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

**For the six-month period ended June 30, 2023**

**August 28, 2023**

## Unaudited interim condensed consolidated statement of comprehensive income for the six-month period ended June 30, 2023

| PYG millions | Notes | Six-months ended June 30, 2023 | Six-months ended June 30, 2022 |
|---|---|---|---|
| Revenue | | 2,032,891 | 1,906,745 |
| Cost of sales | | (510,879) | (478,890) |
| **Gross profit** | | **1,522,012** | **1,427,855** |
| Operating expenses (i) | | (742,727) | (709,600) |
| Depreciation | | (332,118) | (309,044) |
| Amortization | | (175,686) | (159,977) |
| Other operating income (expenses), net | | 16,170 | 2,676 |
| **Operating profit** | | **287,651** | **251,910** |
| Interest expense | | (256,528) | (216,714) |
| Interest and other financial result, net | | 5,232 | 742 |
| Exchange gain (loss), net | | 29,346 | 23,917 |
| **Profit before taxes** | | **65,701** | **59,855** |
| Charge for taxes, net | | (11,103) | (18,512) |
| **Profit for the period** | | **54,598** | **41,343** |
| **Attributable to:** | | | |
| Owners of the company | | 54,262 | 41,120 |
| Non-controlling interest (ii) | | 336 | 223 |

| PYG millions | Notes | Six-months ended June 30, 2023 | Six-months ended June 30, 2022 |
|---|---|---|---|
| Profit for the period | | 54,598 | 41,343 |
| **Other comprehensive income (to be reclassified to statement of income in subsequent periods), net of tax** | | | |
| Change in value of cash flow hedges, net of tax effects | | — | **(681)** |
| **Total comprehensive income (loss) for the period** | | **54,598** | **40,662** |
| **Attributable to:** | | | |
| Owners of the company | | 54,262 | 40,439 |
| Non-controlling interest (ii) | | 336 | 223 |

*(i) As of June 30, 2023, operating expenses include recharges of Value-creating fees (VCF) for the support services provided by Millicom to the Group for PYG 127,262 million (June 30, 2022: PYG 141,078 million).*

*(ii) Comparative figures have been restated as a result of the recognition of non-controlling interest.*

# Unaudited interim condensed consolidated statement of financial position as at June 30, 2023

| PYG millions | Notes | June 30, 2023 | December 31, 2022 (audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible assets, net | 5 | 3,120,445 | 3,242,412 |
| Property, plant and equipment, net | 4 | 2,384,220 | 2,432,874 |
| Right of use assets | | 615,681 | 632,959 |
| Contract costs, net | | 54 | 114 |
| Other non-current assets | | 46,451 | 46,599 |
| **TOTAL NON-CURRENT ASSETS** | | **6,166,851** | **6,354,959** |
| | | | |
| **CURRENT ASSETS** | | | |
| Inventories, net | | 51,543 | 28,094 |
| Trade receivables, net | | 313,148 | 308,799 |
| Contract assets, net | | 30,971 | 35,956 |
| Amounts due from related parties | 8 | 17,485 | 13,934 |
| Prepayments and accrued income | | 154,532 | 126,398 |
| Supplier advances for capital expenditure | | 18,654 | 34,850 |
| Other current assets | | 82,788 | 122,533 |
| Restricted cash | | 173,933 | 176,757 |
| Cash and cash equivalents | | 465,036 | 539,636 |
| **TOTAL CURRENT ASSETS** | | **1,308,090** | **1,386,956** |
| **TOTAL ASSETS** | | **7,474,941** | **7,741,915** |

