Tigo Guatemala Companies
Combined Financial Statements
For the years ended December 31, 2022 and 2021

April 28 2023

INDEX TO COMBINED FINANCIAL STATEMENTS

Audited Combined Financial Statements of Tigo Guatemala Companies for the years ended December 31, 2022 and 2021.

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INDEPENDENT AUDITOR´S REPORT

To the Board of Directors and Shareholders of
Tigo Guatemala Companies

Opinion

We have audited the combined financial statements of Tigo Guatemala Companies (hereinafter “the Group” or “Tigo Guatemala”), which comprise the combined statements of financial position as of December 31, 2022, the combined income statements and statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the combined financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Group as of December 31, 2022, and the income statements, the statements of comprehensive income, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audits of the combined financial statements* section of our report. We are independent of Tigo Guatemala in accordance with the *International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the combined financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the combined financial statements of the current period. These matters were addressed in the context of the audit of the combined financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. *Revenue recognition*

Risk Identified

1.1. The Group’s revenue consists of mobile and data telephony services, corporate solutions, fixed-line broadband, fixed-line telephone, cable TV and mobile financial services to retail and business customers. Revenue from these services is considered a significant risk due to the complexity of the Group’s systems and processes used to record revenue and the risks associated with recognition and measurement of revenue, arising from the diversity and constant evolution of tariff plans, marketing offers, and discounts provided to customers. This required an increased extent of audit effort, including the need for us to involve professionals with expertise in information technology (IT), to identify, test, and evaluate the Group's systems, software applications, and automated controls.

Building a better working world

To the Board of Directors and Shareholders of
Tigo Guatemala Companies

Our answer

Our audit procedures over revenue included, among others:
• We assessed the overall IT control environment and the IT controls in place, assisted by our information technology professionals.
• We evaluated the design and tested the operating effectiveness of controls around access rights, system development, program changes and IT dependent business controls to establish that changes to the system were appropriately authorized, developed, and implemented including those over: set-up of customer accounts, pricing data, segregation of duties and the linkage to usage data that drives revenue recognition.
• We tested the end-to-end reconciliation from the billing systems to the general ledger.
• We tested journal entries processed between the billing systems and general ledger.
• We obtained a sample of customer contracts, including modifications to the contracts, and compared customer contract terms to the revenue systems.
• We assessed the adequacy of the Group's disclosures in respect of the accounting policies on revenue recognition as disclosed in Note 2.18 of the combined financial statements.

1.2. Inadequate revenue recognition on prepaid revenue due to manipulation of the prepaid consumes report according to the prepaid platform increasing the prepaid consumption with event data records -EDRs- (calls, messengers, subscriptions, etc) fictitious with the purpose of increasing the monthly revenue considered as fraud risk.

Our answer

Our audit procedures over prepaid revenue included, among others:

- We performed walkthroughs over the revenue cycle to gain an understanding of when the revenue should be recognised, to map out the relevant controls end to end and the processes in place. We have assessed the design and implementation of these controls.
- We performed monthly analytic reviews to identify any unusual revenue trends.
- We tested event data records -EDRs- for each month from the generation to the revenue recognition in the general ledger.
- We performed analytical procedures and journal entry testing in order to identify and test the risk of misstatement arising from management override of controls.
- We performed a detail testing for the monthly revenue reports, using prepaid reports, through the validations of the completeness and accuracy of the reports generated in the prepaid system.
- We validated the prepaid consumption generated during the first fortnight of January 2023 as part of the deferred audit (cut-off testing).

To the Board of Directors and Shareholders of
Tigo Guatemala Companies

Responsibilities of management and those charged with governance for the combined financial statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing Tigo Guatemala's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group´s financial reporting process.

Auditor's responsibilities for the audits of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

To the Board of Directors and Shareholders of
Tigo Guatemala Companies

- Evaluate the overall presentation, structure, and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ERNST & YOUNG S.A.
Ernst & Young, S.A.
April 28, 2023

A-235-2023

Combined Statements of Income for the years ended December 31, 2022 and 2021

US$ '000	Notes	2022	2021
Revenue from contracts with customers……………………	5	**1,618,337**	**1,600,579**
Cost of sales………………………………………………………		(384,299)	(362,518)
Gross profit………………………………………………………	5	**1,234,038**	**1,238,061**
Operating expenses……………………………… …………		(377,049)	(380,835)
Depreciation & amortization…………………………………		(238,866)	(238,216)
Other operating income (expenses), net………………… …..		(4,557)	(2,003)
Operating profit………………………………………………	5	**613,566**	**617,007**
Interest expense …………………………………………………	17	(95,629)	(51,912)
Interest and other financial income…………………………	27	41,657	8,422
Foreign exchange gain (loss), net……………………………		802	(1,282)
Profit before taxes……………………………………………		**560,396**	**572,235**
Charge for taxes, net…………………………………………	7	(78,017)	(112,237)
Net profit for the period……………………………………		**482,379**	**459,998**

The accompanying notes are an integral part of these combined financial statements.

Combined Statements of Comprehensive Income for the years ended December 31, 2022 and 2021

US$ '000	2022	2021
Net profit for the year……	482,379	459,998
Other comprehensive income, net of tax:		
Item that may be reclassified to the income statement in subsequent periods		
Exchange differences on translation of operations to the US dollars reporting currency……	(11,097)	7,286
Total comprehensive income for the year……	**471,282**	**467,284**

The accompanying notes are an integral part of these combined financial statements.

Combined Statements of Financial Position as of December 31, 2022 and 2021

US$ '000	Notes	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net……………………………………..........	8	293,284	291,927
Property, plant and equipment, net…………………………….	9	523,743	550,607
Right of use assets, net...……………………………………….	10	170,952	186,265
Contract costs, net………………………………………………		2,831	2,354
Deferred tax assets……………………………………...........	7	20,560	5,526
Amounts due from related parties….…………………..……...........	27	293,510	10
Income tax assets………………………………………………	7	8,911	5,498
Supplier advances for capital expenditure...……..……………..		6,407	11,577
Other non-current assets.…………………………………….		1,357	2,313
TOTAL NON-CURRENT ASSETS……................….………		**1,321,555**	**1,056,077**
CURRENT ASSETS			
Inventories………………………………………………………...	11	24,470	30,396
Trade receivables, net…………………………………………...	12	44,550	52,029
Contract assets, net……………………………………………...	12	61,470	54,815
Amounts due from related parties….………………….…………	27	994,207	351,239
Prepayments……………………...……………………………		5,847	4,837
Other current assets ……………………………………………	13	24,801	62,116
Restricted cash…………………………………………………..	14	7,138	7,108
Cash and cash equivalents...…………………………………....	14	162,095	152,958
TOTAL CURRENT ASSETS………………………………....		**1,324,578**	**715,498**
TOTAL ASSETS……………………………………………….		**2,646,133**	**1,771,575**

The accompanying notes are an integral part of these combined financial statements.

Combined Statements of Financial Position as of December 31, 2022 and 2021 (Continued)

US$ '000	Notes	2022	2021
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium	15	8,219	8,219
Equity contribution reserve		13,291	13,147
Other reserves		82,466	93,563
Retained earnings		579,260	565,687
TOTAL EQUITY		**683,236**	**680,616**
LIABILITIES			
Non-current liabilities			
Other debt and financing	17	1,457,518	605,250
Lease liabilities	18	157,851	174,478
Provisions and other non-current liabilities	23	52,678	56,752
Deferred tax liabilities	7	11,396	10,781
Total non-current liabilities		**1,679,443**	**847,261**
Current liabilities			
Other debt and financing	17	7,960	—
Lease liabilities	18	35,989	28,589
Amounts due to related parties	27	11,573	9,245
Payables and accruals for capital expenditure	19	22,859	33,484
Trade payables	20	47,583	35,393
Accrued interest and other expenses	21	71,663	56,426
Current income tax liabilities	7	16,650	15,894
Contract liabilities	22	39,132	38,015
Provisions and other current liabilities	23	30,045	26,652
Total current liabilities		**283,454**	**243,698**
TOTAL LIABILITIES		**1,962,897**	**1,090,959**
TOTAL EQUITY AND LIABILITIES		**2,646,133**	**1,771,575**

The accompanying notes are an integral part of these combined financial statements.

Combined Statements of Cash Flows for the year ended December 31, 2022 and 2021

US$ '000	Notes	2022	2021
Cash flows from operating activities			
Profit before taxes		**560,396**	**572,235**
Adjustments to reconcile to net cash:			
Interest expense ………………………………….…………..		95,629	51,912
Interest and other financial income…………………….…………		(41,657)	(8,422)
Foreign exchange loss ………………...………………………		(802)	1,282
Adjustments for non-cash items:			
Depreciation and amortization …………………………..........	8,9,10	238,866	238,216
Loss on disposal and impairment of assets ……..…………..	5	5,120	2,401
Share-based compensation …………………….…………...	16	144	77
(Increase)/decrease in trade receivables, prepayments, contract assets and other current assets……………….…......		(3,220)	8,073
Decrease)/(increase) in inventories…………..….………………		5,168	(4,424)
Increase/(decrease) in trade payables, contract liabilities, and other payables………………………………….……........		6,327	(615)
Changes in working capital……………………………….….		**8,275**	**3,034**
Interest paid on debt and other financing……………………..		(60,988)	(36,712)
Interest paid on leases………..………………………………….		(17,181)	(18,048)
Interest received ……………………………………………....		12,756	20,036
Taxes paid ………………………..……………………………		(95,751)	(94,441)
Net cash provided by operating activities……………………		**704,807**	**731,570**
Cash flows from investing activities:			
Acquisitions of business….......................... ………...…….	4	—	(3,264)
Purchase of property, plant and equipment ………...……..	9	(159,368)	(178,195)
Purchase of intangible assets………………………………..	8	(40,897)	(44,301)
Proceeds from sale of property, plant and equipment………		744	341
Net increase in restricted cash ……..……….....................		30	3
Net cash used by investing activities…………………………		**(199,491)**	**(225,416)**
Cash flows from financing activities			
Proceeds from debt and other financing…............….………	17	1,046,658	187,706
Repayment of debt and other financing …………………..	17	(175,229)	(350,000)
Repayment of leases (capital component) ….………………..		(31,863)	(28,236)
Loans granted to shareholders…………...………..............		(1,284,273)	(307,618)
Payment of dividends.......................................….…..………	24	(50,240)	(43,400)
Net cash used by financing activities…………………………		**(494,947)**	**(541,548)**
Exchange losses on cash and cash equivalents, net……….		(1,232)	(190)
Net increase/(decrease) in cash and cash equivalents…….		**9,137**	**(35,584)**
Cash and cash equivalents at the beginning of the year…….		152,958	188,542
Cash and cash equivalents at the end of the year…………..		**162,095**	**152,958**

The accompanying notes are an integral part of these combined financial statements.

