



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

For the six-month period
ended June 30, 2022

August 25, 2022

Unaudited Interim Condensed Consolidated Financial Statements

for the six-month period ended June 30, 2022

Unaudited interim condensed consolidated statement of comprehensive income for the six-month period ended June 30, 2022

PYG millions	Notes	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021(i)
Revenue		1,906,745	1,837,932
Cost of sales		(478,890)	(477,410)
Gross profit		1,427,855	1,360,522
Operating expenses (ii)		(709,600)	(672,046)
Depreciation		(309,044)	(293,202)
Amortization		(159,977)	(155,281)
Other operating income (expenses), net		2,676	1,794
Operating profit		251,910	241,787
Interest expense		(216,714)	(202,570)
Interest and other financial result, net		742	582
Exchange gain (loss), net		23,917	94,057
Profit before taxes		59,855	133,856
Charge for taxes, net		(18,512)	(21,578)
Profit for the period		41,343	112,278
Attributable to:			
Owners of the company		41,343	112,278

PYG millions	Notes	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021 (i)
Profit for the period		41,343	112,278
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		(681)	219
Attributable to:			
Owners of the company		40,662	112,497

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

(ii) As of June 30, 2022, operating expenses include recharges of VCF (Value-creating fees) for the support services provided by Millicom to the Group for PYG 141,078 million (June 30, 2021: PYG 124,371 million).

Unaudited Interim Condensed Consolidated Financial Statements

for the six-month period ended June 30, 2022

Unaudited interim condensed consolidated statement of financial position as at June 30, 2022

PYG millions	Notes	June 30, 2022	December 31, 2021 (audited)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	5	3,368,533	3,443,561
Property, plant and equipment, net	4	2,367,849	2,388,592
Right of use assets		547,775	439,710
Contract costs, net		139	38
Other non-current assets		51,060	53,709
TOTAL NON-CURRENT ASSETS		6,335,356	6,325,610
CURRENT ASSETS			
Inventories, net		39,815	31,206
Trade receivables, net		290,396	274,638
Contract assets, net		47,206	48,541
Amounts due from related parties	8	11,332	17,920
Prepayments and accrued income		167,119	140,469
Supplier advances for capital expenditure		19,710	25,290
Other current assets		87,425	86,477
Restricted cash		143,242	153,778
Cash and cash equivalents		919,804	1,051,928
TOTAL CURRENT ASSETS		1,726,049	1,830,247
TOTAL ASSETS		8,061,405	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 six-month period ended June 30, 2022

Unaudited interim condensed consolidated statement of financial position as at June 30, 2022 (continued)

PYG millions	Notes	June 30, 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		78,419	74,997
Retained profits		173,958	105,314
Profit for the period/year attributable to owners of the company		40,662	149,445
TOTAL EQUITY		670,394	707,111
Attributable to:			
Owners of the company		670,394	707,111
LIABILITIES			
Non-current liabilities			
Debt and financing	6	4,831,584	5,081,346
Lease liabilities		556,095	453,864
Provisions and other non-current liabilities		288,216	316,893
Deferred tax liabilities		58,627	63,909
Total non-current liabilities		5,734,522	5,916,012
Current liabilities			
Debt and financing	6	272,467	92,467
Payables and accruals for capital expenditure		345,699	451,785
Derivative financial instruments liabilities		681	—
Lease liabilities		142,234	125,752
Other trade payables		164,071	121,104
Amounts due to related parties	8	118,253	72,082
Accrued interest and other expenses		258,381	170,505
Current income tax liabilities		19,615	26,679
Contract liabilities		57,347	62,054
Provisions and other current liabilities		277,741	410,306
Total current liabilities		1,656,489	1,532,734
TOTAL LIABILITIES		7,391,011	7,448,746
TOTAL EQUITY AND LIABILITIES		8,061,405	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 six-month period ended June 30, 2022

Unaudited interim condensed consolidated statement of cash flows for the six-month period ended June 30, 2022

