Tigo Guatemala Companies
Combined Financial Statements
For the years ended December 31, 2023 and 2022

April 29, 2024

INDEX TO COMBINED FINANCIAL STATEMENTS

Audited Combined Financial Statements of Tigo Guatemala Companies for the years ended December 31, 2023 and 2022.

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INDEPENDENT AUDITOR´S REPORT

To the Board of Directors and Shareholders of
Tigo Guatemala Companies

Opinion

We have audited the accompanying combined financial statements of Tigo Guatemala Companies (hereinafter “the Group” or “Tigo Guatemala”), which comprise the combined statement of financial position as of December 31, 2023, the combined income statements and statements of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and notes to the combined financial statements, including material accounting policy information.

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, 2023 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 (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the Auditor’s Responsibilities for the Audit of the combined financial statements section of our report. We are independent of Tigo Guatemala Companies in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”) and the ethical requirements that are relevant to our audit of the combined financial statements in Guatemala, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

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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.

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 included in Note 2.18 in respect to the accounting policies on revenue recognition.

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.

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Our audit procedures over revenue included, among others:

- We performed walkthroughs over the revenue cycle to gain an understanding of when the revenue should be recognized, 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 assessed the prepaid consumption generated during the first fortnight of January 2024 as part of the deferred audit (cut-off testing).

2. Pressure on management to reach EBITDA targets and/or improve EBITDA

Risk Identified

Pressure on management to reach targets and/ or improve EBITDA through improper capitalization of intangible related costs such as license costs and frequency costs outside EBITDA and through improper reclassification of taxes outside EBITDA.

Our answer

Our audit procedures over EBITDA included, among others:

- We evaluated the capitalization criteria applied and analysis prepared by management in particular relating to intangible (telecom license, frequency rights, and spectrum) capitalization.
- We evaluated that the classification of the costs including taxes above or below EBITDA are appropriate.
- We have performed a disaggregated analytical testing per type of revenue and category of expenses and comparison with prior year -PY- actuals and budgets.
- Compared “key performers indicators -KPI’s- (revenues per location, service revenues, mobile and home revenues, net debt and leverage indicators, capital expenditures, operating cash flow, gross margin, net profit) with budgets and prior year KPI.

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- We held quarterly meetings with the tax manager to review the tax impacts and movements including the tax impacts related to any non-routine transactions.
- We confirmed the understanding of the context and environment in which the tax impact or tax risk have been identified.
- We performed journal entries testing in each company, and through the testing, test an incremental sample of entries recorded around intangible related accounts to inspect the appropriate capitalization of the intangible costs and filter the entries recorded in the P&L around tax related accounts, especially with the taxes recorded below EBITDA to inspect the appropriate classification of these costs.
- We performed substantive testing over operating and non-operating expenses.

Responsibilities of Management and those charged with Corporate Governance over the combined financial statements

Management is responsible for the preparation and fair presentation of the accompanying combined financial statements in accordance with IFRS, 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 in relation to the audit 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 ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement in the consolidated financial statements due to fraud or error, design and apply audit procedures to respond to those risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of a material misstatement due to fraud going undetected is higher than one due to error, since fraud may involve collusion, forgery, intentional omissions, intentionally mistaken statements, or the circumvention of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and 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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with corporate governance at Tigo Guatemala with a statement that we have complied with applicable ethical requirements regarding independence and communicate to them all relationships and other matters that could reasonably be expected to affect our independence. and, where applicable, the corresponding safeguards. From the matters communicated to those charged with governance, we determine those most significant in the audit of the combined financial statements for the current period and which are, therefore, the key audit matters. We describe these matters in our audit report unless law or regulation prohibits public disclosure of the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our audit report because the adverse consequences of doing so would outweigh the public interest benefits of such a matter.

ERNST & YOUNG S.A.

Ernst & Young, S.A.
Guatemala, April 29, 2024

A-234-2024

Combined Statements of Income for the years ended December 31, 2023 and 2022

US$ '000	Notes	2023	2022
Revenue from contracts with customers	5	**1,564,568**	**1,618,337**
Equipment, programming and other direct costs (i)		(383,575)	(384,299)
Operating expenses		(398,974)	(377,049)
Depreciation & amortization		(225,045)	(238,866)
Other operating income (expenses), net		(223)	(4,557)
Operating profit	5	**556,751**	**613,566**
Interest expense	17	(100,031)	(95,629)
Interest and other financial income	27	49,496	41,657
Foreign exchange gain (loss), net		(4,334)	802
Profit before taxes		**501,882**	**560,396**
Tax expense	7	(87,697)	(78,017)
Net profit for the period		**414,185**	**482,379**

(i) The presentation of the statement of income for all periods presented has been amended as follows to provide more relevant information: (a) the subtotal 'Gross Profit' has been removed, and (b) the line 'Cost of sales' has been renamed as 'Equipment, programming and other direct costs'.