Combined Statements of Changes in Equity for the years ended December 31, 2022 and 2021

US$ '000	Share capital and premium (000's)	Equity Contribution Reserve (i) (000's)	Other reserves (ii) (000's)	Retained earnings (000's)	Total equity ('000's)
As of January 1, 2021	**8,219**	**13,070**	**86,277**	**471,791**	**579,357**
Profit for the year................................	—	—	—	459,998	459,998
Currency translation differences...........	—	—	7,286	—	7,286
Total comprehensive income for the period	—	—	7,286	459,998	467,284
Dividends (iii)...................................	—	—	—	(366,102)	(366,102)
Share based compensation.................	—	77	—	—	77
As of December 31, 2021	**8,219**	**13,147**	**93,563**	**565,687**	**680,616**
As of January 1, 2022	**8,219**	**13,147**	**93,563**	**565,687**	**680,616**
Profit for the year................................	—	—	—	482,379	482,379
Currency translation differences...........	—	—	(11,097)	—	(11,097)
Total comprehensive income for the period	—	—	(11,097)	482,379	471,282
Dividends (iii)...................................	—	—	—	(468,806)	(468,806)
Share based compensation.................	—	144	—	—	144
As of December 31, 2022	**8,219**	**13,291**	**82,466**	**579,260**	**683,236**

(i) Equity contribution reserve is made up only of share-based compensation – see note 16.

(ii) Other reserves include legal reserves of $82.4 million and currency translation differences for ($11.1) million in 2022 (2021: $7.3 million). Legal reserves are not distributable.

(iii) Dividends – see note 24.

Notes to the Combined Financial Statements for the years ended December 31, 2022 and 2021

1. GENERAL INFORMATION

The combined financial statements are composed of ten companies incorporated in Guatemala (the "Combined Group", "Tigo Guatemala"), as detailed in the table below:

Name of the company
Comunicaciones Celulares, S.A.
Comunicaciones Corporativas, S.A.
Servicios especializados en Telecomunicaciones, S.A.
Distribuidora de Comunicaciones de Occidente, S.A.
Distribuidora Central de Comunicaciones, S.A.
Distribuidora de Comunicaciones de Oriente, S.A.
Distribuidora Internacional de Comunicaciones, S.A.
Servicios Innovadores de Comunicación y Entretenimiento, S.A.
Navega.com, S.A.
Cloud2Nube, S.A.

In January 2022, Walkers Fiduciary Limited, acting as trustee of the CT Trust, is a trust established for the purposes of the transaction, issued a bond to repay existing corporate indebtedness. Walkers Fiduciary Limited as Trustee carries out the purposes for which the CT Trust was established. All references herein to the CT Trust shall be construed as references to Walkers Fiduciary Limited acting as Trustee under the Declaration of Trust.

The Combined Group provides mobile and data telephony services, corporate solutions, fixed-line broadband, fixed-line telephone, cable TV and mobile financial services to retail and business customers in Guatemala.

All Tigo Guatemala Companies have registered offices located at Km 9.5 Carretera a El Salvador, Plaza Tigo Sta. Catarina Pinula, Guatemala. They are owned jointly by Millicom Group ("MIC Group" or "Millicom"), whose ultimate holding company is Millicom International Cellular S.A. ("MIC").

On November 12, 2021, MIC Group acquired the remaining 45% equity interest in Tigo Guatemala from Miffin, as a result, Millicom owns a 100% equity interest in Tigo Guatemala after such transaction. Tigo Guatemala's entities form one single business in substance as all the entities have one single common management.

The Group have combined their financial statements in order to comply with the reporting requirements stipulated in the global program of the emission of a Senior Notes due 2032 for US$900 million under rule 144A Restricted Global Note, of which Comunicaciones Celulares, S.A. is "the borrower" and the rest of the Tigo Guatemala companies, as mentioned above, are the guarantors (together, the "Loan Guarantors"). The combined financial statements are intended for use by such investors.

On April 28, 2023, the representatives of the Board of Directors ("Board") for Comunicaciones Celulares, S.A. and the other Tigo Guatemala Companies authorized these combined financial statements for issuance.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES

2.1 Basis of presentation

The companies composing the Combined Group are all companies in the telecommunications sector. Entities are fully combined from the date on which they are transferred to the Combined Group. They are de-combined from the date that relation ceases.

The combined financial statements of the Combined Group as of December 31, 2022 and 2021 and for each of the two years in the period ended December 31, 2022, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

As used in these notes to the combined financial statements, the terms “the Combined Group”, “the Group”, “the Company”, “we”, “us”, “our”, and similar terms refer to the Tigo Guatemala as described in note 1, unless the context indicates otherwise.

The combined financial statements are presented in US dollars and all values are rounded to the nearest thousand ‘$ '000) except when otherwise indicated. The combined financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities that have been measured at fair value.

The preparation of financial statements in conformity with IFRSs requires management to exercise its judgment in the process of applying IFRS. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from these estimates. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the combined financial statements are disclosed in note 3.

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

Inflation in many countries globally has been rising for the past several months due to a variety of factors, including significant disruptions to the global production and distribution of energy and food commodities caused by Russia’s invasion of Ukraine as well as the global response to that invasion. As a result, global economic prospects have been severely affected, including in our market. Although the macro-economic backdrop has become more challenging, business and financial performance through 2022 is broadly in line with our plans.

The Combined Group continues to monitor the developments of the aforementioned events and their potential impact on performance and accounting considerations.

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

2.3 Combination

The combined entities and the combined financial statements have the same calendar year closing and use consistent accounting policies for each year presented. All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated. Companies linked to one another by combination are integrated through the aggregation of accounts, in accordance with rules identical to those for full consolidation.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.3 Combination (Continued)

The acquisition method of accounting is used to account for acquisition where there is a change in control (i.e. when the Combined Group owners obtain control over another entity or business). The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Combined Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the business acquired, the difference is recognized directly in the income statement. All acquisition-related costs are expensed. Figures from entities entering into the combination are added to the figures of the existing combination at the time of the entry into the Combined Group.

2.4 Foreign currency translation

Functional and presentation currencies

Items included in the financial statements of each of the Combined Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency reflects the economic substance of the underlying events and circumstances of these entities. Given the purposes of the Combined Group's combined financial statements, those are presented in U.S. dollars (the "presentation currency") while the functional currency of all entities is the Guatemalan Quetzal.

The following table presents relevant currency translation rates to the U.S. Dollar as of December 31, 2022 and 2021 and average rates for 2022 and 2021:

Country	Currency	2022 Average rate	2022 Year-end rate	2021 Average rate	2021 Year-end rate
Guatemala	Quetzal	7.75	7.85	7.74	7.72

Transactions and balances

Transactions denominated in a currency other than the functional currency are translated into the functional currency using exchange rates prevailing on transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions, and on translation of monetary assets and liabilities denominated in currencies other than the functional currency at year-end exchange rates, are recognized in the combined income statement, except when deferred in equity as qualifying cash flow hedges.

The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the statement of cash flows in order to reconcile cash and cash equivalents at the beginning and end of the year.

Translation into presentation currency

The results and financial position of all Combined Group entities are translated into US dollar as follows:

i) Assets and liabilities are translated at the closing rate at the date of the statement of financial position;
ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
iii) All resulting exchange differences are recognized as a separate component of equity ("Other reserves").

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

Translation into presentation currency (Continued)

When a combined entity is sold, exchange differences that were recorded in equity are recognized in the combined income statement as part of gain or loss on sale.

Goodwill and fair value adjustments arising on acquisition of a combined entity are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Property, plant and equipment

Items of property, plant and equipment are stated at either historical cost or the lower of fair value less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items. The carrying amount of replaced parts is derecognized.

Depreciation is calculated using the straight-line method over the shorter of the estimated useful life of the asset and the remaining life of the license associated with the assets, unless the renewal of the license is contractually possible.

Estimated useful lives are:

Buildings	40 years or lease period, if shorter
Networks (including civil works)................................	5 to 15 years
Other	2 to 7 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The assets' residual value and useful life is reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Construction in progress consists of the cost of assets, labor and other direct costs associated with property, plant and equipment being constructed by the Combined Group. Once the assets become operational, the related costs are transferred from construction in progress to the appropriate asset category and depreciation commenced.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Combined Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement in the financial period in which they are incurred. Costs of major inspections and overhauls are added to the carrying value of property, plant and equipment and the carrying amount of previous major inspections and overhauls is derecognized.

A liability for the present value of the cost to remove an asset on both owned and leased sites is recognized when a present obligation for the removal exists ("asset retirement obligations"). The corresponding cost of the obligation is included in the cost of the asset and depreciated over the useful life of the asset.

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset when it is probable that such costs will result in future economic benefits for the Combined Group and the costs can be measured reliably.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged to the combined income statement in the year in which expenditure is incurred.

Intangible assets with finite useful lives are amortized over their estimated useful economic lives using the straight-line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the combined income statement in the expense category consistent with the function of the intangible assets.

Goodwill

Goodwill represents the excess of cost of an acquisition, over the Combined Group owners' share in the fair value of identifiable assets less liabilities and contingent liabilities of the acquired business at the date of the acquisition. If the fair value of identifiable assets, liabilities or contingent liabilities or the cost of the acquisition can only be determined provisionally, then the Combined Group initially accounts for goodwill using provisional values. Within twelve months of the acquisition date, the Combined Group then recognizes any adjustments to the provisional values once the fair value of the identifiable assets, liabilities and contingent liabilities and the cost of the acquisition have been finally determined. Adjustments to provisional fair values are made as if the adjusted fair values had been recognized from the acquisition date. Goodwill on acquisition of subsidiaries is included in "intangible assets, net". Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Combined Group's cash generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Combined Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- Represents the lowest level within the Combined Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.6 Intangible assets (continued)

Programming and content rights

Programming and content master rights which are purchased which meet certain criteria are recorded at cost as intangible assets. The rights must be exclusive, related to specific assets which are sufficiently developed, and probable to bring future economic benefits and have validity for more than one year. Cost includes consideration paid or payable and other costs directly related to the acquisition of the rights and are recognized at the earlier of payment or commencement of the broadcasting period to which the rights relate.