PYG millions	Notes	June 30, 2022	June 30, 2021
Cash flows from operating activities			
Profit before taxes from continuing operations		59,855	133,856
Adjustments to reconcile to net cash:			
Interest expense, net		216,714	202,570
Interest and other financial income		(742)	(582)
Exchange loss (gain) on foreign exchange		(23,917)	(94,057)
Adjustments for non-cash items:			
Depreciation and amortization		469,021	448,483
Gain on disposal and impairment of assets, net		(2,676)	(1,794)
Shared based compensation		3,422	2,592
Changes in working capital:			
(Increase) Decrease in trade receivables, prepayments and other current assets		(147,962)	27,354
(Increase) Decrease in inventories		(8,609)	(16,146)
Increase (Decrease) in trade and other payables		84,365	(14,381)
Changes in contract assets, liabilities and costs, net		(2,239)	1,969
Total changes in working capital		(74,445)	(1,204)
Interest paid		(203,547)	(186,664)
Interest received		2,456	328
Taxes paid		(34,825)	(27,858)
Net cash provided by operating activities		411,316	475,670
Cash flows from investing activities:			
Purchase of intangible assets and licenses	5	(256,634)	(157,711)
Proceeds from sale of intangible assets	5	2,075	—
Purchase of property, plant and equipment	4	(231,411)	(241,043)
Proceeds from sale of property, plant and equipment	4, 5	14,563	3,483
Debt and other financing (granted to) obtained from related parties, net		125	—
Net cash used in investing activities		(471,282)	(395,271)
Cash flows from financing activities:			
Repayment of debt and financing		(46,233)	(236,872)
Repayment of Leases		(27,042)	(26,580)
Net cash provided by (used in) financing activities		(73,275)	(263,452)
Exchange impact on cash and cash equivalents, net		1,117	(8,143)
Net increase (decrease) in cash and cash equivalents		(132,124)	(191,196)
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		919,804	626,586

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Unaudited Interim Condensed Consolidated Financial Statements

for the six-month period ended June 30, 2022

Unaudited interim condensed consolidated statements of changes in equity for the six-month periods ended June 30, 2022 and June 30, 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	—	—	112,497	—	—	112,497
Share based compensation	—	—	—	—	2,592	2,592
Balance as of June 30, 2021 (unaudited)	10,000	327,245	217,811	50,110	72,112	667,278
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	—	—	40,662	—	—	40,662
Dividends declared (i)	—	—	(80,801)	—	—	(80,801)
Share based compensation	—	—	—	—	3,422	3,422
Balance as of June 30, 2022 (unaudited)	10,272	327,245	214,620	50,110	78,419	670,394

(i) As decided by the General Meeting on May 27, 2022, Telecel declared dividends for PYG 80,801 million. These dividends are expected to be paid by the end of this year (PYG 75,775 net after taxes).

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 six-month period ended June 30, 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

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, 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. Current macroeconomic environment and its effect on the Group's business activities, financial situation and economic performance

Impact on our business

The inflation rate year on year (July 2021 to June 2022) was 11.5%, which is well above the average inflation rate for Paraguay, which is usually kept under 3%-5% year-on-year by Paraguay's Central Bank. Main aspects impacting the above mentioned high inflation were the increase in fuel prices, basic foodstuffs and increases in the services sector. However, the Central Bank of Paraguay maintains its perspective that the levels will stabilize at the end of the year, reaching 8.2% year-on-year.

The Group has been closely monitoring the macroeconomic impacts that affect the Group and its results, with actions that seek to mitigate external impacts.

As of June 30, 2022, and for the six-month period ended June 30, 2022, management did not identify any significant adverse accounting effects as a result of the above-mentioned event.

Notes to the unaudited interim condensed consolidated financial statements

for the six-month period ended June 30, 2022

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:

- 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.

3. ACQUISITION OF SUBSIDIARIES

Acquisitions for the six-month periods ended June 30, 2022 and 2021.

There were no material acquisitions during the six-month periods ended June 30, 2022 and 2021.

4. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended June 30, 2022, the Group added property, plant and equipment for PYG 231,411 million (June 30, 2021: PYG 241,043 million) and received PYG 14,563 million in cash from disposal of property, plant and equipment (June 30, 2021: PYG 3,483 million).

5. INTANGIBLE ASSETS

During the six-month period ended June 30, 2022, the Group added intangible assets for PYG 256,634 million (June 30, 2021: PYG 157,711 million) and received PYG 2,075 proceeds from disposal of intangible assets (June 30, 2021: PYG nil).

