYG millions					
Consolidated statement of comprehensive income					
Depreciation	(312,815)	(12,591)	-	(325,406)	(i)
Amortization	(169,255)	(34,492)	(13,217)	(216,964)	(ii)
Other non operating income (expenses)	107,721	-	(107,721)	-	(iii)
Charge for taxes, net	1.252	4.706	1.317	7.275	(iv)

(i) Impact of depreciation of SPM property, plant and equipment set-up.

(ii) Impact of amortization of customer lists resulting from the adjustments explained below for MCP.

(iii) Mainly relates to the excess of the fair value of the net MCP's identifiable assets acquired, over the consideration transferred, finally recorded as equity contribution under 'Other reserves' considering the transaction as a business combination under common control.

(iv) Impact of the effect of deferred tax as a result of the amortization of customer lists.

Further details of SPM and MCP acquisitions are provided below.

**Telefónica Celular del Paraguay S.A.E.**

# Notes to the unaudited interim condensed consolidated financial statements

for the nine- month period ended September 30, 2021

## 3. ACQUISITION OF SUBSIDIARIES (Continued)

### Mobile Cash Paraguay SA Acquisition:

On May 20, 2020, the parent shareholder of the Company contributed its 99% shareholding in Mobile Cash Paraguay SA into the Company. As consideration for this contribution, the Company issued 272 new shares to its parent for a value of PYG 4,461 million. Since that date, the Company controls Mobile Cash Paraguay SA (MCP) and fully consolidates it, recognising non-controlling interests for the 1% shareholding it does not own.

For the purchase accounting, the Company determined the provisional fair values of Mobile Cash Paraguay SA's identifiable assets and liabilities based on transaction and relative fair values.

The final purchase accounting and differences compared to the provisional fair values reported as at December 31, 2020 for MCP are shown below:

(in PYG millions)	Provisional Fair values (100%)	Final Fair Values (100%)	Differences
Intangible assets, net (i)	5,742	180,871	175,129
Property, plant and equipment, net	1,703	1,703	-
Current assets (excluding cash and trade receivables)	3,386	3,386	-
Trade receivables, net	2,194	2,194	-
Restricted Cash	116,635	116,635	-
Cash and cash equivalents	86,377	86,377	-
Deferred tax assets	128	128	-
<b>Total assets acquired</b>	<b>216,165</b>	<b>391,294</b>	<b>175,129</b>
Other debt and financing	179,529	179,529	-
Deferred tax liabilities (ii)	-	17,517	17,517
Other liabilities	910	910	-
<b>Total liabilities assumed</b>	<b>180,439</b>	<b>197,956</b>	<b>17,517</b>
<b>Fair value of assets acquired and liabilities assumed, net</b>	<b>35,726</b>	<b>193,338</b>	<b>157,612</b>
Purchase consideration (iii)	4,455	163,231	158,776
<b>Bargain purchase (iv)</b>	<b>(31,271)</b>	<b>(30,107)</b>	<b>1,164</b>

(i) Intangible assets not previously recognized at the date of acquisition, are mainly customer lists for an amount of PYG 198,259 million (approximately US\$ 29.8 million), with estimated useful lives of 5 years.

(ii) Deferred tax liability of PYG 19,826 million resulting from the above adjustment.

(iii) The purchase consideration change refers to the difference between the fair value and the nominal value of the Mobile Cash Paraguay SA shares that were delivered in exchange of the 272 shares issued by Telecel.

(iv) The excess of the fair value of the net identifiable assets acquired, over the consideration transferred has been recorded as equity contribution under 'Other reserves' considering the transaction is a business combination under common control.

# Notes to the unaudited interim condensed consolidated financial statements

for the nine- month period ended September 30, 2021

## 3. ACQUISITION OF SUBSIDIARIES (Continued)

### Servicios y Productos Multimedios SA Acquisition:

On 29 June 2020, through a Share Purchase Agreement (SPA), the Company acquired 99.90% of Servicios y Productos Multimedios SA (SPM) from Millicom Holdings 300 NV for a final cash consideration of US\$ 370.1 million (after final price adjustment).