Programming and content rights capitalized as intangible assets have a finite useful life and are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of the rights over their estimated useful lives. The average useful lives of programming and content rights is five years.

Non-exclusive and programming and content rights for periods less than one year are expensed over the period of the rights.

Licenses

Licenses are recorded at either historical cost or, if acquired in a business combination, at fair value at the date of acquisition. Cost includes cost of acquisition and other costs directly related to acquisition. Licenses have an indefinite useful life, considering that technology used in broadcasting is not expected to be replaced by another technology at any time in the foreseeable future, Therefore, the license is expected to contribute to entity’s net cash inflows indefinitely. The licenses are carried at cost less any impairment losses (if any).

Trademarks and customer bases

Trademarks and customer bases are recognized as intangible assets only when acquired or gained in a business combination. Their cost represents fair value at the date of acquisition. Trademarks and customer bases have finite useful lives and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the trademarks and customer bases over their estimated useful lives.

The estimated useful lives for trademarks and customer bases are based on specific characteristics of the market in which they exist. Trademarks and customer bases are included in “Intangible assets, net”.

Estimated useful lives are:

Trademarks...	1 to 15 years
Customer bases	4 to 9 years

Indefeasible Rights-of-Use (IRU)

Indefeasible rights-of-use assets are permanent contractual agreements that cannot be undone, for example rights to use cables, fibers or capacity. IRU contracts are usually long term, commonly lasting up to 30 years. Depending on the type of system, the Company might be buying exclusive use of one or more assets. Only lit fiber arrangements (wavelength) can be capitalized as intangible assets, subject to the fulfillment of the following criteria:

- Fulfill the criteria defined by IAS 38 to qualify as an intangible asset (identifiable, measurable, controllable, generate future economic benefits);
- The contract identifies the lit fiber (wavelength) which are for the exclusive use of the Group;
- The service orders clearly include specification of the wavelength used;
- The contract is for a duration of more than one year.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.7 Impairment of non-financial assets

At each reporting date the Combined Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Combined Group makes an estimate of the asset's recoverable amount. The Combined Group determines the recoverable amount based on the higher of its fair value less cost to sell, and its value in use, for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Where no comparable market information is available, the fair value less cost to sell is determined based on the estimated future cash flows discounted to their present value using a discount rate that reflects current market conditions for the time value of money and risks specific to the asset. The foregoing analysis also evaluates the appropriateness of the expected useful lives of the assets. Impairment losses of continuing operations are recognized in the combined income statement in expense categories consistent with the function of the impaired asset.

At each reporting date an assessment is made as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. Other than for goodwill, a previously recognized impairment loss is reversed if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized. If so, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.8 Cash, cash equivalents and restricted cash

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash held with banks related to mobile financial services which is restricted in use due to local regulations is denoted as restricted cash.

2.9 Deposits

Time deposits

Cash deposits with banks with maturities of more than three months that generally earn interest at market rates are classified as cash and cash equivalents.

Pledged deposits

Pledged deposits represent contracted cash deposits with banks that are held as security for debts at corporate or operational entity level. The Combined Group is unable to access these funds until either the relevant debt is repaid, or alternative security is arranged with the lender.

Such amounts are included within "other current assets" on the statement of financial position. At 31 December 2022, there was no pledged deposits (2021: $1.6 million) (note 17).

2.10 Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. The Combined Group assesses, on a forward-looking basis, the expected credit losses. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Combined Group applies the simplified approach permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the trade receivables. The provision is recognized in the combined income statement within cost of sales.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.11 Loans and receivables

Loans and receivables (from related parties or from third parties) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified within non-current assets. Loans and receivables are carried at amortized cost using the effective interest method. Gain and losses are recognized in the income statement when the loans and receivables are derecognized or impaired, as well as through the amortization process.

2.12 Impairment of financial assets

The Combined Group recognizes an estimate for expected credit losses on financial assets recorded at amortized cost in profit or loss or on financial assets recorded at fair value through changes in other comprehensive income using the simplified approach. The simplified approach does not require an entity to track the changes in credit risk, but, instead, requires the entity to recognize a loss allowance based on lifetime expected credit losses (ECLs) at each reporting date. The Combined Group has established a provision matrix that is based on its historical loss experience, adjusted for forward looking factors specific for debtors and the economic environment.

The Combined Group considers that a financial asset is in default when the contractual payments are over 90 days overdue. However, in certain cases, the Combined Group also consider that a financial asset is in default when internal or external information indicates that it is unlikely that the Combined Group will receive the outstanding contractual amounts in full before taking into account any credit enhancements maintained by the Combined Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Inventories

Inventories (which mainly consist of mobile telephone handsets and related accessories) are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Equity contribution

Common shares are classified as equity. Equity contribution presented in the combined financial statements is the sum of the equity contribution from the parents of the combined entities as presented and described under Note 1.

2.15 Borrowings

Borrowings are initially recognized at fair value, net of directly attributable transaction costs. After initial recognition borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by considering any discount or premium on acquisition and any fees or costs that are an integral part of the effective interest rate. Any difference between the initial amount and the maturity amount is recognized in the combined income statement over the period of the borrowing.

Borrowings (including accrued or capitalized interest) are classified as current liabilities unless the Combined Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.16 Provisions

Provisions are recognized when the Combined Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Combined Group expects some or all a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.16 Provisions (Continued)

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, risks specific to the liability. Where discounting is used, increases in the provision due to the passage of time are recognized as interest expenses.

2.17 Trade payables

Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method where the effect of the passage of time is material.

2.18 Revenue from contracts with customers

Revenue from contracts with customers is recognized when the control of the goods and services has been transferred to the customer for an amount that reflects the consideration to which the Combined Group expects to be entitled in exchange for such goods or services.

The Combined Group applies the following practical expedients foreseen in IFRS 15:

- No adjustment to the transaction price for the means of a financing component whenever the period between the transfer of a promised good or service to a customer and the associated payment is one year or less; when the period is more than one year the significant financing component is adjusted, if material.
- Disclosure in the combined financial statements the transaction price allocated to unsatisfied performance obligations only for contracts that have an original expected duration of more than one year (e.g. unsatisfied performance obligations for contracts that have an original duration of one year or less will not be disclosed).
- Application of the practical expedient not to disclose the price allocated to unsatisfied performance obligations, if billing is equal to accounting revenue.
- Application of the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that otherwise would have been recognized is one year or less.

Bundled offers are considered arrangements with multiple deliverables or elements, which can lead to the identification of separate performance obligations. Revenue is recognized in accordance with the transfer of goods or services to customers in an amount that reflects the relative standalone selling price of the performance obligation (e.g. sale of telecom services, revenue over time plus sale of handset, revenue at a point in time).

Principal-Agent, some arrangements involve two or more unrelated parties that contribute to providing a specified good or service to a customer. In these instances, the Combined Group determines whether it has promised to provide the specified good or service itself (as a principal) or to arrange for those specified goods or services to be provided by another party (as an agent). For example, performance obligations relating to services provided by third-party content providers (i.e., mobile Value Added Services or "VAS") or service providers where the Combined Group neither controls a right to the provider's service nor controls the underlying service itself are presented net because the Combined Group is acting as an agent. The Combined Group generally acts as a principal for other types of services where the Combined Group is the primary obligor of the arrangement. In cases the Group determines that it acts as a principal, revenue is recognized gross.

Combined Group's most significant revenues streams are:

a) Post-paid connection fees are derived from the payment of a non-refundable/one-time fee charged to customer to connect to the network (e.g. connection / installation fee). Usually, it does not represent a distinct good or service, therefore does not give rise to a separate performance obligation and revenue is recognized over the minimum contract duration.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.18 Revenue from contracts with customers (Continued)

Unless the fee is paid by a customer to get the right to receive goods or services without having to pay this fee again over his tenure with the Combined Group (e.g. the customer can readily extend his contract without having to pay the same fee again), it is accounted for as a material right and revenue should be recognized over the customer retention period.

b) Post-paid mobile/cable subscription fees are recognized over the relevant enforceable/subscribed service period (recurring monthly access fees that do not vary based on usage). The service provision is usually considered as a series of distinct services that have the same pattern of transfer to the customer.

c) Prepaid scratch/SIM cards are services where customers purchase a specified amount of airtime or other credit in advance. Revenue is recognized as the credit is used. Unused credit is carried in the statement of financial position as contract liability within other current liabilities. Upon expiration of the validity period, the portion of the contract liability relating to the expiring credit is recognized as revenue, since there is no longer an obligation to provide those services.

d) Telephone and equipment sales are recognized as revenue once control of such goods is transferred to the distributor or the final client. That criterion is fulfilled when the customer has the ability to direct the use and obtain substantially all of the remaining benefits from those goods.

e) Revenue from provision of Mobile Financial Services (MFS) is recognized once the primary service has been provided to the customer.

f) Customer premise equipment (CPE) are provided to customers as a prerequisite to receive the subscribed Home Services and shall be returned at the end of the contract duration. Since CPEs provided over the contract term do not provide benefit to the customer on their own, they do not give rise to separate performance obligations and therefore are accounted for as part of the service provided to the customers.

g) Revenue from the sale of cables, fiber, wavelength or capacity contracts, when part of the ordinary activities of the operation, is recognized as recurring revenue. Revenue is recognized when the cable, fiber, wavelength or capacity has been delivered to the customer, based on the amount expected to be received from the customer.

h) Revenue from operating lease of tower space is recognized over the period of the underlying lease contracts. Finance leases revenue is apportioned between lease of tower space and interest income.

Significant judgments

The determination of the standalone selling price for contracts that involve more than one performance obligation may require significant judgment, such as when the selling price of a good or service is not readily observable.

The Combined Group determines the standalone selling price of each performance obligation in the contract in accordance with the prices that the Group would apply when selling the same services and/or telephone and equipment included in the obligation to a similar customer on a standalone basis. When standalone selling price of services and/or telephone and equipment are not directly observable, the Group maximizes the use of external inputs and uses the expected cost, plus margin approach to estimate the standalone selling price.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.19 Cost of sales

The primary cost of sales incurred by the Combined Group in relation to the provision of telecommunication services relate to interconnection costs, roaming costs, rental of leased lines, costs of handsets and other accessories sold, and royalties. Cost of sales is recorded on an accrual basis.

2.20 Incremental costs of obtaining a contract

Incremental costs of obtaining a contract, including dealer commissions, are capitalized as contract costs in the statement of financial position and amortized in operating expenses over the expected benefit period, which is based on the average duration of contracts with customer (see practical expedient in note 2.18).