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

Combined Statements of Comprehensive Income for the years ended December 31, 2023 and 2022

US$ '000	2023	2022
Net profit for the year	414,185	482,379
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	6,876	(11,097)
Total comprehensive income for the year	**421,061**	**471,282**

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

Combined Statements of Financial Position as of December 31, 2023 and 2022

US$ '000	Notes	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	8	369,542	293,284
Property, plant and equipment, net	9	524,833	523,743
Right of use assets, net	10	153,415	170,952
Contract costs, net		3,276	2,831
Deferred tax assets	7	22,494	20,560
Amounts due from related parties	27	803,105	293,510
Income tax assets		10,322	8,911
Supplier advances for capital expenditure		1,466	6,407
Other non-current assets		1,337	1,357
TOTAL NON-CURRENT ASSETS		**1,889,790**	**1,321,555**
CURRENT ASSETS			
Inventories	11	16,632	24,470
Trade receivables, net	12	44,268	44,550
Contract assets, net	12	63,875	61,470
Amounts due from related parties	27	417,472	994,207
Prepayments		5,476	5,847
Other current assets	13	29,448	24,801
Restricted cash	14	4,847	7,138
Cash and cash equivalents	14	144,703	162,095
TOTAL CURRENT ASSETS		**726,721**	**1,324,578**
TOTAL ASSETS		**2,616,511**	**2,646,133**

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

Combined Statements of Financial Position as of December 31, 2023 and 2022 (Continued)

US$ '000	Notes	2023	2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium	15	8,346	8,219
Equity contribution reserve		14,905	13,291
Other reserves		89,342	82,466
Retained earnings		564,076	579,260
TOTAL EQUITY		**676,669**	**683,236**
LIABILITIES			
Non-current liabilities			
Other debt and financing	17	1,454,801	1,457,518
Lease liabilities	18	137,944	157,851
Provisions and other non-current liabilities	23	55,655	52,678
Deferred tax liabilities	7	12,167	11,396
Total non-current liabilities		**1,660,567**	**1,679,443**
Current liabilities			
Other debt and financing	17	7,989	7,960
Lease liabilities	18	38,587	35,989
Amounts due to related parties	27	18,029	11,573
Payables and accruals for capital expenditure	19	23,562	22,859
Trade payables	20	48,651	47,583
Accrued interest and other expenses	21	60,078	71,663
Current income tax liabilities		17,028	16,650
Contract liabilities	22	35,213	39,132
Provisions and other current liabilities	23	30,138	30,045
Total current liabilities		**279,275**	**283,454**
TOTAL LIABILITIES		**1,939,842**	**1,962,897**
TOTAL EQUITY AND LIABILITIES		**2,616,511**	**2,646,133**

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

Combined Statements of Cash Flows for the year ended December 31, 2023 and 2022

US$ '000	Notes	2023	2022
Cash flows from operating activities			
Profit before taxes		**501,882**	**560,396**
Adjustments to reconcile to net cash:			
Interest expense		100,031	95,629
Interest and other financial income		(49,496)	(41,657)
Foreign exchange gain (loss)		4,334	(802)
Adjustments for non-cash items:			
Depreciation and amortization	8,9,10	225,045	238,866
Loss on disposal and impairment of assets	5	704	5,120
Share-based compensation	16	1,614	144
Changes in working capital			
Increase in trade receivables, prepayments, contract assets and other current assets		(1,731)	(3,220)
Decrease in inventories		7,966	5,168
(Decrease)/increase in trade payables, contract liabilities, and other payables		(12,432)	6,327
Total changes in working capital		**(6,197)**	**8,275**
Interest paid on debt and other financing		(83,746)	(60,988)
Interest paid on leases		(15,908)	(17,181)
Interest received		41,979	12,756
Taxes paid		(89,832)	(95,751)
Net cash provided by operating activities		**630,410**	**704,807**
Cash flows from investing activities:			
Purchase of property, plant and equipment	9	(159,828)	(159,368)
Purchase of intangible assets	8	(91,837)	(40,897)
Proceeds from sale of property, plant and equipment		249	744
Net increase in restricted cash		2,291	30
Net cash used by investing activities		**(249,125)**	**(199,491)**
Cash flows from financing activities			
Proceeds from debt and other financing	17	204,317	1,046,658
Repayment of debt and other financing	17	(203,032)	(175,229)
Repayment of leases (capital component)		(38,340)	(31,863)
Loans granted to shareholders		(310,470)	(1,284,273)
Payment of dividends	24	(51,805)	(50,240)
Net cash used by financing activities		**(399,330)**	**(494,947)**
Exchange gain/(loss) on cash and cash equivalents, net		653	(1,232)
Net (decrease)/increase in cash and cash equivalents		**(17,392)**	**9,137**
Cash and cash equivalents at the beginning of the year		162,095	152,958
Cash and cash equivalents at the end of the year		**144,703**	**162,095**