Notes to the unaudited interim condensed consolidated financial statements

for the six-month period ended June 30, 2022

6. FINANCIAL OBLIGATIONS

Debt and Financing

International Bonds - Senior Notes 2027

In April 2019, Telecel issued US\$ 300 million (approximately PYG 2,054,328 million as of June 30, 2022) 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 15 and October 15 of each year, starting on October 15, 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 1,711,940 million as of June 30, 2022) 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 Multimedia S.A.. Effective as of those dates, these new entities 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.

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\$ 43.8 million using June 30, 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\$ 58.4 million using June 30, 2022 exchange rate) in three series with fixed interest rates between 6% to 7.5% and a repayment period from 5 to 10 years.

PYG Millions	Carrying Value	Fair Value (i)	Carrying Value	Fair Value (i)
	As at June 2022	As at June 2022	As at December 2021	As at December 2021
Debt and financing denominated in USD	1,299,002	1,158,948	1,343,671	1,239,566
Debt and financing denominated in PYG	3,805,049	3,482,367	3,830,142	3,937,498
Total debt and financing	5,104,051	4,641,315	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 June 30, 2022	As at December 31, 2021
Banco Regional S.A.E.C.A.	07/2018	06/2025	115,000	78,871	90,096
Banco GNB en Proceso de Fusión	01/2019	11/2025	177,000	64,234	63,266
Banco Continental S.A.E.C.A.	09/2019	09/2026	370,000	237,553	263,900
Banco Continental S.A.E.C.A.	12/2020	12/2023	200,000	179,770	179,651
Banco GNB en Proceso de Fusión	12/2021	11/2024	50,000	41,667	50,000
Bank and Development Financial Institution financing				602,095	646,913

Notes to the unaudited interim condensed consolidated financial statements

for the six-month period ended June 30, 2022

Analysis of debt and other financing by maturity

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

PYG millions	As at June 30, 2022	As at December 31, 2021
Due within:		
One year	272,467	92,467
One-two years	236,437	283,617
Two-three years	117,904	242,867
Three-four years	113,934	90,262
Four-five years	3,954,337	210,700
After five years	408,972	4,253,900
Total debt	5,104,051	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 June 30, 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 June 30, 2022, the total amount of provisions of claims brought Telecel and its subsidiaries is PYG 23,999 million (December 31, 2021: PYG 68,850 million). This variation is mainly due to the closing of two lawsuits/claims brought against the Group before CONACOM (market competition regulator) and SEDECO (consumer protection regulator). In both instances, it was determined that the Group did not owe any payment.

As of June 30, 2022 the total amount of provisions related to claims against Telecel and its subsidiaries was PYG 9,334 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.

Taxation

At June 30, 2022, the tax risks exposure of the Group's subsidiaries is estimated at PYG 1,233,544 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 June 30, 2022, the Company had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of PYG 331,686 million (December 31, 2021: PYG 994,305 million).

8. RELATED PARTY TRANSACTIONS

The following transactions were conducted with related parties:

PYG millions (unaudited)	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Expenses		
Millicom Spain, S.L. (i)	148,456	132,708
Other	326	1,442
Total	148,782	134,150

(i) Mainly recharges of satellite capacity costs and VCF (Value-creating fees) for the support services provided to the Group.

Notes to the unaudited interim condensed consolidated financial statements

for the six-month period ended June 30, 2022

PYG millions (unaudited)	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Income / Gains		
Millicom International Cellular S.A.	4,915	3,226
Navega.Com, S.A.	2,266	2,279
Bolivia Cellular	1,010	932
Other	1,452	1,480
Total	9,643	7,917

As at June 30, 2022 the Group had the following balances with related parties:

PYG millions	At June 30, 2022	At December 31, 2021 (audited)
Receivables Short Term		
Millicom International Cellular S.A.	8,296	15,196
Other	3,036	2,724
Total	11,332	17,920

PYG millions	At June 30, 2022	At December 31, 2021 (audited)
Payables		
Millicom International III N.V. (i)	75,775	—
Millicom Spain, S.L.	34,207	49,185
Other	8,271	22,897
Total	118,253	72,082

(i) PYG 75,775 are due from Telecel for dividends declared, net of taxes, to be paid later this year.

9. SUBSEQUENT EVENTS

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