2.21 Employee benefits

Share based compensation

Share awards are granted to management and key employees of the Company. Awards are settled in shares of the ultimate parent company of the Group: Millicom International cellular S.A.

The cost of share-based compensation is based on the fair value (market value) of the shares on grant date and is recognized, together with a corresponding increase in equity contribution reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award (the vesting date). The cumulative expense recognized for share-based compensation at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market conditions are satisfied, provided that all other performance conditions are satisfied. Where the terms of a share-based compensation are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

2.22 Taxation

Current tax

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those enacted or substantively enacted at the statement of financial position date.

Deferred tax

Deferred income tax is provided using the liability method and calculated from temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting, nor taxable, profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry-forward of unused tax credits and unused tax losses can be utilized, except where the deferred tax assets relate to deductible temporary differences from initial recognition of an asset or liability in a transaction that is not a business combination, and, at the time of the transaction, affects neither accounting, nor taxable, profit or loss.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.22 Taxation (Continued)

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize the deferred income tax asset. Unrecognized deferred income tax assets are reassessed at each statement of financial position date and are recognized to the extent it is probable that future taxable profit will enable the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate expected to apply in the year when the assets are realized or liabilities settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the combined income statement. Current and deferred tax assets and deferred tax liabilities are offset where legally enforceable set off rights exist, and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.23 Changes in accounting policies

New and amended IFRS accounting standards

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

- IFRS 3 "Business Combination–" - Reference to Conceptual Framework.
- IAS 16 "Property, Plant and Equipment" - Proceeds before intended use.
- IAS 37 "Provisions, Contingent Liabilities and Contingent Asset–" - 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 Combined Group 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.
- 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 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 Combined Group 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.
- Amendments to IAS 1, "Presentation of Financial Statements": These amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgments

Management judgment is used in the application of IFRS accounting policies and accounting treatment in preparation of these combined financial statements. In particular, a significant level of judgment is applied regarding the following items:

- Contingent liabilities – the determination of whether or not a provision should be recorded for any potential liabilities.
- Leases – in determining the lease term, including the assessment of whether the exercise of extension or termination option is reasonably certain and the corresponding impact on the selected lease term.
- Acquisition – allocation of excess purchase price between newly identified assets and goodwill, measurement of property, plant and equipment and intangible assets and assessment of useful lives.
- Scope of entities combined – the combined financial statements only include subsidiaries of the Tigo Guatemala located in Guatemala.

Estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Because of inherent uncertainties in this evaluation process, actual results may be different from originally estimated amounts. These estimates are subject to change as new information becomes available and may significantly affect future operating results.

Significant estimates have been applied in respect of the following items:

- Estimating useful lives of property, plant and equipment and intangible assets.
- Estimation of provisions, particularly related to bad debt, legal, tax risks and asset retirement obligations.
- Revenue recognition (see note 2.18).
- For leases, estimates in determining the incremental borrowing rate for discounting the lease payments in case interest rate implicit in the lease cannot be determined.
- Impairment testing including weighted average cost of capital (WACC) and long-term growth rates.
- Accounting for share-based payments, in particular estimates of forfeitures and future performance criteria.

For our critical accounting estimates reference is made to the relevant individual notes to these combined financial statements.

4. ACQUISITIONS OF BUSINESS

During the twelve-month period ended December 31, 2022, the Combined Group did not complete any acquisition.

During the twelve-month period ended December 31, 2021, the Combined Group acquired a cable business for $3.3 million (Ares Project). The business acquisition included 100% of the customer list, network infrastructure and other operating assets of the entity. The Combined Group made the acquisition on June 30, 2021, considering its strategic region location, for both its economic and its platform for convergence which will help the Combined Group brand's penetration at country level and thereby increase the subscribers base and the network infrastructure deployment. No adjustment to the Financial Position and or statement of Income comparatives as of December 31, 2021 and 2022 arose after the finalization of the purchase accounting.

4. ACQUISITIONS OF BUSINESS (Continued)

The Combined Group measured the acquisition at fair value at the date of acquisition as follows:

US$ '000	Amount
Goodwill	1,649
Customer list	1,393
Fair value of net assets	222
Total	**3,264**

The fair value of intangible assets has been determined by applying the income approach technique. The calculation is based on variables that are not observable in the market. The estimated fair value is based on:

- Discount rate of 8%.
- A terminal value calculated based on long-term sustainable growth rates of 2%, which was used to determine revenues in the coming years.
- An operating margin of 31%, a client loss rate of 11% and an average rate of charges for contributory assets of 4.8%.

5. BREAKDOWN OF OPERATING PROFIT

The gross profit and operating profit of the Combined Group can be summarized as follows for the years ended December 31, 2022 and 2021, respectively:

US$ '000	2022	2021
Tigo Mobile	1,315,685	1,323,045
Tigo Home	225,099	204,001
Tigo Corporate	74,552	69,509
Tigo Money	3,001	4,024
Revenue from contracts with customers	**1,618,337**	**1,600,579**
Cost of rendering telecommunication services	(384,299)	(362,518)
Gross profit	**1,234,038**	**1,238,061**
Depreciation and amortization (see notes 8, 9 and 10)	(238,866)	(238,216)
Dealer commissions	(98,522)	(100,045)
Employee related costs (see note 6)	(68,928)	(68,099)
Sites and network maintenance	(75,331)	(69,230)
External services	(28,437)	(41,263)
Other expenses	(26,345)	(29,494)
Phone subsidies	(29,866)	(28,968)
Advertising and promotion	(35,105)	(27,765)
Other fees and costs	(13,505)	(15,074)
Loss on disposal and impairment of assets, net	(5,120)	(2,401)
Operating lease expense	(447)	(499)
Operating profit	**613,566**	**617,007**

6. EMPLOYEE RELATED COSTS

Employee related costs are comprised of the following for the years ended December 31, 2022 and 2021, respectively:

US$ '000	2022	2021
Wages and salaries	(71,034)	(68,667)
Social security	(4,622)	(4,597)
Other employee related costs	(4,276)	(3,492)
Share based compensation	(144)	(77)
Capitalized employee related costs	11,148	8,734
Total	**(68,928)**	**(68,099)**

6. EMPLOYEE RELATED COSTS (Continued)

The average number of permanent employees during the years ended December 31, 2022 and 2021 was as follows:

	2022	2021
Total average number of permanent employees	**3,086**	**3,168**

7. TAXES

Guatemalan companies are subject to all taxes applicable to Guatemalan limited liability companies. The effective tax rate in 2021 is 14% (2021: 20%). The reconciliation between the average statutory tax rate and the effective average tax rate is as follows for the years ended December 31, 2022; and 2021 respectively:

	2022 %	2021 %
Statutory tax rate (based on profit)……………………………….	25	25
Permanent differences..……………………………………..…………	(11)	(5)
Effective tax rate…..…………………………………………….………..	**14**	**20**

The charge for income taxes is shown in the following table and recognizes that revenue and expense items may affect the financial statements and tax returns in different periods (temporary differences) for the years ended December 31, 2022; and 2021 respectively:

US$ '000	2022	2021
Income tax charge……………………………………………………	(92,286)	(92,620)
Net deferred income tax (expense) benefit……………………….…	14,269	(19,617)
Charge for taxes……………………………………………..………	**(78,017)**	**(112,237)**

The tax effects of significant items excluding the exchange movements and comprising the Combined Group's net deferred income tax asset and liability as of December 31, 2022 and 2021 are as follows:

US$ '000	Combined Statement of Financial Position		Combined Income Statement	
	2022	2021	2022	2021
Temporary differences between book and tax basis of:				
Property plant and equipment………………………	27,232	7,821		
Intangible assets……………………………………	(24,820)	(18,527)		
Leases……………………………………………….	604	1,186		
Contract assets, bad debt and others……………...	6,148	4,265		
Deferred tax benefit/(charge).……………………..			**14,269**	**(19,617)**
Deferred tax assets, net…………………………	**9,164**	**(5,255)**		
Reflected in the statements of financial position as:				
Deferred tax assets ……………………………........	20,560	5,526		
Deferred tax liabilities………………………………...	(11,396)	(10,781)		

Deferred income tax assets and liabilities reflect temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. There are no carried forward tax losses within the combined entities.

Income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those enacted or substantively enacted by the statement of financial position date.

8. INTANGIBLE ASSETS

Movements in intangible assets in 2022 were as follows:

US$ '000	Goodwill	Licenses	Customer lists	Other (i)	Total
Opening balance, net………..	**82,414**	**150,984**	**18,709**	**39,820**	**291,927**
Additions……………………….	—	—	—	34,077	34,077
Amortization charge…………….	—	—	(3,275)	(22,440)	(25,715)
Transfers (to)/from PP&E………	—	—	—	(142)	(142)
Impairment………………………	—	—	—	(1,048)	(1,048)
Exchange rate movements…….	(1,796)	(2,561)	(120)	(1,338)	(5,815)
Closing balance, net………….	**80,618**	**148,423**	**15,314**	**48,929**	**293,284**
Cost………………………………	80,618	187,623	112,402	172,223	552,866
Accumulated amortization………	—	(39,200)	(97,088)	(123,294)	(259,582)
Net as of December 31, 2022…	**80,618**	**148,423**	**15,314**	**48,929**	**293,284**

(i) Other caption mainly relates to IRUs, software and broadcasting rights.

Movements in intangible assets in 2021 were as follows:

US$ '000	Goodwill	Licenses	Customer lists	Other (i)	Total
Opening balance, net………..	**79,762**	**128,091**	**21,355**	**50,235**	**279,443**
Acquisition of business (see note 4)	1,649	—	1,393	—	3,042
Additions……………………….	—	21,502	—	18,155	39,657
Amortization charge…………….	—	—	(4,153)	(28,815)	(32,968)
Transfers (to)/from PP&E………	—	—	—	(28)	(28)
Exchange rate movements…….	1,003	1,391	114	273	2,781
Closing balance, net………….	**82,414**	**150,984**	**18,709**	**39,820**	**291,927**
Cost………………………………	82,414	190,860	114,185	145,799	533,258
Accumulated amortization………	—	(39,876)	(95,476)	(105,979)	(241,331)
Net as of December 31, 2021…	**82,414**	**150,984**	**18,709**	**39,820**	**291,927**

(i) *Other caption mainly relates to IRUs, software and broadcasting rights.*

The following table provides details of cash used for the purchase of intangible assets:

US$ '000	2022	2021
Additions ………………………………………………………	34,077	39,657
Decrease in payables for intangible assets…………………………	6,820	4,644
Cash used for the purchase of intangible assets………………	**40,897**	**44,301**

Impairment test of goodwill

As of December 31, 2022 and 2021, management tested goodwill for impairment. The Combined Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill is allocated.

