



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

For the three-month period
ended March 31, 2022

May 31, 2022

Unaudited Interim Condensed Consolidated Financial Statements

for the three-month period ended March 31, 2022

Unaudited interim condensed consolidated statement of comprehensive income for the three-month period ended March 31, 2022

PYG millions	Notes	Three-months ended March 31, 2022	Three-months ended Three-months ended
Revenue		954,436	927,518
Cost of sales		(234,814)	(240,092)
Gross profit		719,622	687,426
Operating expenses (ii)		(346,240)	(334,714)
Depreciation		(159,565)	(147,549)
Amortization		(74,256)	(78,146)
Other operating income (expenses), net		2,546	3,103
Operating profit		142,107	130,120
Interest expense		(113,447)	(103,013)
Interest and other financial result, net		1,291	201
Exchange gain (loss), net		(20,792)	372,776
Profit before taxes		9,159	400,084
Charge for taxes, net		(1,768)	(43,437)
Profit for the period		7,391	356,647
Attributable to:			
Owners of the company		7,391	356,647

PYG millions	Notes	Three-months ended March 31, 2022	Three-months ended March 31, 2021
Profit for the period		7,391	356,647
Other comprehensive income (to be reclassified to statement of income in subsequent periods), net of tax			
Change in value of cash flow hedges, net of tax effects		(469)	—
Attributable to:			
Owners of the company		6,922	356,647

(i) Restated as a result of the finalization of the purchase accounting in respect of the 2020 acquisitions.

(ii) As of March 31, 2022, operating expenses includes recharges of VCF (Value-creating fees) for the support services provided by Millicom to the Group for PYG 71,318 million (March 31, 2021: PYG 62,473 million).

Unaudited Interim Condensed Consolidated Financial Statements

for the three-month period ended March 31, 2022

Unaudited interim condensed consolidated statement of financial position as at March 31, 2022

PYG millions	Notes	March 31, 2022	December 31, 2021 (audited)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	5	3,386,194	3,443,561
Property, plant and equipment, net	4	2,363,769	2,388,592
Right of use assets		459,549	439,710
Contract costs, net		100	38
Other non-current assets		50,769	53,709
TOTAL NON-CURRENT ASSETS		6,260,381	6,325,610
CURRENT ASSETS			
Inventories, net		44,381	31,206
Trade receivables, net		282,918	274,638
Contract assets, net		48,870	48,541
Amounts due from related parties	8	19,055	17,920
Prepayments and accrued income		185,565	140,469
Supplier advances for capital expenditure		33,587	25,290
Other current assets		85,327	86,477
Restricted cash		142,461	153,778
Cash and cash equivalents		960,000	1,051,928
TOTAL CURRENT ASSETS		1,802,164	1,830,247
TOTAL ASSETS		8,062,545	8,155,857

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

Unaudited Interim Condensed Consolidated Financial Statements

for the three-month period ended March 31, 2022

Unaudited interim condensed consolidated statement of financial position as at March 31, 2022 (continued)

PYG millions	Notes	March 31, 2022	December 31, 2021 (audited)
EQUITY AND LIABILITIES EQUITY			
Share capital and premium		327,245	327,245
Legal reserve		50,110	50,110
Other reserves		76,935	74,997
Retained profits		254,759	105,314
Profit for the year attributable to owners of the company		6,922	149,445
TOTAL EQUITY		715,971	707,111
Attributable to:			
Owners of the company		715,971	707,111
LIABILITIES			
Non-current liabilities			
Debt and financing	6	5,066,835	5,081,346
Lease liabilities		474,963	453,864
Provisions and other non-current liabilities		297,545	316,893
Deferred tax liabilities		58,796	63,909
Total non-current liabilities		5,898,139	5,916,012
Current liabilities			
Debt and financing	6	92,467	92,467
Payables and accruals for capital expenditure		360,208	451,785
Derivative financial instruments liabilities		469	—
Lease liabilities		130,293	125,752
Other trade payables		149,084	121,104
Amounts due to related parties	8	42,555	72,082
Accrued interest and other expenses		208,357	170,505
Current income tax liabilities		29,014	26,679
Contract liabilities		59,690	62,054
Provisions and other current liabilities		376,298	410,306
Total current liabilities		1,448,435	1,532,734
TOTAL LIABILITIES		7,346,574	7,448,746
TOTAL EQUITY AND LIABILITIES		8,062,545	8,155,857