The transfer of ownership of shares of SPM was approved by Conatel on June 3, 2020, by Board Resolution N° 1182/2020. Since that date, the Company controls and fully consolidates SPM, recognizing non-controlling interests for the remaining 0.10% shareholding it does not own.

The final purchase accounting and differences compared to the provisional fair values reported as at December 31, 2020 for SPM are shown below:

(in PYG millions)	Provisional Fair values (100%)	Final Fair Values (100%)	Differences
Intangible assets, net (i)	106,433	1,417,118	1,310,685
Property, plant and equipment, net (ii)	809,906	939,914	130,008
Right of use assets, net	111,755	111,755	-
Other non-current assets	1,515	1,515	-
Current assets (excluding cash and trade receivables)	274,168	274,168	-
Trade receivables, net	17,034	17,034	-
Cash and cash equivalents	36,179	36,179	-
Deferred tax assets	7,906	7,906	-
<b>Total assets acquired</b>	<b>1,364,896</b>	<b>2,805,589</b>	<b>1,440,693</b>
Lease liabilities	115,535	115,535	-
Other debt and financing	955,750	955,750	-
Deferred tax liabilities (iii)	-	143,691	143,691
Other liabilities	38,641	38,641	-
<b>Total liabilities assumed</b>	<b>1,109,926</b>	<b>1,253,617</b>	<b>143,691</b>
<b>Fair value of assets acquired and liabilities assumed, net (iv)</b>	<b>254,970</b>	<b>1,551,972</b>	<b>1,297,002</b>
Purchase consideration (v)	2,560,937	2,519,520	(41,417)
<b>Goodwill (vi)</b>	<b>2,305,967</b>	<b>882,796</b>	<b>(1,423,171)</b>

(i) Intangible assets not previously recognized at the date of acquisition, are mainly customer lists for an amount of PYG 1,379,668 million (approximately US\$ 202.6 million) with estimated useful lives of 10 years.

(ii) A fair value step-up of PYG 155,192 million (approximately US\$ 23 million) has been recognized on property, plant and equipment, mainly on customer premise equipment PYG 78,618 million (approximately US\$11.5 million), towers and other civil works PYG 35,181 million (approximately US\$5 million), and other network equipment PYG 22,296 million (approximately US\$3 million). The expected remaining useful lives were estimated at 6-7 years on average.

(iii) Deferred tax liability of PYG 153,106 million resulting from the above adjustments.

(iv) Fair value of assets acquired and liabilities assumed updated to December 2020

(v) Impact of SPM's final price adjustment.

(vi) Goodwill determined at the date of acquisition, June 2020.

# Notes to the unaudited interim condensed consolidated financial statements

for the nine-month period ended September 30, 2021

## 4. PROPERTY, PLANT AND EQUIPMENT

During the nine-month period ended September 30, 2021, the Group added property, plant and equipment for PYG 248,444 million (September 30, 2020: PYG 105,857 million) and received PYG 4,995 million in cash from disposal of property, plant and equipment (September 30, 2020: PYG 11,596 million).

## 5. INTANGIBLE ASSETS

During the nine-month period ended September 30, 2021, the Group added intangible assets of PYG 142,685 million (September 30, 2020: PYG 137,572 million) and did not receive proceeds from disposal of intangible assets (September 30, 2020: PYG nil).

## 6. FINANCIAL OBLIGATIONS

### *Debt and Financing*

#### *International Bonds - Senior Notes 2027*

In April 2019, Telecel issued US\$ 300 million (approximately PYG 2,074,197 million at September 30, 2021) 5.875% Senior Notes due 2027 (the "Telecel 2027 Notes"). The Telecel 2027 Notes bear interest at 5.875% p.a., payable semi-annually in arrears on April 15th and October 15th of each year, starting on October 15th, 2019. The net proceeds of the Telecel 2027 Notes were used to finance the purchase of the Telecel 2022 Notes.

On January 28, 2020, Telecel issued at a premium US\$ 250 million (approximately PYG 1,728,498 million at September 30, 2021) of 5.875% Telecel 2027 Notes (the "New Notes"), representing an additional issuance from the Senior Notes described above. The New Notes are treated as a single class with the initial notes, and were priced at 106.375 for an implied yield to maturity of 4.817%. The corresponding US\$ 15.9 million premium received is being amortized over the Senior Notes maturity.