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

Combined Statements of Changes in Equity for the years ended December 31, 2023 and 2022

US$ '000	Share capital	Equity contribution reserve (i)	Other reserves (ii)	Retained earnings	Total equity
Balance on December 31, 2021	**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 year	—	—	(11,097)	482,379	471,282
Dividends (iii)	—	—	—	(468,806)	(468,806)
Share based compensation	—	144	—	—	144
Balance on December 31, 2022	**8,219**	**13,291**	**82,466**	**579,260**	**683,236**

US$ '000	Share capital	Equity contribution reserve (i)	Other reserves (ii)	Retained earnings	Total equity
Balance on January 1, 2023	**8,219**	**13,291**	**82,466**	**579,260**	**683,236**
Profit for the year	—	—	—	414,185	414,185
Currency translation differences	—	—	6,876	—	6,876
Total comprehensive income for the year	—	—	6,876	414,185	421,061
Dividends (iii)	—	—	—	(429,369)	(429,369)
Share capital (iv)	127	—	—	—	127
Share based compensation	—	1,614	—	—	1,614
Balance on December 31, 2023	**8,346**	**14,905**	**89,342**	**564,076**	**676,669**

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

(ii) Other reserves include legal reserves of $82 million and currency translation differences for $7 million in 2023 (2022: ($11) million). Legal reserves are not distributable.

(iii) Dividends – see note 24.

(iv) In May 2023, there was a increase in share capital for Distribuidora de Comunicaciones de Occidente, S.A. of 1,980 shares (approximately $64.1 nominal price per share as converted from GTQ), total shares for 2023: 2000 shares; in 2022: 20 shares.

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

Notes to the Combined Financial Statements for the years ended December 31, 2023 and 2022

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 by Millicom Group ("MIC Group" or "Millicom"), whose ultimate holding company is Millicom International Cellular S.A. ("MIC").

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.

April 29, 2024, 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 preparation

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.

These financial statements of the Combined Group as of December 31, 2023 and 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.

Although the macroeconomic backdrop has become more challenging, Guatemala has experienced continued economic stability. Over the past year, inflation in the country has declined in line with global trends, maintaining stable GDP (Gross Domestic Product) growth and foreign exchange rates remained broadly stable. The Combined Group has experienced a generalized softening of consumer demand which has translated to the service revenue decrease for the twelve-month period ended December 31, 2023. Over the past year, the Combined Group has taken meaningful steps to mitigate these impacts, to sustain positive service revenue and cash flow growth going forward.

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, 2023, and for the twelve-month period ended December 31, 2023, 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, 2023 and 2022 and average rates for 2023 and 2022:

Country	Currency	2023 Average rate	2023 Year-end rate	2022 Average rate	2022 Year-end rate
Guatemala	Quetzal	7.84	7.83	7.75	7.85

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 25 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 Right-of-use assets

The Company recognises right-of-use assets on the lease commencement date (i.e., the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted by the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made to any new measurement of lease liabilities. The cost of right-of-use assets prior to the start date minus any lease incentives received depreciate on a straight-line basis over the shorter lease term.

2.8 Lease liabilities

As of the lease commencement date, the Company recognizes lease liabilities measured at the present value of lease payments to be made during the lease term. Lease payments include fixed payments minus any lease incentives receivable, variable lease payments minus any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate on the lease start date because the interest rate implied in the lease is not easily determinable. After the start date, the amount of lease liabilities is increased to reflect the accrual of interest and decreased by lease payments made. In addition, the carrying amount of lease liabilities is measured again if there is a modification, a change in the lease term, a change in lease payments (e.g., changes in future payments resulting from a change in an index or rate used to determine such lease payments).

2.9 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.

2.10 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. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.11 Deposits

Time deposits

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

2.12 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 equipment, programming and other direct costs.

2.13 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.

2.14 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.

2.15 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.

2.16 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. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.17 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.

2.18 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.

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.

2.19 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.

2.20 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.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.20 Revenue from contracts with customers(Continued)

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.

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.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.20 Revenue from contracts with customers (Continued)

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.