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

# Unaudited interim condensed consolidated statement of financial position as at June 30, 2023 (continued)

| PYG millions | Notes | June 30, 2023 | December 31, 2022 (audited) |
|---|---|---|---|
| **EQUITY AND LIABILITIES EQUITY** | | | |
| Share capital and premium | | 327,245 | 327,245 |
| Legal reserve | | 50,110 | 50,110 |
| Other reserves | | 85,537 | 81,122 |
| Retained profits | | 80,872 | 171,405 |
| Profit (loss) for the period/year attributable to owners of the | | 54,262 | (90,533) |
| **Equity attributable to owners of the Company** | | **598,026** | **539,349** |
| Non-controlling interest | | 1,671 | 1,335 |
| **TOTAL EQUITY** | | **599,697** | **540,684** |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Debt and financing | 6 | 4,658,481 | 4,700,109 |
| Lease liabilities | | 626,537 | 634,482 |
| Provisions and other non-current liabilities | | 231,110 | 268,809 |
| Deferred tax liabilities | | 58,558 | 56,714 |
| **Total non-current liabilities** | | **5,574,686** | **5,660,114** |
| **Current liabilities** | | | |
| Debt and financing | 6 | 236,667 | 283,858 |
| Payables and accruals for capital expenditure | | 193,427 | 344,929 |
| Lease liabilities | | 156,850 | 153,044 |
| Other trade payables | | 120,603 | 125,495 |
| Amounts due to related parties | 8 | 27,393 | 32,552 |
| Accrued interest and other expenses | | 199,606 | 212,477 |
| Current income tax liabilities | | 10,469 | 7,706 |
| Contract liabilities | | 50,007 | 60,502 |
| Provisions and other current liabilities | | 305,536 | 320,554 |
| **Total current liabilities** | | **1,300,557** | **1,541,117** |
| **TOTAL LIABILITIES** | | **6,875,244** | **7,201,231** |
| **TOTAL EQUITY AND LIABILITIES** | | **7,474,941** | **7,741,915** |

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

# Unaudited interim condensed consolidated statement of cash flows for the six-month period ended June 30, 2023

| PYG millions | Notes | June 30, 2023 | June 30, 2022 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before taxes from continuing operations | | **65,701** | **59,855** |
| **Adjustments to reconcile to net cash:** | | | |
| Interest expense, net | | 256,528 | 216,714 |
| Interest and other financial income | | (5,232) | (742) |
| Exchange loss (gain) on foreign exchange | | (29,346) | (23,917) |
| **Adjustments for non-cash items:** | | | |
| Depreciation and amortization | | 507,804 | 469,021 |
| Gain on disposal and impairment of assets, net | | (16,170) | (2,676) |
| Shared based compensation | | 4,116 | 3,422 |
| **Changes in working capital:** | | | |
| Increase (Decrease) in trade receivables, prepayments and other current assets | | (101,327) | (147,962) |
| Increase (Decrease) in inventories | | (23,449) | (8,609) |
| Increase (Decrease) in trade and other payables | | 20,874 | 84,365 |
| Changes in contract assets, liabilities and costs, net | | (2,209) | (2,239) |
| **Total changes in working capital** | | **(106,111)** | **(74,445)** |
| Interest paid | | (200,452) | (203,547) |
| Interest received | | 5,207 | 2,456 |
| Taxes paid | | (4,343) | (34,825) |
| **Net cash provided by operating activities** | | **477,702** | **411,316** |
| **Cash flows from investing activities:** | | | |
| Purchase of intangible assets and licenses | | (134,879) | (256,634) |
| Proceeds from sale of intangible assets | **4, 5** | — | 2,075 |
| Purchase of property, plant and equipment | | (330,238) | (231,411) |
| Proceeds from sale of property, plant and equipment | **4, 5** | 193 | 14,563 |
| Debt and other financing (granted to) obtained from related parties, | | (7,000) | 125 |
| **Net cash used in investing activities** | | **(471,924)** | **(471,282)** |
| **Cash flows from financing activities:** | | | |
| Repayment of debt and financing | | (46,233) | (46,233) |
| Repayment of Leases | | (33,840) | (27,042) |
| **Net cash provided by (used in) financing activities** | | **(80,073)** | **(73,275)** |
| Exchange impact on cash and cash equivalents, net | | (305) | 1,117 |
| **Net increase (decrease) in cash and cash equivalents** | | **(74,600)** | **(132,124)** |
| Cash and cash equivalents at the beginning of the year | | 539,636 | 1,051,928 |
| **Cash and cash equivalents at the end of the period** | | **465,036** | **919,804** |