#### *Paraguayan Stock Exchange bonds issue*

In June 2019, Telecel registered to issue bonds on the Paraguayan stock market. Telecel registered a bond program for PYG 300,000,000,000 (approximately US\$ 43,390,285) that has been launched in different series from 5 years to 10 years.

The first three series were launched on June 5th, 2019 for PYG 230,000,000,000 (approximately US\$ 33,265,886). They were registered and issued as follows: (i) PYG 115,000,000,000 (approximately US\$ 16,632,943) at an 8.75% rate, due June 3rd, 2024; (ii) PYG 50,000,000,000 (approximately US\$ 7,231,714) at a 9.25% rate, due May 29th, 2026; and (iii) PYG 65,000,000,000 (approximately US\$ 9,401,229) at a 10% rate, due May 31st, 2029.

In December 2019, Telecel issued two additional series for PYG 35,000,000,000 (approximately US\$ 5,062,200) as follows: (iv) PYG 10,000,000,000 (approximately US\$ 1,446,343) at a 9.25% rate, due December 30th, 2026; and (v) PYG 25,000,000,000 (approximately US\$ 3,615,857) at a 10% rate, due December 24th, 2029.

Additionally, in February 2020, Telecel completed the issuance of the remaining program with the following series: (vi) PYG 15,000,000,000 (approximately US\$ 2,169,514) at a 9.25% rate, due by January 29th, 2027; and (vii) PYG 20,000,000,000 (approximately US\$ 2,892,686) at a 10% rate, due by January 31st, 2030.

In May 2020, the Group completed the acquisition of Mobile Cash Paraguay S.A., and further on June 30, 2020, the acquisition of Servicios y Productos Multimedia S.A.. Effective as of those dates, these new entities now form part of the borrower's group for the purposes of the US\$ 550 million 5.875% Senior Notes due 2027 issued by the Group. In addition, as of July 7, 2020 Servicios y Productos Multimedia S.A. became guarantor of the 5.875% Notes due 2027.

# Notes to the unaudited interim condensed consolidated financial statements

for the nine- month period ended September 30, 2021

## 6. FINANCIAL OBLIGATIONS (Continued)

PYG Millions	Carrying Value	Fair Value (i)	Carrying Value	Fair Value (i)
	As at September 2021	As at September 2021	As at December 2020	As at December 2020
Borrowings and local bonds	969,658	1,229,302	1,081,661	1,316,620

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

USD Millions	Carrying Value	Fair Value (i)	Carrying Value	Fair Value (i)
	As at September 2021	As at September 2021	As at December 2020	As at December 2020
International bonds	557	576	558	588

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

### Bank and Development Financial Institution financings

(PYG millions)	Issuance date	Maturity date	Initial amount	Fixed interest rate	As at September 30, 2021	As at December 31, 2020
Banco Regional S.A.E.C.A.	07/2018	06/2025	115,000	8.90%	92,000	92,000
Banco Bilbao Vizcaya Argentaria	01/2019	11/2025	177,000	8.70%	70,485	141,228
Banco Continental S.A.E.C.A.	09/2019	09/2026	370,000	9.00%	263,874	263,794
Banco Itaú Paraguay S.A.	01/2020	12/2024	154,620	9.00%	45,877	107,608
Banco Continental S.A.E.C.A.	12/2020	12/2023	200,000	5.00%	199,590	179,410
<b>Bank and Development Financial Institution financing</b>					<b>671,826</b>	<b>784,040</b>

### Analysis of debt and other financing by maturity

The total amount of debt and financing is repayable as follows:

PYG millions	As at September 30, 2021	As at December 31, 2020
Due within:		
One year .....	95,800	162,124
One-two years .....	255,390	142,124
Two-three years .....	239,424	333,034
Three-four years .....	126,153	271,960
Four-five years .....	120,059	99,328
After five years .....	3,980,590	4,082,860
<b>Total debt .....</b>	<b>4,817,416</b>	<b>5,091,430</b>

### Covenants

The Group's financing facilities are subject to a number of covenants including net leverage ratio, debt service coverage ratios, debt to earnings ratios, and cash levels. In addition, certain of its financings contain restrictions on sale of businesses or significant assets within the businesses. At 30 September 2021, there were no breaches in financial covenants.