2.21 Equipment, programming and other direct costs

The primary equipment, programming and other direct costs 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. Equipment, programming and other direct costs are recorded on an accrual basis.

2.22 Incremental costs of obtaining a contract

Incremental costs of obtaining a contract, including 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).

2.23 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.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.23 Employee benefits (Continued)

Share based compensation

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.

2.24 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.

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. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.25 Changes in accounting policies

New and amended IFRS accounting standards

The accounting policies adopted by the Tigo Guatemala Companies to prepare its combined financial statements as of December 31, 2023 are consistent with those used for the preparation of its combined financial statements as of December 31, 2022.

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:

- 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.The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop 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 Combined Group was already recognizing the deferred tax on leases and therefore, the adoption of these amendments did not have an impact for the Combined Group.

- 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 Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. The potential impact of Pillar Two Model rules and the adoption of these amendments is further detailed below.

Amendments effective for annual periods starting on or after January 1, 2024 that are not expected to have a significant impact on the Combined Group financial statements are:

- 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.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (Continued)

2.25 Changes in accounting policies (Continued)

The following changes to standards are effective for annual periods starting on January 1, 2025 and their potential impact on the Combined Group financial statements is currently being assessed by Management:

- Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates': Lack of Exchangeability: These amendments help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not.

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.
- Impairment testing – key assumptions related to future business performance, perpetual growth rates and discount rates.
- 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Change in accounting estimate

During 2023, the estimated useful lives of some property, plant and equipment were revised. As a result, the estimated useful lives of the Combined 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 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 net effect of the changes is a decrease in depreciation expense of approximately $14 million compared to what we expected the depreciation charge to be using previous estimated useful lives while estimating the net effect of the changes in depreciation for future years is impracticable. 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. However, the impact of the change is immaterial.

International Tax reform-Pillar II Model

The Millicom group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Luxembourg and has come into effect from January 1st, 2024. MILLICOM INTERNATIONAL CELLULAR S.A., registered in Luxembourg, is the Ultimate Parent Entity of the Group.

Besides Luxembourg, the Pillar Two legislation has been enacted from January 2024 in the following countries within the scope of Millicom group:

- The Netherlands
- United Kingdom
- Sweden.

Since the Pillar Two legislation was not effective at the reporting date, MILLICOM INTERNATIONAL CELLULAR S.A. and its subsidiaries have no related current tax exposure.
Due to the complexities in applying the legislation and calculating the Global Anti-Base Erosion ("GloBE") income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. However, the group has run initial testing under the OECD transitional safe harbour rules (i.e. Country by Country Report Safe Harbours) and it results that all jurisdictions are expected to meet one of the transitional safe harbours and hence are not expected to be subject to top-up tax.

4. ACQUISITIONS OF BUSINESS

During the twelve-month period ended December 31, 2023 and 2022, the Combined Group did not complete any acquisition.

5. BREAKDOWN OF OPERATING PROFIT

The operating profit of the Combined Group can be summarized as follows for the years ended December 31, 2023 and 2022, respectively:

US$ '000	2023	2022
Tigo Mobile	1,259,922	1,315,685
Tigo Home	222,611	225,099
Tigo Corporate	79,197	74,552
Tigo Money	2,838	3,001
Revenue from contracts with customers	**1,564,568**	**1,618,337**
Telephone and equipment costs	(212,827)	(226,197)
Voice and data costs	(79,032)	(75,898)
Programming costs	(36,456)	(39,066)
Bad debt and obsolescence cost	(21,016)	(21,154)
Other direct costs	(34,245)	(21,984)
Depreciation and amortization (see notes 8, 9 and 10)	(225,045)	(238,866)
Dealer commissions	(89,531)	(98,522)
Employee related costs (see note 6)	(78,106)	(68,928)
Sites and network maintenance	(80,489)	(75,331)
Other fees and costs	(14,174)	(12,826)
Advertising and promotion	(36,641)	(35,105)
Value creation fees	(28,574)	(2,733)
Other expenses	(25,690)	(24,291)
Phone subsidies	(23,728)	(29,866)
External services (i)	(21,282)	(28,437)
Loss on disposal and impairment of assets, net	(704)	(5,120)
Lease expense	(277)	(447)
Operating profit	**556,751**	**613,566**

(i) In 2023, the Auditor Fees was US$ 0.6 million (2022 US$ 0.6 million), audit related services consist principally of consultations related to financial accounting and reporting standards, including the issuance of comfort letters for debt and bonds. Tax services consist principally of tax advisory services and tax compliance services.