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

# Unaudited interim condensed consolidated statements of changes in equity for the six-month period ended June 30, 2023 and June 30, 2022

| PYG millions | Number of shares | Share Capital | Retained profits | Legal reserves | Other Reserves | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance as of December 31, 2021 (audited)** | **10,272** | **327,245** | **253,491** | **50,110** | **74,997** | **1,268** | **707,111** |
| Total comprehensive income for the period | — | — | 6,699 | — | — | 223 | 6,922 |
| Share based compensation | — | — | — | — | 1,938 | — | 1,938 |
| **Balance as of June 30, 2022 (unaudited)** | **10,272** | **327,245** | **260,190** | **50,110** | **76,935** | **1,491** | **715,971** |
| | | | | | | | |
| **Balance as of December 31, 2022 (audited)** | **10,272** | **327,245** | **80,872** | **50,110** | **81,122** | **1,335** | **540,684** |
| Total comprehensive income for the period | — | — | 54,262 | — | 299 | 336 | 54,897 |
| Share based compensation | — | — | — | — | 4,116 | — | 4,116 |
| **Balance as of June 30, 2023 (unaudited)** | **10,272** | **327,245** | **135,134** | **50,110** | **85,537** | **1,671** | **599,697** |

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

# Notes to the unaudited interim condensed consolidated financial statements

## 1. GENERAL

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

The general administration of the Company is located at Avda. Zavalas Cué esq. Artillería, Fernando De La Mora, Paraguay.

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

## 2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES

### *I. Basis of presentation*

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

These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the December 31, 2022 consolidated financial statements, except for the changes described below.

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

***Impact on our business***

Global growth is projected to slow down in 2023-2024 due to central banks' interest rate hikes to combat inflation. Inflation is expected to decrease globally and immediate financial risks eased with debt ceiling raise in the US and measures to stabilize banking. Despite moderation, downside risks persist: high inflation, renewed conflicts, financial turbulence, China's housing woes, and sovereign debt overhang.

Inflation in Paraguay has decreased, closing Q2 2023 with a year-on-year inflation of 4.2%,compared to Q2 2022 which had closed with 11.5%. The improvement is influenced by reduced fruit, vegetable, and fuel prices.The central bank maintained the policy rate at 8.50%, noting the downward trajectory of inflation. A USD 500 million 10-year sovereign bond was issued, receiving strong demand. GDP growth is projected between 4%-6%, with inflation forecasted between 4%-5%, driven by a robust currency and prudent monetary stance.

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

### *III. New and amended IFRS standards*

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

◦ 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.

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

◦ 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 Group has been applying the so-called "Linked transaction approach" in the calculation of deferred taxes related to leases (and ARO) since the adoption of IFRS 16 (in compliance with these amendments). Therefore, the adoption of these amendments did not have an impact for the Group.

Amendments to standards effective for annual periods starting on January 1, 2023:

◦ Amendments to IAS 12, 'Income taxes: International Tax Reform – Pillar Two Model Rules': These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Cooperation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. This amendment is not applicable for interim periods ending on or before December 31, 2023. The potential impact of the adoption of these amendments is currently being assessed by Management.

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

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

◦ 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.

◦ Amendments to IAS 7, 'Statement of Cash Flows' and IFRS 7, 'Financial Instruments: Disclosures: Supplier Finance Arrangements': These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

### *IV. Change in accounting estimate*

During the six-month period ended June 30, 2023, the estimated useful lives of some property, plant and equipment were revised. As a result, the estimated useful lives of the Group's towers, poles and ducts were changed from 15 to 25 years, while the related civil works' useful lives were increased from 10 to 15 years. These changes are considered as a change in accounting estimate per IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and are therefore accounted for prospectively, meaning that no changes should be accounted for past periods. This also applies to assets that are fully depreciated – and for which no new cost should be reset. i.e., they remain fully depreciated.