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

Unaudited Interim Condensed Consolidated Financial Statements

for the three-month period ended March 31, 2022

Unaudited interim condensed consolidated statement of cash flows for the three-month period ended March 31, 2022

PYG millions	Notes	March 31, 2022	March 31, 2021
Cash flows from operating activities			
Profit before taxes from continuing operations		9,159	400,084
Adjustments to reconcile to net cash:			
Interest expense, net		113,447	103,013
Interest and other financial income		(1,291)	(201)
Exchange loss (gain) on foreign exchange		20,792	(372,776)
Adjustments for non-cash items:			
Depreciation and amortization		233,821	225,695
Gain on disposal and impairment of assets, net		(2,546)	(3,103)
Shared based compensation		1,938	1,344
Changes in working capital:			
Increase in trade receivables, prepayments and other current assets		(34,808)	(14,581)
(Decrease) increase in inventories		(13,175)	(4,552)
Increase (Decrease) in trade and other payables		(66,044)	(29,564)
Changes in contract assets, liabilities and costs, net		(2,334)	2,653
Total changes in working capital		(116,361)	(46,044)
Interest paid		(42,350)	(42,616)
Interest received		1,212	66
Taxes (paid) refunded		(5,912)	(4,324)
Net cash provided by operating activities		211,909	261,138
Cash flows from investing activities:			
Purchase of intangible assets and licenses	5	(185,290)	(142,951)
Purchase of property, plant and equipment	4	(69,314)	(118,838)
Proceeds from sale of property, plant and equipment	4, 5	263	1,826
Net cash used in investing activities		(254,341)	(259,963)
Cash flows from financing activities:			
Repayment of debt and financing		(37,900)	(236,872)
Repayment of Leases		(13,260)	(13,999)
Net cash provided by (used in) financing activities		(51,160)	(250,871)
Exchange impact on cash and cash equivalents, net		1,664	(20,027)
Net increase (decrease) in cash and cash equivalents		(91,928)	(269,723)
Cash and cash equivalents at the beginning of the year		1,051,928	817,782
Cash and cash equivalents at the end of the period		960,000	548,059

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

Unaudited Interim Condensed Consolidated Financial Statements

for the three-month period ended March 31, 2022

Unaudited interim condensed consolidated statements of changes in equity for the three-month periods ended March 31, 2022 and March 31, 2021

PYG millions	Number of shares	Share Capital	Retained profits	Legal reserves	Other Reserves	Total equity
Balance as of December 31, 2020 (audited)	10,000	327,245	105,314	50,110	69,520	552,189
Total comprehensive income for the period	—	—	371,337	—	—	371,337
Share based compensation	—	—	—	—	1,344	1,344
Balance as of March 31, 2021 (unaudited)	10,000	327,245	476,651	50,110	70,864	924,870
Balance as of December 31, 2021 (audited)	10,272	327,245	254,759	50,110	74,997	707,111
Total comprehensive income for the period	—	—	6,922	—	—	6,922
Share based compensation	—	—	—	—	1,938	1,938
Balance as of March 31, 2022 (unaudited)	10,272	327,245	261,681	50,110	76,935	715,971

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 three-month period ended March 31, 2022

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 business 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 Avda. Zavalas Cué esq. 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

1. 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, 2021, 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, 2021 consolidated financial statements, except for the changes described below.

II. On-going COVID-19 pandemic and Russia-Ukraine war - Qualitative and quantitative assessment on business activities, financial situation and economic performance

Impact on our business

In February 2022, the Russian Federation commenced an invasion in the country of Ukraine. As a result of this action, various nations have instituted economic sanctions against the Russian Federation. Given the Group has no direct activities in that region of the world, management's view is that these developments and sanctions are unlikely to have a significant impact on the financial results of the Group going forward. Nonetheless, since the situation continues to evolve it remains difficult at this stage to estimate all the direct and indirect impacts which may arise.