6. EMPLOYEE RELATED COSTS

Employee related costs are comprised of the following for the years ended December 31, 2023 and 2022, respectively:

US$ '000	2023	2022
Wages and salaries (i)	(78,956)	(71,034)
Social security	(4,478)	(4,622)
Other employee related costs	(3,919)	(4,276)
Share based compensation	(1,614)	(144)
Capitalized employee related costs	10,861	11,148
Total	**(78,106)**	**(68,928)**

(i) In 2023, the Combined Group recorded US$ 3.2 million of severance costs related to a cost reduction project called "Everest".

The average number of permanent employees during the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
Total average number of permanent employees	**2,837**	**3,086**

7. TAXES

Guatemalan companies are subject to all taxes applicable to Guatemalan limited liability companies. The effective tax rate in 2023 is 17% (2022: 14%). The reconciliation between the average statutory tax rate and the effective average tax rate is as follows for the years ended December 31, 2023; and 2022 respectively:

	2023 %	2022 %
Statutory tax rate (based on profit)	25	25
Permanent differences	(8)	(11)
Effective tax rate	**17**	**14**

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, 2023 and 2022 respectively:

US$ '000	2023	2022
Income tax charge	(88,823)	(92,286)
Net deferred income tax (expense) benefit	1,126	14,269
Tax expense	**(87,697)**	**(78,017)**

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, 2023 and 2022 are as follows:

US$ '000	Combined Statement of Financial Position		Combined Income Statement	
	2023	2022	2023	2022
Temporary differences between book and tax basis of:				
Property plant and equipment	28,964	27,232		
Intangible assets	(26,013)	(24,820)		
Leases	778	604		
Contract assets, bad debt and others	6,598	6,148		
Deferred tax benefit			**1,126**	**14,269**
Deferred tax assets, net	**10,327**	**9,164**		
Reflected in the statements of financial position as:				
Deferred tax assets	22,494	20,560		
Deferred tax liabilities	(12,167)	(11,396)		

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, NET

Movements in intangible assets in 2023 were as follows:

US$ '000	Goodwill	Licenses	Customer lists	Other (i)	Total
Opening balance, net	**80,618**	**148,423**	**15,314**	**48,929**	**293,284**
Additions	—	76,205	—	22,471	98,676
Amortization charge	—	—	(2,056)	(22,203)	(24,259)
Asset retirement obligations	—	—	—	772	772
Transfers (to)/from PP&E	—	—	—	(65)	(65)
Exchange rate movements	335	626	18	155	1,134
Closing balance, net	**80,953**	**225,254**	**13,276**	**50,059**	**369,542**
Cost	80,953	265,063	112,735	195,891	654,642
Accumulated amortization	—	(39,809)	(99,459)	(145,832)	(285,100)
Net as of December 31, 2023	**80,953**	**225,254**	**13,276**	**50,059**	**369,542**

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

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.

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

US$ '000	2023	2022
Additions	98,676	34,077
Decrease in payables for intangible assets	(6,839)	6,820
Cash used for the purchase of intangible assets	**91,837**	**40,897**

On May 8, 2023, Comunicaciones Celulares, S.A. ("Comcel") acquired 120 MHz of radio spectrum in the 2.5 GHz for a total cash consideration of approximately $33 million. On October 2, 2023, Comcel paid approximately $43 million to acquire 2x10 MHz of nationwide spectrum in the 700 MHz band.

Impairment test of goodwill
As of December 31, 2023 and 2022, 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, NET (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 covering a ten-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 2023 and 2022. 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 9.7% for the year ended December 31, 2023 (2022: 10.1%). 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, 2023; and 2022.

Sensitivity analysis was performed on key assumptions within the impairment tests, including long-term growth rates, discount rates and EBITDA margin and Capex intensity. 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, NET

Movements in tangible assets in 2023 were as follows:

US$ '000	Network Equipment	Land and Buildings	Construction in Progress	Other (i)	Total
Opening balance, net	**460,081**	**9,605**	**39,844**	**14,213**	**523,743**
Additions	155,916	1,992	(3,099)	5,428	160,237
Net disposals	(628)	—	—	(76)	(704)
Depreciation charge	(152,405)	(2,820)	—	(6,057)	(161,282)
Asset retirement obligations	2,137	—	—	—	2,137
Transfers (to)/from intangible assets	(786)	14	—	—	(772)
Exchange rate movements	1,265	30	133	46	1,474
Closing balance, net	**465,580**	**8,821**	**36,878**	**13,554**	**524,833**
Cost	1,916,610	21,318	36,878	65,199	2,040,005
Accumulated depreciation	(1,451,030)	(12,497)	—	(51,645)	(1,515,172)
Net as of December 31, 2023	**465,580**	**8,821**	**36,878**	**13,554**	**524,833**

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

9. PROPERTY, PLANT AND EQUIPMENT, NET (Continued)

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.