# Notes to the unaudited interim condensed consolidated financial statements

for the nine- month period ended September 30, 2021

## 7. COMMITMENTS AND CONTINGENCIES

### *Litigation & claims*

Telecel operates in an emerging market, where the regulatory, political, technological and economic environments are evolving. As a result, there are uncertainties that may affect future operations, the ability to conduct business, foreign exchange transactions and debt repayments and which may impact upon agreements with other parties. In the normal course of business, Telecel faces uncertainties regarding taxation and regulation, including interconnection, license renewal and tariffs, which may impact the profitability of its operations.

The Company and its subsidiaries are contingently liable with respect to lawsuits and other matters that arise in the normal course of business. As of September 30, 2021, the total amount of provisions related to claims against the Group's operations was PYG 11,964 million (December 31, 2020: PYG 8,218 million), and a contingent liability of PYG 39,180 million as a result of a case against Teledeportes SA. Management is of the opinion that while it is not possible 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 Group's financial position and operations.

### *Capital commitments*

At September 30, 2021, the Company had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of PYG 711,424 million (December 31, 2020: PYG 531,603 million). The increase is due to that during the nine-month period ended September 30, 2021 the purchase orders related to the mobile network modernization project were issued.

## 8. RELATED PARTY TRANSACTIONS

The following transactions were conducted and the relevant incomes/expenses recorded with related parties during the nine-month period ended September 30, 2021:

PYG millions (unaudited)	Nine months ended September 30, 2021	Nine months ended September 30, 2020
<b>Expenses</b>		
Millicom - Other Paraguayan operations .....	-	(131,023)
Millicom - Non-Paraguayan companies .....	(202,307)	(138,430)
<b>Total .....</b>	<b>(202,307)</b>	<b>(269,453)</b>

PYG millions (unaudited)	Nine months ended September 30, 2021	Nine months ended September 30, 2020
<b>Income / Gains</b>		
Millicom - Other Paraguayan operations .....	123	16,604
Millicom - Non-Paraguayan companies .....	11,478	46,318
<b>Total .....</b>	<b>11,601</b>	<b>62,922</b>

# Notes to the unaudited interim condensed consolidated financial statements

for the nine- month period ended September 30, 2021

## 8. RELATED PARTY TRANSACTIONS (Continued)

As at September 30, 2021 the Group had the following balances with related parties:

PYG millions (unaudited)	At September 30, 2021	At December 31, 2020
<b>Receivables Short Term</b>		
Millicom - Transcom Paraguay SA.....	-	31
Millicom - Non-Paraguayan companies (i) .....	16,960	12,563
<b>Total.....</b>	<b>16,960</b>	<b>12,594</b>

  

PYG millions (unaudited)	At September 30, 2021	At December 31, 2020
<b>Payables</b>		
Millicom - Transcom Paraguay SA.....	-	-
Millicom - Non-Paraguayan companies (ii) .....	59,906	155,827
<b>Total.....</b>	<b>59,906</b>	<b>155,827</b>

(i) Mainly from MIC SA due to 2021 DTH Teleport services and with Navega, Bolivia Celular SA, Cable Costa Rica by wholesale services.

(ii) Mainly recharges of VCF (Value-creating fees) for the support services provided by Millicom to the Group.

## 9. SUBSEQUENT EVENTS

### Financing

On October 1, 2021, Telecel SAE issued a PYG 400,000 million bond (approximately US\$58 million) in three series with fixed interest rates ranging between 6% to 7.5% and a repayment period of 5 to 10 years.

### Litigation & claims

On the 24<sup>th</sup> of November, 2021 we have been notified by the CONACOM (local antitrust regulatory entity) of their decision to dismiss the case against Teledeportes for an alleged refusal to share exclusive content (football rights) with its competitors, as informed by them, and acquit the company.

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