In addition, the COVID-19 pandemic continues to have widespread and unpredictable impacts on global societies, economies, financial markets and business practices.

The Group continues to monitor the developments of the aforementioned events.

As of March 31, 2022, and for the three-month period ended March 31, 2022, management did not identify any significant adverse accounting effects as a result of the above-mentioned events.

Notes to the unaudited interim condensed consolidated financial statements

for the three-month period ended March 31, 2022

III. New and amended IFRS standards

The following new or amended standards became applicable for the current reporting period and did not have any significant impact on the Group's accounting policies or disclosures and did not require retrospective adjustments:

- 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 that are not expected to have a significant impact on the Group consolidated financial statements:

- Amendments to IAS 1, 'Disclosure of Accounting Policies' that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.
- Amendments to IAS 1, 'Presentation of Financial Statements': These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.
- IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates.

The following changes to standards are effective for annual periods starting on January 1, 2023 and their potential impact on the Group consolidated financial statements is currently being assessed by Management:

- 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 transactions 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 recognizing deferred tax for all temporary differences related to leases and decommissioning obligations at the beginning of the earliest comparative period presented.

Notes to the unaudited interim condensed consolidated financial statements

for the three-month period ended March 31, 2022

3. ACQUISITION OF SUBSIDIARIES

Acquisitions for the three-month periods ended March 31, 2022 and 2021.

There were no material acquisitions during the three-month periods ended March 31, 2022 and 2021.

4. PROPERTY, PLANT AND EQUIPMENT

During the three-month period ended March 31, 2022, the Group added property, plant and equipment for PYG 69,314 million (March 31, 2021: PYG 118,838 million) and received PYG 263 million in cash from disposal of property, plant and equipment (March 31, 2021: PYG 1,826 million).

5. INTANGIBLE ASSETS

During the three-month period ended March 31, 2022, the Group added intangible assets for PYG 185,290 million (March 31, 2021: PYG 142,951 million) and did not receive proceeds from disposal of intangible assets (March 31, 2021: PYG nil).

6. FINANCIAL OBLIGATIONS

Debt and Financing

International Bonds - Senior Notes 2027

In April 2019, Telecel issued US\$ 300 million (PYG 2,079,015 million) 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 (PYG 1,732,513 million) 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.

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 Multimedios 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 Multimedios S.A. became guarantor of the 5.875% Notes due 2027.

Paraguayan Stock Exchange bonds issue

Between June 2019 and February 2020, Telecel registered and completed the issuance of a bond program for PYG 300,000 million (approximately US\$ 43.3 million using March 31, 2022 exchange rate) program on the Paraguayan stock market, launched in different series from 5 years to 10 years.

On October 1, 2021, Telecel issued another PYG 400,000 million bond (approximately US\$ 57.7 million using March 31, 2022 exchange rate) in three series with fixed interest rates between 6% to 7.5% and a repayment period from 5 to 10 years.

Notes to the unaudited interim condensed consolidated financial statements

for the three-month period ended March 31, 2022

PYG Millions	Carrying Value	Fair Value (i)	Carrying Value	Fair Value (i)
	As at March 2022	As at March 2022	As at December 2021	As at December 2021
Debt and financing denominated in USD	1,306,532	1,139,875	1,343,671	1,239,566
Debt and financing denominated in PYG	3,852,770	3,873,898	3,830,142	3,937,498
Total debt and financing	5,159,302	5,013,773	5,173,813	5,177,064

(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	As at March 31, 2022	As at December 31, 2021
Banco Regional S.A.E.C.A.	07/2018	06/2025	115,000	78,734	90,096
Banco GNB en Proceso de Fusión	01/2019	11/2025	177,000	63,754	63,266
Banco Continental S.A.E.C.A.	09/2019	09/2026	370,000	237,527	263,900
Banco Itaú Paraguay S.A.	01/2020	12/2024	154,620	179,710	179,651
Banco Continental S.A.E.C.A.	12/2020	12/2023	200,000	50,000	50,000
Bank and Development Financial Institution financing				609,725	646,913

Analysis of debt and other financing by maturity

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

PYG millions	As at March 31, 2022	As at December 31, 2021
Due within:		
One year	92,467	92,467
One-two years	272,177	283,617
Two-three years	242,867	242,867
Three-four years	90,888	90,262
Four-five years	199,327	210,700
After five years	4,261,576	4,253,900
Total debt	5,159,302	5,173,813

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 March 31, 2022 there were no breaches in financial covenants.