The following table provides details of cash used for the purchase of property, plant and equipment for the years ended December 31, 2023 and 2022, respectively:

US$ '000	2023	2022
Additions	160,237	165,598
Change in suppliers' advances	(4,903)	(5,142)
Change in payables for property, plant and equipment	4,494	(1,088)
Cash used for the purchase of property, plant and equipment.	**159,828**	**159,368**

Borrowing costs capitalized during the years ended December 31, 2023 and 2022 were not significant.

10. RIGHT-OF-USE ASSETS, NET

Movements in right-of-use assets in 2023 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	**95,282**	**15,959**	**47,222**	**2,996**	**9,493**	**170,952**
Additions	1,738	462	3,610	—	604	6,414
Modifications	9,410	1,083	6,056	—	128	16,677
Net disposals	(1,718)	(28)	(136)	—	—	(1,882)
Depreciation charge	(27,381)	(4,110)	(5,567)	(318)	(2,128)	(39,504)
Exchange rate movements	530	45	142	10	31	758
Closing balance, net	**77,861**	**13,411**	**51,327**	**2,688**	**8,128**	**153,415**
Cost	194,010	30,971	74,011	3,684	17,632	320,308
Accumulated depreciation	(116,149)	(17,560)	(22,684)	(996)	(9,504)	(166,893)
Net as of December 31, 2023	**77,861**	**13,411**	**51,327**	**2,688**	**8,128**	**153,415**

10. RIGHT-OF-USE ASSETS NET (Continued)

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**

11. INVENTORIES

Inventories (net of impairment for obsolescence amounting to $2.0 million as of December 31, 2023 and $3.3 million as of December 31, 2022) as of December 31 of each year comprise:

US$ '000	2023	2022
Telephones and equipment	11,317	21,118
Sim cards	542	873
Other (i)	4,773	2,479
Total	**16,632**	**24,470**

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

12. TRADE RECEIVABLES, NET

US$ '000	2023	2022
Gross trade receivables	63,299	63,959
Less: provisions for expected credit losses	(19,031)	(19,409)
Trade receivables, net	**44,268**	**44,550**
Contract assets, net	63,875	61,470
Total	**108,143**	**106,020**

Contract assets

The balance of contract assets is presented below at December 31, 2023 and 2022, respectively:

US$ '000	2023	2022
Contract assets	44,766	42,813
Accrued income	19,109	18,657
Contract assets, net	**63,875**	**61,470**

12. TRADE RECEIVABLES, NET (Continued)

The nominal value less provisions for credit losses expected of trade receivables approximates their fair values (see note 29). At December 31, 2023 and 2022, the aging analysis of trade receivables is as follows:

US$ '000	Contractual assets	Account receivables				Total
	Total	Current	Past due (net of credit losses expected)			
			<30 days	30–90	>90 days	
2023						
Accounts receivable	46,591	37,309	5,205	3,891	16,894	63,299
Expected credit losses	(1,825)	(1,239)	(1,226)	(2,424)	(14,142)	(19,031)
Total	**44,766**	**36,070**	**3,979**	**1,467**	**2,752**	**44,268**
Expected credit losses	**4%**	**3%**	**24%**	**62%**	**84%**	

US$ '000	Contractual assets	Account receivables				Total
	Total	Current	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%**	

13. OTHER CURRENT ASSETS

Other current assets comprised at December 31, 2023 and 2022, respectively:

US$ '000	2023	2022
Corporate saving funds	23,269	21,694
VAT sales tax receivables	733	740
Other current assets	5,446	2,367
Total	**29,448**	**24,801**

14. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents comprised at December 31, 2023 and 2022, respectively:

US$ '000	2023	2022
Cash and cash equivalents in U.S. Dollars	54,656	61,068
Cash and cash equivalents in GTQ	90,047	101,027
Total cash and cash equivalents	**144,703**	**162,095**

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.

14. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (Continued)

Restricted cash comprised as of December 31, 2023 and 2022, respectively:

US$ '000	2023	2022
Restricted cash in GTQ	4,847	7,138
Total restricted cash	**4,847**	**7,138**

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, 2023 and 2022 the issued share capital of the combined entities consists of:

Company names	2023		2022	
	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.	2,000	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 year ended December 31, 2023 is $8,346 thousand (2022: $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, 2023 and 2022 was as follows:

US$ '000	2023	2022
2020 LTIPs	—	4
2021 LTIPs	—	31
2022 LTIPs	22	109
2023 LTIPs	1,592	—
Total	**1,614**	**144**

16. SHARE BASED COMPENSATION (Continued)

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 (up to the 2020 plan)
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").

