



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

For the nine-month period
ended September 30, 2022

November 14, 2022

Unaudited Interim Condensed Consolidated Financial Statements

for the nine-month period ended September 30, 2022

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

PYG millions	Notes	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021(i)
Revenue		2,879,614	2,796,649
Cost of sales		(708,907)	(712,847)
Gross profit		2,170,707	2,083,802
Operating expenses (ii)		(1,072,188)	(1,019,196)
Depreciation		(464,053)	(444,448)
Amortization		(245,219)	(233,534)
Other operating income (expenses), net		4,830	6,757
Operating profit		394,077	393,381
Interest expense		(332,091)	(303,235)
Interest and other financial result, net		3,526	1,071
Exchange gain (loss), net		(104,272)	2,282
Other non-operating (expenses) income, net		—	671
Profit before taxes		(38,759)	94,170
Charge for taxes, net		(21,475)	(20,903)
Profit (loss) for the period		(60,235)	73,267
Attributable to:			
Owners of the company		(60,302)	72,889
Non-controlling interests		67	378

PYG millions	Notes	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021 (i)
Profit (loss) for the period		(60,235)	73,267
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		—	(68)
Total comprehensive income (loss) for the period		(60,235)	73,199
Attributable to:			
Owners of the company		(60,302)	72,821
Non-controlling interests		67	378

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

(ii) As of September 30, 2022, operating expenses include recharges of VCF (Value-creating fees) for the support services provided by Millicom to the Group for PYG 189,475 million (September 30, 2021: PYG 188,839 million).

Unaudited Interim Condensed Consolidated Financial Statements

for the nine-month period ended September 30, 2022

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

PYG millions	Notes	September 30, 2022	December 31, 2021 (audited)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	5	3,300,141	3,443,561
Property, plant and equipment, net	4	2,366,884	2,388,592
Right of use assets		555,455	439,710
Contract costs, net		137	38
Trade receivables, net		32,928	34,002
Other non-current assets		15,589	19,707
TOTAL NON-CURRENT ASSETS		6,271,134	6,325,610
CURRENT ASSETS			
Inventories, net		32,310	31,206
Trade receivables, net		302,431	274,638
Contract assets, net		41,607	48,541
Amounts due from related parties	8	10,477	17,920
Prepayments and accrued income		165,783	140,469
Supplier advances for capital expenditure		26,886	25,290
Other current assets		97,150	86,477
Restricted cash		153,976	153,778
Cash and cash equivalents		886,825	1,051,928
TOTAL CURRENT ASSETS		1,717,445	1,830,247
TOTAL ASSETS		7,988,579	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 nine-month period ended September 30, 2022

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

PYG millions	Notes	September 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		79,717	74,997
Retained profits		171,710	103,443
Profit (loss) for the period/year attributable to owners of the company		(60,302)	149,067
Equity attributable to owners of the Company		568,480	704,862
Non-controlling interests		1,097	2,249
TOTAL EQUITY		569,577	707,111
LIABILITIES			
Non-current liabilities			
Debt and financing	6	4,928,051	5,081,346
Lease liabilities		569,949	453,864
Provisions and other non-current liabilities		296,409	316,893
Deferred tax liabilities		55,392	63,909
Total non-current liabilities		5,849,801	5,916,012
Current liabilities			
Debt and financing	6	272,298	92,467
Payables and accruals for capital expenditure		247,216	451,785
Lease liabilities		136,162	125,752
Other trade payables		121,572	121,104
Amounts due to related parties	8	121,050	72,082
Accrued interest and other expenses		306,018	170,505
Current income tax liabilities		1,201	26,679
Contract liabilities		58,652	62,054
Provisions and other current liabilities		305,032	410,306
Total current liabilities		1,569,201	1,532,734
TOTAL LIABILITIES		7,419,002	7,448,746
TOTAL EQUITY AND LIABILITIES		7,988,579	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 nine-month period ended September 30, 2022