7. COMMITMENTS AND CONTINGENCIES

Litigation & claims

The Company and its subsidiaries are contingently liable with respect to lawsuits, legal, regulatory, commercial and other legal risks that arise in the normal course of business. As of March 31, 2022, the total amount of provisions of claims brought Telecel and its subsidiaries is PYG 68,173 million (December 31, 2021: PYG 68,850 million).

As of March 31, 2022 the total amount of provisions related to claims against Telecel and its subsidiaries was PYG 7,302 million (December 31, 2021: PYG 12,027 million). While it is not possible to ascertain the ultimate legal and financial liability with respect to these claims, the ultimate outcome is not anticipated to have a material effect on the Group's financial position and operations.

Notes to the unaudited interim condensed consolidated financial statements

for the three-month period ended March 31, 2022

Taxation

At March 31, 2022, the tax risks exposure of the Group's subsidiaries is estimated at PYG 1,268,462 million, for which provisions of PYG 8,320 million have been recorded in tax liabilities; representing the probable amount of eventual claims and required payments related to those risks (December 31, 2021: PYG 1,291,698 million of which provisions of PYG 8,320 million were recorded).

Capital commitments

At March 31, 2022, the Company had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of PYG 148,274 million (December 31, 2021: PYG 994,305 million).

8. RELATED PARTY TRANSACTIONS

The following transactions were conducted and the relevant incomes/expenses recorded with related parties during the three-month period ended March 31, 2022:

PYG millions (unaudited)	Three months ended March 31, 2022	Three months ended March 31, 2021
Expenses		
Navega.Com, S.A.	67	87
Millicom Spain, S.L.	75,087	68,511
Orbitel Servicios Internacionales S.A. (OSI)	92	563
Total	75,246	69,161

PYG millions (unaudited)	Three months ended March 31, 2022	Three months ended March 31, 2021
Income / Gains		
Millicom Cable Costa Rica, S.A.	316	217
Navega.Com, S.A.	1,160	1,079
Sicesa	96	99
Navega, S.A. de C.V.	165	115
Telemovil El Salvador, S.A. de C.V.	115	153
Bolivia Cellular	510	474
Millicom International Cellular S.A.	2,110	2,092
Orbitel Servicios Internacionales S.A. (OSI)	58	163
Total	4,530	4,392

Notes to the unaudited interim condensed consolidated financial statements

for the three-month period ended March 31, 2022

As at March 31, 2022 the Group had the following balances with related parties:

PYG millions	At March 31, 2022	At December 31, 2021 (audited)
Receivables Short Term		
Millicom Cable Costa Rica, S.A.	504	455
Navega.Com, S.A.	809	1,215
Sicesa	35	35
Navega, S.A. de C.V.	75	37
Telemovil El Salvador, S.A. de C.V.	208	114
Bolivia Cellular	562	797
Millicom International Cellular S.A.	16,159	15,196
Millicom International Operations S.A.	29	29
Cable Onda, S.A	612	—
Orbitel Servicios Internacionales S.A. (OSI)	62	42
Total	19,055	17,920

PYG millions	At March 31, 2022	At December 31, 2021 (audited)
Payables		
Navega.Com, S.A.	38	19
Bolivia Cellular	43	49,185
Millicom Spain, S.L.	39,872	22,687
Millicom International Cellular S.A.	2,552	134
Orbitel Servicios Internacionales S.A. (OSI)	50	57
Total	42,555	72,082

9. SUBSEQUENT EVENTS

As of the date of approval of these financial statements, the Group has no subsequent events to report.