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")(LTI 2021: 35%) that 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. For LTI 2023 plan, Millicom had added an environmental, social and governance metric ("ESG") (LTI 2023: 10%).

The Service Revenue (LTI 2023: 30%; LTI 2022: 30%; LTI 2021: 15%) and Operating Cash Flow after Leases ("OCFaL") (LTI 2023: 50%; LTI 2022: 50%; LTI 2021: 30%) performance conditions are no longer measured based on a CAGR 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. The Relative TSR (LTI 2023: 10%; LTI 2022: 20%; LTI 2021: 20%) is measured over the 10 trading days before / after December 31 of the last year of the corresponding three-year measurement period.

Assumptions and fair value of the shares under the TSR portion(s)
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.

	Risk-free rate %	Dividend yield %	Share price volatility (i) %	Award term (years)	Share fair value (In USD)
Performance Share Plan 2023 (Relative TSR)	4.66	—	52.88	2.82	31.13
Performance Share Plan 2022 (Relative TSR)	2.01	—	47.94	2.8	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

(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.

16. SHARE BASED COMPENSATION (Continued)

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.

A summary of the shares vested under the relevant plans as of December 31, 2023 and 2022 is as follows:

	Shares vested as of December 2023	Shares vested as of December 2022
Plans		
2020 Deferred Plan	—	464
2021 Deferred Plan	—	895
2022 Deferred Plan	956	—
Total	**956**	**1,359**

The number of share awards ultimately expected to vest under the current long term incentive plans is as follows:

	Deferred share awards 2023	Performance share awards 2023	Deferred share awards 2022
Shares granted	124,891	9,345	3,184
Revision for actual and expected forfeitures	(8,317)	—	—
Shares vested	—	—	(956)
Share awards expected to vest	**116,574**	**9,345**	**2,228**

17. OTHER DEBT AND FINANCING

Borrowings due after more than one year as of December 31, 2023 and 2022, respectively:

US$ '000	2023	2022
Bonds financing	822,764	870,487
Bank financing	640,026	594,991
Total other debt and financing	**1,462,790**	**1,465,478**

No borrowings are due within one year.

17. OTHER DEBT AND FINANCING (Continued)

The total amount of debt and financing as of December 31, 2023 and 2022, respectively, is repayable as follows:

US$ '000	2023	2022
Amounts due within 1 year	7,989	7,960
Amounts due within 2 to 3 years	121,371	7,960
Amounts due within 3 to 4 years	71,866	305,264
Amounts due within 4 to 5 years	387,786	273,807
Amounts due after five years	873,779	870,487
Total debt	**1,462,790**	**1,465,478**

Significant individual financing facilities as of December 31, 2023 and 2022, respectively, are described below:

Bonds Financing

Comunicaciones Celulares, S.A.

Description	Maturity	Currency	Interest rate	Amount outstanding 'US$'000 2023	Amount outstanding 'US$'000 2022
Senior Notes CT	2032	USD	Fixed	822,764	870,487

On January 27, 2022, the Group's principal subsidiary in Guatemala, Comunicaciones Celulares, S.A. ("Comcel"), completed the issuance of 10-year $900 million Senior Notes with a coupon of 5.125% per annum. The proceeds from this bond were used to repay a significant portion of the bridge financing that was used to fund the acquisition of the remaining 45% equity interest in the Tigo Guatemala operations.

On November 4, 2022, Comcel 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, Comcel announced that approximately $19 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 $16 million with a net financial income impact of $3 million given the Notes were repurchased below their par value.

In November and December 2023, Comcel repurchased some of these Senior Notes on the open market for a total amount of $42 million. The difference with their carrying value of $49 million has been recognized as financial income. The corresponding Notes have subsequently been cancelled.

Bank Financing

Comunicaciones Celulares, S.A.

Description	Maturity	Currency	Interest rate	Amount outstanding 'US$'000 2023	Amount outstanding 'US$'000 2022
Banco G&T Continental, S.A.	2025	GTQ	Fixed	63,881	63,676
Banco G&T Continental, S.A.	2026	GTQ	Fixed	28,747	28,654
Banco de América Central, S.A.	2026	GTQ	Fixed	23,955	31,838
Banco Agromercantil de Guatemala,				49,508	49,349
Banco de Desarrollo Rural, S.A.	2028	GTQ	Fixed	39,264	39,139
Banco Industrial, S.A.	2028	GTQ	Fixed	184,962	184,279
Banco Industrial, S.A.	2030	GTQ	Adjusted	51,016	—

17. OTHER DEBT AND FINANCING (Continued)

Servicios Especializados en Telecomunicaciones, S.A.