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

PYG millions	Notes	September 30, 2022	September 30, 2021
Cash flows from operating activities			
Profit (Loss) before taxes from continuing operations		(38,760)	94,170
Adjustments to reconcile to net cash:			
Interest expense, net		332,091	303,235
Interest and other financial income		(3,526)	(1,071)
Exchange loss (gain) on foreign exchange		104,272	(2,282)
Adjustments for non-cash items:			
Depreciation and amortization		709,272	677,982
Gain on disposal and impairment of assets, net		(4,830)	(6,757)
Shared based compensation		4,720	3,832
Other non-operating income (expenses)		—	(671)
Changes in working capital:			
Increase (Decrease) in trade receivables, prepayments and other current assets		(93,865)	59,562
Increase (Decrease) in inventories		(1,104)	(10,566)
Increase (Decrease) in trade and other payables		(10,152)	(135,121)
Changes in contract assets, liabilities and costs, net		649	(3,655)
Total changes in working capital		(104,472)	(89,780)
Interest paid		(248,295)	(221,508)
Interest received		5,284	803
Taxes paid		(67,458)	(54,895)
Net cash provided by operating activities		688,298	703,058
Cash flows from investing activities:			
Purchase of intangible assets and licenses	5	(318,830)	(219,361)
Proceeds from sale of intangible assets	5	1,735	(1)
Purchase of property, plant and equipment	4	(430,700)	(326,207)
Proceeds from sale of property, plant and equipment	4, 5	15,137	4,995
Debt and other financing (granted to) obtained from related parties, net		103	—
Net cash used in investing activities		(732,555)	(540,574)
Cash flows from financing activities:			
Repayment of debt and financing		(84,133)	(274,772)
Repayment of Leases		(42,225)	(42,013)
Net cash provided by (used in) financing activities		(126,358)	(316,785)
Exchange impact on cash and cash equivalents, net		5,512	(4,014)
Net increase (decrease) in cash and cash equivalents		(165,103)	(158,315)
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		886,825	659,467

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Unaudited Interim Condensed Consolidated Financial Statements

for the nine-month period ended September 30, 2022

Unaudited interim condensed consolidated statements of changes in equity for the nine-month periods ended September 30, 2022 and September 30, 2021

PYG millions	Number of shares	Share Capital	Retained profits	Legal reserves	Other Reserves	Non-controlling interest	Total equity
Balance as of December 31, 2020 (audited)	10,272	327,245	104,046	50,110	69,520	1,268	552,189
Total comprehensive income for the period	—	—	72,821	—	—	378	73,199
Share based compensation	—	—	—	—	3,832	—	3,832
Balance as of September 30, 2021 (unaudited)	10,272	327,245	176,867	50,110	73,352	1,646	629,220
Balance as of December 31, 2021 (audited)	10,272	327,245	252,510	50,110	74,997	2,249	707,111
Total comprehensive income for the period	—	—	(60,302)	—	—	67	(60,235)
Dividends declared (i)	—	—	(80,801)	—	—	—	(80,801)
Dividends to non-controlling interests	—	—	—	—	—	(1,219)	(1,219)
Share based compensation	—	—	—	—	4,720	—	4,720
Balance as of September 30, 2022 (unaudited)	10,272	327,245	111,407	50,110	79,717	1,097	569,576

(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 million 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 nine-month period ended September 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 telecommunications services 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 (August 2021 to September 2022) was 9.3%, which is above the average inflation rate for Paraguay, which is usually kept under 3%-5% year-on-year by Paraguay's Central Bank. The main aspects impacting the above mentioned high inflation were the increase in fuel prices, basic foodstuffs and increases in the services sector. The inflation increase slowed in September aided by a discount on electricity services and a decrease in fuel prices. However, the Central Bank of Paraguay maintains its perspective that inflation levels will stabilize at the end of the year, reaching 8.8% year-on-year and as a result raised interest rates to 8.5% (from a minimum of 0.75% in 2020) to control inflation.

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 September 30, 2022, and for the nine-month period ended September 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 nine-month period ended September 30, 2022

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (cont.)

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.

The following changes to standards are effective for annual periods starting on January 1, 2024 and their potential impact on the Group consolidated financial statements is currently being assessed by Management:

- Amendments to IFRS 16 'Leases: Lease Liability in a Sale and Leaseback' - The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

Comparatives figures

Certain reclassifications have been made to the prior year's annual accounts to enhance comparability with the current year's accounts. As a result, certain line items have been amended in the statement of income, statement of financial position, statements of changes in equity and the related notes to the accounts. Comparative figures have been adjusted to conform to the current year's presentation. The changes in presentation has no impact on Group Financial Statements.

3. ACQUISITION OF SUBSIDIARIES

Acquisitions for the nine-month periods ended September 30, 2022 and 2021.