8. INTANGIBLE ASSETS (Continued)

The recoverable amount of a cash-generating unit ("CGU") or group of CGUs is determined based on discounted cash flows. The cash flow projections used (operating profit margins, income tax, working capital, capex and license renewal cost) are extracted from business plans approved by management and presented to the Board, covering a fifteen-year planning horizon. The planning horizon reflects industry practice in the country where the Combined Group operates. Cash flows beyond this period are extrapolated using a perpetual growth rate of 1.0% for both periods. The Combined Group has determined that the Combined Group is the only CGU based on the decision-making process as well as the level of detail of available information. Goodwill is also monitored by Management at the level of the Combined Group.

The recoverable amount has been determined for the cash generating unit based on discount rate of 9.9% for the year ended December 31, 2022 (2021: 9.1%). Based on the results of the impairment test performed on an annual basis, management concluded that no impairment losses should be recorded on goodwill and licenses with an indefinite useful life for the years ended December 31, 2022; and 2021.

Sensitivity analysis was performed on key assumptions within the impairment tests, including long-term growth rates, discount rates and operating profits. The sensitivity analysis determined that sufficient margin exists from realistic changes to the assumptions that would not impact the overall results of the testing.

9. PROPERTY, PLANT AND EQUIPMENT

Movements in tangible assets in 2022 were as follows:

US$ '000	Network Equipment	Land and Buildings	Construction in Progress	Other (i)	Total
Opening balance, net……….	**491,370**	**9,530**	**37,146**	**12,561**	**550,607**
Additions………………………..	152,005	2,534	3,509	7,550	165,598
Net disposals…………………..	(4,708)	(43)	—	(369)	(5,120)
Depreciation charge…………..	(168,306)	(2,247)	—	(6,245)	(176,798)
Asset retirement obligations…	(2,203)	—	—	—	(2,203)
Transfers (to)/from intangible assets…………………………	50	—	—	92	142
Exchange rate movements….	(8,127)	(169)	(811)	624	(8,483)
Closing balance, net………..	**460,081**	**9,605**	**39,844**	**14,213**	**523,743**
Cost…………………………….	1,787,218	19,248	39,844	61,107	1,907,417
Accumulated depreciation……	(1,327,137)	(9,643)	—	(46,894)	(1,383,674)
Net as of December 31, 2022	**460,081**	**9,605**	**39,844**	**14,213**	**523,743**

(i)The caption "Other" mainly includes office equipment and motor vehicles.

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in tangible assets in 2021 were as follows:

US$ '000	Network Equipment	Land and Buildings	Construction in Progress	Other (i)	Total
Opening balance, net.........	**477,649**	**8,786**	**33,553**	**13,187**	**533,175**
Acquisition of business (see note 4)	208	—	—	14	222
Additions..........................	167,187	2,629	3,260	5,334	178,410
Net disposals.....................	(2,710)	(9)	—	(23)	(2,742)
Depreciation charge............	(163,666)	(1,913)	—	(6,271)	(171,850)
Asset retirement obligations...	7,979	—	—	—	7,979
Transfers (to)/from intangible assets.............................	113	(48)	—	(37)	28
Exchange rate movements....	4,610	86	333	356	5,385
Closing balance, net..........	**491,370**	**9,531**	**37,146**	**12,560**	**550,607**
Cost................................	1,738,313	17,333	37,146	61,212	1,854,004
Accumulated depreciation......	(1,246,942)	(7,804)	—	(48,651)	(1,303,397)
Net as of December 31, 2021	**491,370**	**9,531**	**37,146**	**12,560**	**550,607**

(i)The caption "Other" mainly includes office equipment and motor vehicles.

The following table provides details of cash used for the purchase of property, plant and equipment for the years ended December 31, 2022 and 2021, respectively:

US$ '000	2022	2021
Additions..	165,598	178,410
Change in suppliers' advances..	(5,142)	4,254
Change in payables for property, plant and equipment................	(1,088)	(4,469)
Cash used for the purchase of property, plant and equipment.	**159,368**	**178,195**

Borrowing costs capitalized during the years ended December 31, 2022 and 2021 were not significant.

10. RIGHT-OF-USE ASSETS

Movements in right-of-use assets in 2022 were as follows:

US$ '000	Sites rental RoU	Land and Buildings RoU	Tower rental RoU	Other network equipment RoU	Other PPE RoU	Total
Opening balance, net……....	**105,204**	**18,435**	**48,827**	**2,746**	**11,053**	**186,265**
Additions………………….....….	9,678	777	7	646	30	11,138
Modifications…………………..	7,311	1,254	4,237	(53)	639	13,388
Net disposals……………....….	(225)	(241)	(76)	—	—	(542)
Depreciation charge…………..	(25,043)	(3,998)	(4,955)	(295)	(2,062)	(36,354)
Exchange rate movements…..	(1,644)	(268)	(818)	(47)	(167)	(2,943)
Closing balance, net……….	**95,282**	**15,959**	**47,222**	**2,996**	**9,493**	**170,952**
Cost………………………..……....	185,399	29,454	64,336	3,672	16,843	299,703
Accumulated depreciation……	(90,117)	(13,495)	(17,114)	(676)	(7,350)	(128,751)
Net as of December 31, 2022	**95,282**	**15,959**	**47,222**	**2,996**	**9,493**	**170,952**

Movements in right-of-use assets in 2021 were as follows:

US$ '000	Sites rental RoU	Land and Buildings RoU	Tower rental RoU	Other network equipment RoU	Other PPE RoU	Total
Opening balance, net……....	**131,269**	**18,581**	**47,978**	**2,164**	**14,793**	**214,785**
Additions………………….....….	1,841	1,488	4,494	734	10	8,567
Modifications…………………..	(3,081)	2,528	1,783	-	(1,626)	(396)
Net disposals……………....….	(3,421)	(412)	(1,392)	-	-	(5,225)
Depreciation charge…………..	(22,624)	(3,924)	(4,498)	(174)	(2,178)	(33,398)
Exchange rate movements…..	1,220	174	462	22	54	1,932
Closing balance, net……….	**105,204**	**18,435**	**48,827**	**2,746**	**11,053**	**186,265**
Cost………………………..…….	172,161	28,617	61,298	3,345	17,037	282,458
Accumulated depreciation……	(66,957)	(10,182)	(12,471)	(599)	(5,984)	(96,193)
Net as of December 31, 2021….	**105,204**	**18,435**	**48,827**	**2,746**	**11,053**	**186,265**

11. INVENTORIES

Inventories (net of impairment for obsolescence amounting to $3.3 million as of December 31, 2022 and $2.4 million as of December 31, 2021) as of December 31 of each year comprise:

US$ '000	2022	2021
Telephones and equipment………………………………………….	21,118	22,236
Sim cards……………………………………………………………….	873	262
Other (i)………………………………………………………………….	2,479	7,898

(i) The caption "Other" includes in-transit T&E inventory.

12. TRADE RECEIVABLES, NET

US$ '000	2022	2021
Gross trade receivables..	63,959	73,394
Less: provisions for expected credit losses................................	(19,409)	(21,365)
Trade receivables, net..	**44,550**	**52,029**
Contract assets, net...	61,470	54,815
Total..	**106,020**	**106,844**

Contract assets

The balance of contract assets is presented below as of December 31, 2022 and 2021, respectively:

US$ '000	2022	2021
Contract assets	42,813	36,154
Accrued income..	18,657	18,661
Contract assets, net..	**61,470**	**54,815**

The nominal value less provisions for credit losses expected of trade receivables approximates their fair values (see note 29). As of December 31, 2022 and 2021, the aging analysis of trade receivables is as follows:

US$ '000	Contractual assets	Account receivables				Total
	Total	Not past due	Past due (net of credit losses expected)			
			<30 days	30–90	>90 days	
2022						
Accounts receivable…...	44,888	37,666	5,419	5,498	15,379	63,962
Expected credit losses...	(2,075)	(1,164)	(1,044)	(1,837)	(15,364)	(19,409)
Total………………….....	**42,813**	**36,502**	**4,375**	**3,661**	**15**	**44,553**
Expected credit losses	**5%**	**3%**	**19%**	**33%**	**100%**	

US$ '000	Contractual assets	Account receivables				Total
	Total	Not past due	Past due (net of credit losses expected)			
			<30 days	30–90	>90 days	
2021						
Accounts receivable…...	37,705	48,748	4,244	2,584	17,818	73,394
Expected credit losses...	(1,551)	(1,053)	(915)	(1,583)	(17,814)	(21,365)
Total………………….....	**36,154**	**47,695**	**3,329**	**1,001**	**4**	**52,029**
Expected credit losses	**4%**	**2%**	**22%**	**61%**	**100%**	

13. OTHER CURRENT ASSETS

Other current assets comprised as of December 31, 2022 and 2021, respectively:

US$ ‘000	2022	2021
Corporate saving funds..	21,694	21,632
VAT sales tax receivables..	740	2,996
Loans receivables to Miffin (i)	—	33,437
Accrued interest on advance loan to Miffin (i)......................	—	1,654
Other current assets..	2,367	2,397
Total..	**24,801**	**62,116**

(i) Advance loan to Miffin offset with the dividends declared in 2022. Miffin is no longer a shareholder since November 12, 2021.

14. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents comprised as of December 31, 2022 and 2021, respectively:

US$ ‘000	2022	2021
Cash and cash equivalents in U.S. Dollars............................	61,068	83,827
Cash and cash equivalents in GTQ....................................	101,027	69,131
Total cash and cash equivalents....................................	**162,095**	**152,958**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the combined statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group’s cash management.

Restricted cash comprised as of December 31, 2022 and 2021, respectively:

US$ ‘000	2022	2021
Restricted cash in GTQ..	7,138	7,108
Total restricted cash..	**7,138**	**7,108**

Restricted cash mainly refers to cash within the mobile financial services business, which is restricted in accordance with local regulations.