For the full year 2023, the expected net effect of the changes is a decrease in depreciation expense of approximately PYG 4,473 million (USD 616k) compared to what we expected the depreciation charge to be using previous estimated useful lives. Management considers it is impracticable to estimate the net effect of the changes in depreciation for the future years.

This change in accounting estimate also affects the lease right-of-use assets (for those being depreciated over the shorter of useful life and lease term) and on asset retirement obligation provisions. Though, its impact is immaterial.

## 3. ACQUISITION OF SUBSIDIARIES

***Acquisitions for the six-month periods ended June 30, 2023 and 2022.***

There were no material acquisitions during the six-month periods ended June 30, 2023 and 2022.

## 4. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended June 30, 2023, the Group added property, plant and equipment for PYG 254,765 million (June 30, 2022: PYG 217,897 million) and paid PYG 193 million in cash from disposal of property, plant and equipment (June 30, 2022: PYG 14,563 million).

## 5. INTANGIBLE ASSETS

During the six-month period ended June 30, 2023, the Group added intangible assets for PYG 53,638 million (June 30, 2022: PYG 122,310 million) and did not receive proceeds from sale of intangible assets (June 30, 2022: PYG 2,075 million).

## 6. FINANCIAL OBLIGATIONS

***Debt and Financing***

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

In April 2019, Telecel issued USD 300 million (PYG 2,179,815 million, using June 30, 2023 exchange rate) 5.875% Senior Notes due 2027 (the "Telecel 2027 Notes"). The Telecel 2027 Notes bear interest at 5.875% p.a., payable semi-annually in arrears on April 15th and October 15th of each year, starting on October 15th, 2019. The net proceeds of the Telecel 2027 Notes were used to finance the purchase of the Telecel 2022 Notes.

On January 28, 2020, Telecel issued at a premium USD 250 million (PYG 1,816,513 million, using June 30, 2023 exchange rate) of 5.875% Telecel 2027 Notes (the "New Notes"), representing an additional issuance from the Senior Notes described above. The New Notes are treated as a single class with the initial notes and were priced at 106.375 for an implied yield to maturity of 4.817%. The corresponding USD 15.9 million premium received will be amortized over the Senior Notes maturity.

On November 4, 2022, Telecel announced a tender offer (early tender consideration for USD 927.5 (PYG 6,695,706, using November 30, 2022 exchange rate) for each USD 1,000 (PYG 7,219,090 million, using November 30, 2022 exchange rate) principal amount of notes) to purchase for cash up to USD 55 million (PYG 397,050 million, using November 30, 2022 exchange rate) in aggregate principal amount of the Senior Notes. On November 20, 2022, Telecel announced that approximately USD 47 million (PYG 339,297 million, using November 30, 2022 exchange rate) 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 USD 44 million (PYG 317,640 million, November 30, 2022 exchange rate) with a net financial income impact of USD 3 million (PYG 21,657 million, using November 30, 2022 exchange rate) given the Notes were repurchased below their par value.

***Paraguayan Stock Exchange bonds issue***

In June 2019, Telecel registered to issue bonds on the Paraguayan stock market. Telecel registered a bond program for PYG 300,000 million (approximately USD 41.3 million, using June 30, 2023 exchange rate) that has been launched in different series from 5 years to 10 years.