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

Notes to the unaudited interim condensed consolidated financial statements

for the nine-month period ended September 30, 2022

4. PROPERTY, PLANT AND EQUIPMENT

During the nine-month period ended September 30, 2022, the Group added property, plant and equipment for PYG 430,700 million (September 30, 2021: PYG 326,207 million) and received PYG 15,137 million in cash from disposal of property, plant and equipment (September 30, 2021: PYG 4,995 million).

5. INTANGIBLE ASSETS

During the nine-month period ended September 30, 2022, the Group added intangible assets for PYG 318,830 million (September 30, 2021: PYG 219,361 million) and received PYG 1,735 million proceeds from disposal of intangible assets (September 30, 2021: PYG nil).

6. FINANCIAL OBLIGATIONS

Debt and Financing

International Bonds - Senior Notes 2027

In April 2019, Telecel issued US\$ 300 million (approximately PYG 2,127,417 million as of September 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 1,772,848 million as of September 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 Multimedios 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 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\$ 42.3 million using September 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\$ 56.4 million using September 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 September 2022	As at September 2022	As at December 2021	As at December 2021
Debt and financing denominated in USD	1,261,915	1,025,980	1,343,671	1,239,566
Debt and financing denominated in PYG	3,938,434	3,482,195	3,830,142	3,937,498
Total debt and financing	5,200,349	4,508,175	5,173,813	5,177,064

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

Notes to the unaudited interim condensed consolidated financial statements

for the nine-month period ended September 30, 2022

6. FINANCIAL OBLIGATIONS (cont.)

Bank and Development Financial Institution financings

(PYG millions)	Issuance date	Maturity date	Initial amount	As at September 30, 2022	As at December 31, 2021
Banco Regional S.A.E.C.A.	07/2018	06/2025	115,000	67,508	90,096
Banco GNB en Proceso de Fusión	01/2019	11/2025	177,000	64,720	63,266
Banco Continental S.A.E.C.A.	09/2019	09/2026	370,000	211,180	263,900
Banco Continental S.A.E.C.A.	12/2020	12/2023	200,000	179,831	179,651
Banco GNB en Proceso de Fusión	12/2021	11/2024	50,000	41,667	50,000
Bank and Development Financial Institution financing				564,906	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 September 30, 2022	As at December 31, 2021
Due within:		
One year.....	272,298	92,467
One-two years.....	225,167	283,617
Two-three years.....	118,042	242,867
Three-four years.....	212,400	90,262
Four-five years.....	4,105,433	210,700
After five years.....	267,009	4,253,900
Total debt.....	5,200,349	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 September 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 September 30, 2022, the total amount of provisions of claims brought Telecel and its subsidiaries is PYG 39,579 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 September 30, 2022 the total amount of provisions related to claims against Telecel and its subsidiaries was PYG 9,095 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 September 30, 2022, the tax risks exposure of the Group's subsidiaries is estimated at PYG 1,242,905 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).

Notes to the unaudited interim condensed consolidated financial statements

for the nine-month period ended September 30, 2022

7. COMMITMENTS AND CONTINGENCIES (cont.)

Capital commitments

At September 30, 2022, the Company had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of PYG 567,620 million (December 31, 2021: PYG 994,305 million).

8. RELATED PARTY TRANSACTIONS

The following transactions were conducted with related parties:

PYG millions (unaudited)	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Expenses		
Millicom Spain, S.L. (i)	200,450	199,760
Other	576	2,546
Total	201,026	202,307

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

PYG millions (unaudited)	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Income / Gains		
Millicom International Cellular S.A.	9,038	4,446
Other	7,072	7,155
Total	16,110	11,601

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

PYG millions	At September 30, 2022	At December 31, 2021 (audited)
Receivables Short Term		
Millicom International Cellular S.A.	7,000	15,196
Other	3,463	2,724
Total	10,463	17,920

PYG millions	At September 30, 2022	At December 31, 2021 (audited)
Payables		
Millicom International III N.V. (i)	75,775	—
Millicom Spain, S.L.	40,002	49,185
Other	5,284	22,897
Total	121,061	72,082

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

9. SUBSEQUENT EVENTS

On November 4, 2022, Telecel announced that it has commenced a tender offer to purchase for cash (the "Tender Offer") up to \$55 million (PYG 390,027 million using September 30, 2022 exchange rate) in aggregate principal amount of its 5.875% Senior Notes due 2027 (the "Notes"). The Tender Offer details are available on Millicom's website. The latter will expire on December 5, 2022 and final payment date will be December 6, 2022.