15. EQUITY CONTRIBUTION

At years ended December 31, 2022 and 2021 the issued share capital of the combined entities consists of:

Company names	2022		2021	
	Shares	Par value (GTQ)	Shares	Par value (GTQ)
Comunicaciones Celulares, S.A.	500	50,000	500	50,000
Comunicaciones Corporativas, S.A.	20	500	20	500
Servicios Especializados en Telecomunicaciones, S.A.	100	100	100	100
Distribuidora de Comunicaciones de Occidente, S.A.	20	500	20	500
Distribuidora Central de Comunicaciones, S.A.	20	500	20	500
Distribuidora de Comunicaciones de Oriente, S.A.	20,020	500	20,020	500
Distribuidora Internacional de Comunicaciones, S.A.	20	500	20	500
Servicios Innovadores de Comunicación y Entretenimiento, S.A.	20	500	20	500
Cloud2Nube, S.A.	40	500	40	500
Navega.com, S.A.	200,017	100	200,017	100

The above-mentioned shares have been fully issued and fully paid.

The total shared capital and premium for the Combined Group for the years ended December 31, 2022 and 2021 is $8,219 thousand.

16. SHARE BASED COMPENSATION

Equity-settled
Millicom shares granted to management and key employees includes share-based compensation in the form of long-term share incentive plans. Since 2016, Millicom has two types of annual plans, a performance share plan (PSP) and a deferred share plan (DSP). The different plans are further detailed below.

Total share-based compensation expense for the years ended December 31, 2022 and 2021 was as follows:

US$ '000	2022	2021
2019 LTIPs..	—	3
2020 LTIPs..	4	10
2021 LTIPs..	31	64
2022 LTIPs..	109	—
Total..	**144**	**77**

Deferred share plan (unchanged since 2014, except for vesting schedule)
As from the 2019 plan, shares vest at a rate of 30% on January 1 of each of year one and two, and the remaining 40% on January 1 of year three. Vesting is conditional upon the participant remaining employed with Millicom at each vesting date. The cost of this long-term incentive plan, which is not conditional on performance conditions, is calculated as follows:
Fair value (share price) of Millicom's shares at grant date x number of shares expected to vest.

Performance share plan (for plans issued from 2018)
Shares granted under this performance share plan vest at the end of the three-year period, subject to performance conditions, 25% based on Relative Total Shareholder Return ("Relative TSR"), 25% based on the achievement of the Service Revenue target measured on a 3-year CAGRs from year one to year three of the plan ("Service Revenue") and 50% based on the achievement of the Operating Free Cash Flow ("Operating Free Cash Flow") target measured on a 3-year CAGRs from year one to year three of the plan. From 2020 onwards, the Operating Free Cash Flow target has been redefined to consider payments made in respect of leases. As a result, the target is since then the Operating Free Cash Flow after Lease ("OFC"aL").

16. SHARE BASED COMPENSATION (Continued)

For the performance share plans, and in order to calculate the fair value of the TSR portion of those plans, it is necessary to make a number of assumptions which are set out below. The assumptions have been set based on an analysis of historical data as at grant date.

Performance share plan (for plans issued from 2021)
Shares granted under this performance share plan generally follow the same rules as for previous performance share plans. However, for LTI 2021 plan, Millicom had added a time vesting Restricted Stock Units ("RSU's") representing 35% of the total award. The RSU's will be vesting at the end of three years depending on satisfactory service condition. RSU's have been removed from the plan rules from 2022. The Relative TSR, which account for 20% of the award, will be measured over the 10 trading days before / after December 31 of the last year of the corresponding three-year measurement period. The Service Revenue (LTI 2022: 30%; LTI 2021: 15%) and Operating Cash Flow after Leases ("OCFaL") (LTI 2022: 50%; LTI 2021: 30%) performance conditions will not be measured based on a CAGR anymore but on the actual cumulative achievement against the 3-year cumulative targets to better reflect the performance over the three-year period rather than simply the end point as is the case with a CAGR target. For the performance share plans, and in order to calculate the fair value of the TSR portion of those plans, it is necessary to make a number of assumptions which are set out below. The assumptions have been set based on an analysis of historical data as at grant date.

Assumptions and fair value of the shares under the TSR portion	Risk-free rate %	Dividend yield %	Share price volatility (i) %	Award term (years)	Share fair value (In USD)
Performance Share Plan 2022 (Relative TSR)	2.01	0.00	47.94	2.80	29.12
Performance Share Plan 2021 (Relative TSR)	0.29	1.28	46.28	2.82	52.99
Performance Share Plan 2020 (Relative TSR)	0.61	1.47	24.54	2.93	55.66
Performance Share Plan 2019 (Relative TSR)	(0.24)	3.01	26.58	2.93	49.79
Performance Share Plan 2018 (Relative TSR)	(0.39)	3.21	30.27	2.93	57.70

(i) Historical volatility retained was determined on the basis of a three-year historic average.

The cost of the long-term incentive plans which are conditional on market conditions is calculated as follows:

Fair value (market value) of shares at grant date (as calculated above) x number of shares expected to vest.

The cost of these plans is recognized, together with a corresponding increase in equity (share compensation reserve), over the period in which the performance and/or employment conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award. Adjustments are made to the expense recorded for forfeitures, mainly due to management and employees leaving Tigo Guatemala. Non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition (such as the Relative TSR). These are treated as vested, regardless of whether or not the market conditions are satisfied, provided that all other performance conditions are satisfied. Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

16. SHARE BASED COMPENSATION (Continued)

A summary of the shares vested under the relevant plans as of December 31, 2022 and 2021 is as follows:

	Shares vested as of December 2022	Shares vested as of December 2021
Plans		
2019 Deferred Plan	—	230
2020 Deferred Plan	464	232
2021 Deferred Plan	895	—
Total	**1,359**	**462**

Total share-based compensation expense

For plans with unvested shares as of December 31, 2022, the number of share awards ultimately expected to vest as of December 31, 2022 under the current long-term incentive plans is as follows:

	Deferred share awards 2022	Deferred share awards 2021	Deferred share awards 2020
Shares granted	10,147	3,555	858
Shares vested	—	(895)	(464)
Share awards expected to vest	**10,147**	**2,660**	**394**

17. OTHER DEBT AND FINANCING

Borrowings due after more than one year as of December 31, 2022 and 2021, respectively:

US$ '000	2022	2021
Bonds financing	870,487	—
Bank financing	594,991	605,250
Total other debt and financing	**1,465,478**	**605,250**

No borrowings are due within one year.

The total amount of debt and financing as of December 31, 2022 and 2021, respectively, is repayable as follows:

US$ '000	2022	2021
Amounts due within 1 year	7,960	—
Amounts due within 2 to 3 years	7,960	8,097
Amounts due within 3 to 4 years	305,264	8,097
Amounts due within 4 to 5 years	273,807	465,985
Amounts due after five years	870,487	123,071
Total debt	**1,465,478**	**605,250**

17. OTHER DEBT AND FINANCING (Continued)

Significant individual financing facilities as of December 31, 2022 and 2021, respectively, are described below:

Bonds Financing

Description	Maturity	Currency	Interest rate	Amount outstanding 'US$'000 2022	Amount outstanding 'US$'000 2021
Senior Notes CT	2032	USD	Fixed	870,487	—

In January 2022, Walkers Fiduciary Limited, acting as trustee of the CT Trust, is a trust established for the purposes of the transaction, issued a bond (net proceeds of $891.3 million after discounting certain fees related to this issuance) to repay existing corporate indebtedness. Walkers Fiduciary Limited as Trustee carries out the purposes for which the CT Trust was established. All references herein to the CT Trust shall be construed as references to Walkers Fiduciary Limited acting as Trustee under the Declaration of Trust. The Senior Notes is guaranteed by Comunicaciones Celulares, S.A. and listed on Luxembourg Stock Exchange. Simultaneously with, and using the proceeds, Comunicaciones Celulares, S.A. entered into a senior loan ("The Loan") with JPMORGAN Chase Bank, N. A.

On January 27, 2022, Comunicaciones Celulares, S.A. completed the issuance of Senior Notes due 2032 for US$900 million under rule 144A Restricted Global Note, bearing interest at 5,125% and due in 2032. The proceeds from this bond were used to repay a significant portion of the bridge financing contracted by Millicom Group to fund the acquisition of the remaining 45% equity interest in the Tigo Guatemala operations.

On November 4, 2022, Comunicaciones Celulares, S.A. announced a tender offer (early tender consideration for $822.5 for each $1,000 principal amount of notes) to purchase for cash up to $90 million in aggregate principal amount of the Senior Notes. On November 20, 2022, Comunicaciones Celulares, S.A. announced that $18.8 million in principal amount of the mentioned Notes, have been accepted and settled on November 21, 2022. Late tender expired on December 6, 2022 with no further tendered Notes. Total consideration amounted to approximately $15.5 million with a net financial income impact of $3.3 million given the Notes were repurchased below their par value.

The net proceeds ($1,047) from the twelve months ended December 31, 2022, is composed by $891 million from Senior Notes and $156 million of bank financing from Banco de Desarrollo Rural, S.A.

Bank Financing

Comunicaciones Celulares, S.A.

Description	Maturity	Currency	Interest rate	Amount outstanding 'US$'000 2022	Amount outstanding 'US$'000 2021
Banco Industrial, S.A.	2025	GTQ	Fixed	—	22,583
Banco Industrial, S.A.	2025	GTQ	Fixed	184,279	204,687
Banco G&T Continental, S.A.	2025	GTQ	Fixed	63,676	64,774
Banco G&T Continental, S.A.	2026	GTQ	Fixed	28,654	29,148
Banco de América Central, S.A.	2026	GTQ	Fixed	31,838	32,387
Banco Agromercantil de Guatemala, S.A.	2027	GTQ	Adjusted	49,349	50,200
Banco de Desarrollo Rural, S.A.	2027	GTQ	Fixed	39,139	—

17. OTHER DEBT AND FINANCING (Continued)

Servicios Especializados en Telecomunicaciones, S.A.

Description	Maturity	Currency	Interest rate	Amount outstanding 'S$'000 2022	Amount outstanding 'S$'000 2021
Banco Industrial, S.A.	2025	GTQ	Fixed	—	55,122
Banco de Desarrollo Rural, S.A.	2027	GTQ	Fixed	54,188	—

Navega.com, S.A

Description	Maturity	Currency	Interest rate	Amount outstanding 'S$'000 2022	Amount outstanding 'S$'000 2021
Banco Agromercantil de Guatemala, S.A.	2027	GTQ	Adjusted	49,349	50,200

Servicios Innovadores de Comunicación y Entretenimiento, S.A.