The first three series were launched on June 5th, 2019 for PYG 230,000 million (USD 31.7 million, using June 30, 2023 exchange rate). They were registered and issued as follows: (i) PYG 115,000 million (USD 15.8 million, using June 30, 2023 exchange rate) at an 8.75% rate, due June 3rd, 2024; (ii) PYG 50,000 million (USD 6.9 million, using June 30, 2023 exchange rate) at a 9.25% rate, due May 29th, 2026; and (iii) PYG 65,000 million (USD 8.9 million, using June 30, 2023 exchange rate) at a 10% rate, due May 31st, 2029. In December 2019, Telecel issued two additional series for PYG 35,000 million (USD 4.8 million, using June 30, 2023 exchange rate) as follows: (iv) PYG 10,000 million (USD 1.4 million, using June 30, 2023 exchange rate) at a 9.25% rate, due December 30th, 2026; and (v) PYG 25,000 million (USD 3.4 million, using June 30, 2023 exchange rate) at a 10% rate, due December 24, 2029.

Additionally, in February 2020, Telecel completed the issuance of the remaining program with the following series: (vi) PYG 15,000 million (USD 2.1 million, using June 30, 2023 exchange rate) at a 9.25% rate, due by January 29th.

2027; and (vii) PYG 20,000 million (USD 2.8 million, using June 30, 2023 exchange rate) at a 10% rate, due by January 31st, 2030.

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

## 6. FINANCIAL OBLIGATIONS (Continued)

The fair value of Telecel´s financial instruments are shown at amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. 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. The fair values of all debt and financing have been estimated by the Group, based on discounted future cash flows at market interest rates.

In September 2021, still on the local market, Telecel registered a second bond program for PYG 1,040,700 million (USD 143.2 million using June 30, 2023 exchange rate) that has been issued partially on October 1, 2021 for the total amount of PYG 400,000 million bond (approximately USD 55.1, using June 30, 2023 exchange rate) in three series with fixed interest rates between 6% to 7.5% and a repayment period from 5 to 10 years. The first of three series were launched for PYG 98,000 million (USD 13.5 million, using June 30, 2023 exchange rate) at a 6.00% interest rate, due September 25, 2026; second emission for PYG 142,000 million (USD19.5 million, using June 30, 2023 exchange rate) at a 6.70% interest rate, due September 29, 2028; and the last of three series for PYG 160,000 million (USD 22.0 million, using June 30, 2023 exchange rate) at a 7.50% interest rate, due September 30, 2031.

Other than the items disclosed below, the fair values of financial assets and financial liabilities approximate their carrying values as at June 30, 2023:

| PYG millions | Carrying Value | Fair Value (i) | Carrying Value | Fair Value (i) |
|---|---|---|---|---|
| | As at June 2023 | As at June 2023 | As at December 2022 | As at December 2022 |
| Debt and financing denominated in USD | 3,685,398 | 3,397,973 | 3,729,573 | 3,615,261 |
| Debt and financing denominated in PYG | 1,209,750 | 987,144 | 1,254,395 | 980,619 |
| **Total debt and financing** | **4,895,148** | **4,385,117** | **4,983,967** | **4,595,880** |

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

***Bank and external financing***

| PYG millions | Issuance date | Maturity date | Initial amount | As at June 30, 2023 | As at December 31, 2022 |
|---|---|---|---|---|---|
| Banco Regional S.A.E.C.A. | 07/2018 | 06/2025 | 115,000 | 56,417 | 67,646 |
| Banco GNB Paraguay S.A. | 01/2019 | 11/2025 | 177,000 | 66,161 | 65,205 |
| Banco Continental S.A.E.C.A. | 09/2019 | 09/2026 | 370,000 | 184,859 | 211,207 |
| Banco Continental S.A.E.C.A. | 12/2020 | 12/2023 | 200,000 | — | 179,892 |
| Banco GNB Paraguay S.A. | 12/2021 | 11/2024 | 50,000 | 25,000 | 33,333 |
| Banco Continental S.A.E.C.A. | 06/2023 | 05/2028 | 180,000 | 180,000 | — |
| **Bank and external financing** | | | | **512,437** | **557,283** |