Description	Maturity	Currency	Interest rate	Amount outstanding 'S$'000 2022	Amount outstanding 'S$'000 2021
Banco Industrial, S.A.	2025	GTQ	Fixed	—	60,523
Banco G&T Continental, S.A.	2026	GTQ	Fixed	35,022	35,626
Banco de Desarrollo Rural, S.A..	2027	GTQ	Fixed	59,497	—

Total bank financing……………………………………………….	**594,991**	**605,250**

The interest expense for the years ended December 31, 2022 and 2021, respectively, is comprised as follow:

US$ '000	2022	2021
Bond's interest (i)....……………...…………………….…………...………	42,157	—
Banks's interest.……………….…………………………………………….	37,687	28,226
Lease interest.………………………………………………………… ……	17,123	17,915
Other.……………………………………………………..........................	(1,338)	5,771
Total interest expense on debt……………………………………...	**95,629**	**51,912**

(i) Interest expense is higher in the period ended December 31, 2022, compared to last year, as a result of the issuance of Senior Notes due in 2032.

On December 10, 2021, the Combined Group contracted new local bank loans for a total of Q1,450 million ($187.6 million using the December 10, 2021 GTQ/USD exchange rate of 7.73) with term ranging from four to five years and with an effective interest rate of 6%.

On April 27, 2022, the Combined Group entered into a new local bank loan with Banco de Desarrollo Rural, S.A. for Q1,200 million ($156.9 million using the April 27, 2022 GTQ/USD exchange rate of 7.65) for 5-year term with a fixed interest rate of 6%. The proceed from this new local bank loan was used to repay the local bank loan with Banco Industrial for an amount of Q1,200 million dated October 10, 2020 with an interest range rate within 6.2% and 7.2%.

17. OTHER DEBT AND FINANCING (Continued)

Fair value of financial liabilities

Borrowings are recorded at amortized cost. The fair value of borrowings as of December 31, 2022 and 2021 is as follows:

US$ '000	2022	2021
Other debt and financing (i)………………………………………	1,324,214	605,358

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

The carrying value of the other financial liabilities is assumed to approximate their fair values (see note 29).

Pledged assets

As of December 31, 2022 there were no pledged deposits (2021: $1.6 million).

18. NET FINANCIAL OBLIGATION

The net financial obligation for the years ended December 31, 2022 and 2021, respectively, is comprised as follow:

	Assets	Liabilities from financing activities		
US$ '000	Cash and cash equivalents	Other debt and financing	Lease Liabilities	Total
At January 1, 2021…..........................	**188,542**	**413,404**	**229,290**	**454,152**
Cash flows. ……………………………....	(35,394)	187,706	(28,236)	194,864
Scope changes…………………………..	—	—	—	—
Addition/Modifications…...……………...	—	—	2,593	2,593
Foreign exchange movements…….…....	(190)	5,148	(580)	4,758
Other non-cash movements…...............	—	(1,008)	—	(1,008)
As of December 31, 2021…................	**152,958**	**605,250**	**203,067**	**655,359**
Cash flows. ……………………………....	10,369	890,259	(31,863)	848,027
Scope changes…………………………..	—	(18,830)	—	(18,830)
Addition/Modifications…...……………...	—	—	22,745	22,745
Foreign exchange movements…….…....	(1,232)	(22,551)	(109)	(21,428)
Other non-cash movements…...............	—	11,350	—	11,350
As of December 31, 2022…................	**162,095**	**1,465,478**	**193,840**	**1,497,223**

19. PAYABLES AND ACCRUALS FOR CAPITAL EXPENDITURE

Payables and accruals for capital expenditure as of December 31 of each year comprise:

US$ '000	2022	2021
Payables for tangible assets………………………………………..	13,463	6,816
Payables for intangible assets……………………………………..	3,595	8,858
Accruals for intangible assets………………………………………	3,167	9,297
Accruals for tangible assets………………………………………...	2,634	8,513
Total……………………………………………………………...	**22,859**	**33,484**

20. TRADE PAYABLES

Trade payables as of December 31 of each year comprise:

US$ '000	2022	2021
T&E suppliers…..……………………………………………………..	22,527	22,235
Fixed operators………………………………………………………..	6,892	6,160
Network maintenance & IT costs…………………………………….	6,762	3,493
Programming & interconnection costs……………………………….	3,273	2,369
Advertising & promotions…………………………………………….	2,919	922
Others…………………………………………………………………	5,210	214
Total………………………………………………………………....	**47,5834**	**35,393**

The "others" caption contains the remaining all third-party suppliers of the Combined Group.

21. ACCRUED INTEREST AND ACCRUED EXPENSES

Accrued expenses and accrued interest as of December 31 of each year comprise:

US$ '000	2022	2021
Accrued interest expenses..……………………………………….....	20,417	1,674
Accruals for employee related costs…..…………………………..…....	17,655	17,448
Accruals for programming and advertising costs..………..………	13,410	11,122
Accruals for network maintenance…………………………..……....	7,204	9,884
Accruals for interconnection costs.……………………..……………....	5,172	5,855
Other accrued expenses……………………………………………...	7,805	10,443
Total……………………………………………………………......	**71,663**	**56,426**

The "other accrued expenses" caption relates to various accruals.

22. CONTRACT LIABILITIES

Contract liabilities as of December 31 of each year comprise:

US$ '000	2022	2021
Deferred revenue..…………………………………………………….	38,063	37,037
Contract liabilities.……………………………………………………..	1,069	978
Total…………………………………………………………………	**39,132**	**38,015**

23. NON-CURRENT AND CURRENT PROVISIONS AND OTHER LIABILITIES

Provisions and other non-current liabilities as of December 31 of each year comprise:

US$ '000	2022	2021
Long-term portion of asset retirement obligations…….……………..	47,398	56,188
Other non-current liabilities………………………………………….	4,698	476
Provisions (non-current) ………………………………………………..	531	37
Non-current litigation provisions (see note 26) ……………………….	51	51
Total…………………………………………………………………	**52,678**	**56,752**

Provisions and other current liabilities as of December 31 of each year comprise:

US$ '000	2022	2021
Customer and distributor restricted cash balances…………………	6,657	7,043
Current provisions……………………………………………………….	3,014	2,085
Customer deposits…………………………………………………….	2	39
Other……………………………………………………………………	20,372	17,485
Total…………………………………………………………………	**30,045**	**26,652**

24. DIVIDENDS

The ability of the Combined Group to make dividend payments is subject to, among other things, the terms of indebtedness, legal restrictions and the ability to repatriate funds. In 2022, the entities of the Combined Group declared dividends of $469 million (2021: $366 million) which are usually paid over two fiscal years.

US$ '000	2022	2021
Dividends offset with accounts receivable from related parties……	416,907	322,695
Payment of dividends…………………………………………………...	26,603	25,124
Income tax withheld on dividends paid……………………………….	23,637	18,276
Exchange rate movement…………………………………………….	1,659	7
Total…………………………………………………………………	**468,806**	**366,102**

25. NON-CASH INVESTING AND FINANCING ACTIVITIES

The following table gives details of non-cash investing and financing activities as of December 31 of each year.

US$ '000	2022	2021
Investing activities…………………………………………………		
Change in asset retirement obligations (see note 9) ……………….	(2,203)	7,979
Financing activities………………………………………...…………		
Right-of-use assets – additions (see note 10) ……………………….	11,138	8,567
Dividends offset with accounts receivable from related parties (see note 24) …………………………………………………...…….	416,907	322,695

26. COMMITMENTS AND CONTINGENCIES

Operational environment

The Combined Group operates in Guatemala, 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, the Combined Group faces uncertainties regarding taxation, interconnect rate, license renewal and tariff arrangements, which can have a significant impact on the long-term economic viability of operations.

Litigation and legal risks

The Tigo Guatemala are contingently liable with respect to lawsuits and other matters that arise in the normal course of business. Management is of the opinion that while it is impossible to ascertain the ultimate legal and financial liability with respect to these claims, the ultimate outcome of these contingencies is not anticipated to have a material effect on the Combined Group's financial position and operations.

Tax claims

As of December 31, 2022, Navega.Com, S.A. is disputing through an administrative process an adjustment made by the Tax Authorities in regards with the goodwill amortization of approximately $21.9 million related with business combinations completed in 2011 with an effective date on January 1, 2012. Since the process is in an intermediate stage, no provision has been deemed necessary as of December 31, 2022.

In 2007, the tax authorities made an adjustment regarding the stamp tax on dividend distributions made by Comunicaciones Celulares, S.A., to its shareholders in that year. The tax position resulting from the adjustment has been resolved in different ways by the courts, sometimes in favor of the taxpayers, however recently it has solved in favor of the tax authorities. Based on the latest jurisprudence, management decided to recognize, in June 2020, a provision for $7.3 million. Such provision includes the total adjustment plus a portion of fines and interest and represents management's best estimate of the outcome. This case is in the judicial phase at the Guatemalan Supreme Court.

Capital commitments

As of December 31, 2022, the Combined Group had fixed commitments to purchase network equipment, land and buildings and other fixed assets for $90 million (2021: $63 million), from various suppliers.

27. RELATED PARTY TRANSACTIONS AND BALANCES

Millicom Group subsidiaries

The Combined Group receives business support and financing from various Millicom Group entities including MIC the ultimate holding company, Millicom International II NV ("MIC IINV") and Millicom International Operations S.A. ("MIO S.A.").

The Combined Group also recharges to other Millicom Group entities certain services performed on their behalf.

As from November 12, 2021, Millicom owns 100% equity interest in Tigo Guatemala. acquired the remaining 45% equity interest in its joint venture business in Guatemala (collectively, "Tigo Guatemala") from Miffin for $2.2 billion in cash. As a result, Millicom owns 100% equity interest in Tigo Guatemala.

27. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Miffin Associates Corp

Transactions with Miffin shareholder until November 12, 2021, date on which Miffin ceased to be a related party represented recurring commercial operations such as purchase of handsets, lease of buildings and sites and sale of airtime.

The Combined Group have the following balances with related parties as of December 31, 2022, and December 31, 2021, respectively:

US$ '000	As of December 31, 2022	As of December 31, 2021
Non-current assets		
Millicom International II NV …………………………………………..	293,500	—
Others…………………………………………………………………..	10	10
Total……………………………………………………………………	**293,510**	**10**
Current assets		
Millicom International II NV(i)……………………………………...	983,328	159,984
MIC S.A………………………………………………………………...	3,065	187,923
Other MIC group………………………………………………………	7,814	3,332
Total……………………………………………………………………	**994,207**	**351,239**
Current liabilities		
Millicom Spain, S.L.…………………………………………………	2,265	826
Millicom Cable Costa Rica, S.A. …………………………………..	2,125	2,651
MIC, S.A..………………………………………………………………	1,354	2,826
Other MIC group………………………………………………………	5,829	2,942
Total……………………………………………………………………	**11,573**	**9,245**

(i) As of December 31, 2022, the balance includes the Senior Notes net proceeds of $891.3 million upstreamed to Millicom Group following its receipt as of February 3, 2022. The receivable balance represents shareholder advance loans that are due in 2023 and 2024

The following significant transactions were conducted with related parties for the twelve-month period ended December 31, 2022, and 2021, respectively:

US$ '000	Twelve months ended December 31, 2022	Twelve months ended December 31, 2021
Income		
Sale of goods and services Miffin (i)...……………………………	—	298,507
Sale of goods and services MIC holdings (ii)……………………	36,580	4,766
Sale of goods and services MIC others………………………….....	7,260	6,459
Total…………………………………………………………...………	**43,840**	**309,732**
Expenses		
Purchases of goods and services Miffin (i)...............................	—	164,542
Purchase of goods and services MIC holdings…………………	1,104	1,006
Purchases of goods and services MIC others…………………...	19,165	18,806
Total…………………………...…………………………...………..	**20,269**	**184,354**

(i) Since November 12, 2021, Miffin entities are not considered as related parties.
(ii) Mainly include interest income on loan receivables.

27. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are secured for intercompany receivables amounting to $1,276.8 million (2021: $347,907), operating receivables and payables with related parties do not generate interest and are settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2022 and 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The interest income for the years ended December 31, 2022 and 2021, respectively, is comprised as follow:

US$ '000	twelve months ended December 31, 2022	twelve months ended December 31, 2021
Interest income - Intercompany (i)...	35,668	3,840
Interest income - Banks…..	2,069	2,065
Other interest income.………………….....................................	3,920	2,517
Total Interest income…………………………………………	**41,657**	**8,422**

(i) The increase for the period ended December 31, 2022 is mainly due to the Senior Notes net proceeds of $891.3 million upstreamed to Millicom Group following its receipt as of February 3, 2022.

28. FINANCIAL RISK MANAGEMENT

Terms, conditions and risk management policies

Exposure to interest rate, foreign currency, non-repatriation, liquidity and credit risks arise in the normal course of the Combined Group's business. Financial risk management is performed at MIC Group level, where each of these risks are analyzed individually on a MIC Group consolidated level as well as on an interconnected basis. The MIC Group defines and implements strategies to manage the economic impact on the MIC Group's performance in line with its financial risk management policy. MIC Group's risk management strategies may include the use of derivatives. MIC Group's policy is prohibiting the use of such derivatives in the context of speculative trading as presented in its financial statements.

Interest rate risk

Interest rate risk generally arises on borrowings. Borrowings issued at fixed rates expose the Combined Group to fair value interest rate risk. Since the bond and bank loans issuance (see note 17), the Combined Group's exposure to risk of changes in market interest rates relates to fair value interest rate risk only.

The table below summarizes, as of December 31, 2022, the Combined Group's fixed rate debt:

US$ '000, except percentages	Amounts due within						
	1 year	1-2 year	2-3 years	3-4 years	4-5 years	>5 years	Total
Fixed rate....................	7,960	7,960	305,264	71,636	202,173	870,487	**1,465,478**
Weighted average nominal interest rate.....	6.000%	6.000%	6.121%	6.000%	6.000%	5.125%	5.505%

28. FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes, as of December 31, 2021, the Combined Group's fixed rate debt:

US$ '000, except percentages	Amounts due within						
	1 year	1-2 year	2-3 years	3-4 years	4-5 years	>5 years	Total
Fixed rate....................	—	—	8,097	8,097	465,985	123,071	**605,250**
Weighted average nominal interest rate.....	—	—	6.000%	6.000%	6.287%	5.898%	6.200%

Foreign currency risk

The Combined Group operates in Guatemala and is exposed to foreign exchange risk arising from the currency exposure in Guatemala Quetzal. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

Foreign currency risk management is performed at MIC Group level. The MIC Group seeks to reduce its foreign currency exposure through a policy of matching, as far as possible, assets and liabilities denominated in foreign currencies. In some cases, the Combined Group may borrow in US Dollars where it is either commercially more advantageous for subsidiaries to incur debt obligations in US Dollars or where US Dollar denominated borrowing is the only funding source available to a subsidiary. In these circumstances, the MIC Group accepts the remaining currency risk associated with financing its subsidiaries, principally because of the relatively high cost of forward cover, when available, in the currencies in which the MIC Group operates.

As of December 31, 2022, if the US Dollar had weakened/strengthened by 10% against the Quetzal and all other variables held constant, then profit before tax would have increased/decreased by $62 million, and $51 million, respectively (2021: $64 million and $52 million, respectively). This increase/decrease in profit before tax would have mainly been as a result of the revaluation of the debts from US Dollar to Quetzal.

Credit and counterparty risk

Financial instruments that potentially subject the Combined Group to credit risk are primarily cash and cash equivalents, letters of credit, trade receivables, amounts due from shareholders, supplier advances and other current assets. Counterparties to agreements relating to the Combined Group's cash and cash equivalents and letters of credit are with reputable financial institutions.

The Combined Group management does not believe there are significant risks of non-performance by these counterparties. Combined Group management has taken steps to diversify its banking partners and is managing the allocation of deposits across banks so that the Combined Group's counterparty risk with a given bank stays within limits which have been set based on each bank credit rating to avoid any significant exposure to a specific party.

A large portion of turnover comprises prepaid airtime. For customers for whom telecom services are not prepaid, each combined entity follows risk control procedures to assess the credit quality of the customer, taking into account its financial position, past experience and other factors.

Account receivables are mainly derived from balances due from other telecom operators or business-to-business customers. Credit risk of other telecom operators is limited due to the regulatory nature of the telecom industry, in which licenses are normally only issued to credit worthy companies. Credit checks are being performed for business-to-business customers. The Combined Group maintains a provision for impairment of trade receivables based upon expected collectability of all trade receivables.

As the Combined Group has a number of dispersed customers, there is no significant concentration of credit risk with respect to trade receivables.

28. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

Liquidity risk management is performed at the MIC Group level. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The MIC Group has incurred significant indebtedness but also has significant cash balances. The MIC Group evaluates its ability to meet its obligations on an ongoing basis using a recurring liquidity planning tool. This tool considers the operating net cash flows generated from its operations and the future cash needs for borrowing, interest payments, dividend payments and capital and operating expenditures required in maintaining and developing its operating businesses.

The Combined Group borrowings are concentrated with five bank loans and a Senior Note (see note 17). Combined Group management believes that there is sufficient liquidity available to meet ongoing liquidity needs.

The tables below summarize the maturity profile of the Combined Group's net financial liabilities:

Year ended December 31, 2022

US$ '000	Less than 1 year	1 to 5 years	>5 years	Total
Other debt and financing (see note 17)	7,960	587,031	870,487	1,465,478
Lease liabilities (see note 18)	35,989	115,845	42,005	193,839
Cash and cash equivalents (see note 14)	(162,095)	—	—	(162,095)
Net (cash) debt	**(118,146)**	**702,876**	**912,492**	**1,497,222**
Future interest commitments on debt	79,103	263,594	184,403	527,100
Future interest commitments on leases	15,210	33,614	12,714	61,538
Trade payables (excluding accruals) (see notes 19 and 20)	64,641	—	—	64,641
Other financial liabilities (including accruals) (see notes 19, 21 and 27)	89,038	—	—	89,038
Trade receivables (see note 12)	(44,550)	—	—	(44,550)
Other financial assets (i)	(1,025,415)	—	—	(1,025,415)
Net financial (assets) liabilities	**(940,119)**	**1,000,084**	**1,109,609**	**1,169,574**

(i) Mainly relates to amounts due from related parties (see note 27)

Year ended December 31, 2021

US$ '000	Less than 1 year	1 to 5 years	>5 years	Total
Other debt and financing (see note 17)	—	482,179	123,071	605,250
Lease liabilities (see note 18)	28,589	117,101	57,377	203,067
Cash and cash equivalents (see note 14)	(152,958)	—	—	(152,958)
Net (cash) debt	**(124,369)**	**599,280**	**180,448**	**655,359**
Future interest commitments on debt	37,527	124,183	5,773	167,483
Future interest commitments on leases	16,288	39,842	15,848	71,978
Trade payables (excluding accruals) (see notes 19 and 20)	51,067	—	—	51,067
Other financial liabilities (including accruals) (see notes 19, 21 and 27)	83,481	—	—	83,481
Trade receivables (see note 12)	(52,029)	—	—	(52,029)
Other financial assets	(424,932)	—	—	(424,932)
Net financial (assets) liabilities	**(412,967)**	**763,305**	**202,069**	**552,407**

28. FINANCIAL RISK MANAGEMENT (Continued)

Capital management

The primary objective of the Group's capital management is to ensure a strong credit rating and solid capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure with reference to local economic conditions. The Combined Group primarily monitors capital using net financial obligations to EBITDA.

29. FINANCIAL INSTRUMENTS

The fair value of the Combined Group's financial instruments is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value measurement hierarchy

IFRS 7 requires for financial instruments that are measured in the combined statement of financial position at fair value, the disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As of December 31, 2022 and 2021, the Combined Group does not own any financial instruments that are measured at fair value.

The fair value of all financial assets and all financial liabilities except debt and financing, approximate their carrying value largely due to the short-term maturities of these instruments. Refer to note 17 for further details on fair value of debt and financing. The fair values of other debt and financing have been estimated by the Combined Group management based on discounted future cash flows at market interest rates (level 2).

30. SUBSEQUENT EVENT

Potential acquisition

On January 25, 2023, Millicom confirmed a potential acquisition of all outstanding shares in Millicom is being discussed with Apollo Global Management and Claure Group. There is no certainty that a transaction will materialize nor as to the terms, timing or form of any potential transaction.

Labor Claim

During the first quarter of 2023, we were notified with respect to certain labor claims from former executives of the Combined Group, which are at the first judicial stage before a Guatemalan court and pending the initial hearing. These claims are in the process of strategical analysis by our legal advisors since not all the rationales seem to be viable. Accordingly, currently the Combined Group nor the legal advisors are able to estimate any potential losses or future cash out lays, if any.

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