***Analysis of debt and other financing by maturity***

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

| PYG millions | As at June 30, 2023 | As at December 31, 2022 |
|---|---|---|
| Due within: | | |
| One year | 236,667 | 283,858 |
| One-two years | 164,533 | 242,867 |
| Two-three years | 159,960 | 92,751 |
| Three-four years | 3,879,675 | 210,807 |
| Four-five years | 45,000 | 3,744,572 |
| After five years | 409,313 | 409,112 |
| **Total debt** | **4,895,148** | **4,983,967** |

## 6. FINANCIAL OBLIGATIONS (Continued)

***Covenants***

The Group's financing facilities are subject to a number of covenants including net leverage ratio, debt service coverage ratios, debt to earnings ratios, and cash levels. In addition, certain of its financings contain restrictions on sale of businesses or significant assets within the businesses. At June 30, 2023, there were no breaches in financial covenants.

## 7. COMMITMENTS AND CONTINGENCIES

***Litigation & claims***

The Company and its subsidiaries are contingently liable with respect to lawsuits, legal, regulatory, commercial and other legal risks that arise in the normal course of business. As of June 30, 2023, the total amount of provisions of claims brought Telecel and its subsidiaries is PYG 41,883 million (December 31, 2022: PYG 40,566 million).

As of June 30, 2023 the total amount of provisions related to claims against Telecel and its subsidiaries was PYG 6,901 million (December 31, 2022: PYG 7,734 million). While it is not possible to ascertain the ultimate legal and financial liability with respect to these claims, the ultimate outcome is not anticipated to have a material effect on the Group's financial position and operations.

***Taxation***

At June 30, 2023, the tax risks exposure of the Group's subsidiaries is estimated at PYG 1,216,926 million, for which provisions of PYG 8,320 million have been recorded in tax liabilities; representing the probable amount of eventual claims and required payments related to those risks (December 31, 2022: PYG 1,261,201 million of which provisions of PYG 8,320 million were recorded).

***Capital commitments***

At June 30, 2023, the Company had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of PYG 337,558 million (December 31, 2022: PYG 349,413 million).

## 8. RELATED PARTY TRANSACTIONS

The Group receives business support and financing from Millicom Group entities ("Non-Paraguayan companies"). "Other Paraguayan operations" include only transactions with Transcom S.A:

| PYG millions (unaudited) | Six-months ended June 30, 2023 | Six-months ended June 30, 2022 |
|---|---|---|
| **Expenses** | | |
| Millicom - Non-Paraguayan companies (i) | 135,667 | 148,782 |
| **Total** | **135,667** | **148,782** |

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

| PYG millions (unaudited) | Six-months ended June 30, 2023 | Six-months ended June 30, 2022 |
|---|---|---|
| **Income / Gains** | | |
| Millicom – Other Paraguayan operations | 1,209 | — |
| Millicom - Non-Paraguayan companies (i) | 11,455 | 9,643 |
| **Total** | **12,664** | **9,643** |

*(i) Mainly DTH Teleport services, wholesale services.*

## 8. RELATED PARTY TRANSACTIONS (Continued)

As at June 30, 2023, the Group had the following balances with related parties:

| PYG millions | At June 30, 2023 | December 31, 2022 (audited) |
|---|---|---|
| **Receivables - Current** | | |
| Millicom – Other Paraguayan operations | 589 | 398 |
| Millicom – Non-Paraguayan companies (i) | 16,896 | 13,536 |
| **Total** | **17,485** | **13,934** |

| PYG millions | At June 30, 2023 | December 31, 2022 (audited) |
|---|---|---|
| **Payables - Current** | | |
| Millicom – Other Paraguayan operations | 4,036 | 4,173 |
| Millicom – Non-Paraguayan companies (ii) | 23,357 | 28,379 |
| **Total** | **27,393** | **32,552** |

*(i) Mainly Teleport services, wholesale services and payment of wages.*

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

## 9. SUBSEQUENT EVENTS

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

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