Description	Maturity	Currency	Interest rate	Amount outstanding 'S$'000 2023	Amount outstanding 'S$'000 2022
Banco de Desarrollo Rural, S.A.	2028	GTQ	Fixed	54,362	54,188

Navega.com, S.A

Description	Maturity	Currency	Interest rate	Amount outstanding 'S$'000 2023	Amount outstanding 'S$'000 2022
Banco Agromercantil de Guatemala, S.A.	2027	GTQ	Adjusted	49,508	49,349

Servicios Innovadores de Comunicación y Entretenimiento, S.A.

Description	Maturity	Currency	Interest rate	Amount outstanding 'S$'000 2023	Amount outstanding 'S$'000 2022
Banco G&T Continental, S.A.	2026	GTQ	Fixed	35,135	35,022
Banco de Desarrollo Rural, S.A.	2028	GTQ	Fixed	59,688	59,497

Total bank financing	**640,026**	**594,991**

The interest expense for the years ended December 31, 2023 and 2022, respectively, is comprised as follow:

US$ '000	2023	2022
Bond's interest	44,329	42,157
Banks's interest	37,938	37,687
Lease interest	15,814	17,123
Other	1,950	(1,338)
Total interest expense on debt	**100,031**	**95,629**

On March 31, 2022, Comcel executed a new 5-year $150 million loan agreement with Banco de Desarrollo Rural, S.A.. Proceeds were disbursed on April 27, 2022 and were used to refinance some of the credit agreements Comcel had with Banco Industrial. In December 2023, the debt maturity was extended to December 2028.

On April 24, 2023, the debt outstanding with Banco Industrial, S.A. for $184.4 million initially due on 2025 was extended to October 31, 2028.

On June 13, 2023, Comunicaciones Celulares, S.A. executed a new 7-year with Banco Industrial, S.A. up to Q400 million of which Q250 million (approximately $32 million) have been disbursed, mainly to finance the acquisition of spectrum 2.5 GHz band. On October 2, 2023, the remaining GTQ150 million (approximately $19 million) has been disbursed, mainly to finance the acquisition of the 700 MHz spectrum (see note 8).

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, 2023 and 2022 is as follows:

US$ '000	2023	2022
Other debt and financing (i)	1,298,536	1,324,214

(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, 2023 there were no pledged deposits (2022: nil).

18. LEASE LIABILITIES

The net financial obligation for the years ended December 31, 2023 and 2022, 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, 2022	**152,958**	**605,250**	**203,067**	**655,359**
Cash flows	10,369	890,259	(31,863)	848,027
Recognition / Remeasurement	—	(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**
Cash flows	(18,045)	204,317	(38,340)	184,022
Recognition / Remeasurement	—	(203,032)	—	(203,032)
Addition/Modifications	—	—	21,371	21,371
Foreign exchange movements	653	1,974	(340)	981
Other non-cash movements	—	(5,947)	—	(5,947)
As of December 31, 2023	**144,703**	**1,462,790**	**176,531**	**1,494,618**

19. PAYABLES AND ACCRUALS FOR CAPITAL EXPENDITURE

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

US$ '000	2023	2022
Payables for tangible assets	9,031	13,463
Accruals for tangible assets	2,589	3,595
Payables for intangible assets	6,132	3,167
Accruals for intangible assets	5,810	2,634
Total	**23,562**	**22,859**

20. TRADE PAYABLES

Trade payables as of December 31 of each year comprise:

US$ '000	2023	2022
T&E suppliers	17,159	22,527
Fixed operators	6,046	6,892
Network maintenance & IT costs	2,133	6,762
Programming & interconnection costs	6,411	3,273
Advertising & promotions	2,378	2,919
Others	14,524	5,210
Total	**48,651**	**47,583**

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	2023	2022
Accrued interest expenses	18,888	20,417
Accruals for employee related costs	9,636	17,655
Accruals for programming and advertising costs	9,779	13,410
Accruals for network maintenance	8,667	7,204
Accruals for interconnection costs	5,441	5,172
Other accrued expenses	7,667	7,805
Total	**60,078**	**71,663**

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

22. CONTRACT LIABILITIES

Contract liabilities as of December 31 of each year comprise:

US$ '000	2023	2022
Deferred revenue	34,331	38,063
Contract liabilities	882	1,069
Total	**35,213**	**39,132**

23. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

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

US$ '000	2023	2022
Long-term portion of asset retirement obligations	48,528	47,398
Other non-current liabilities	6,363	4,698
Provisions (non-current)	713	531
Non-current litigation provisions	51	51
Total	**55,655**	**52,678**

23. PROVISIONS AND OTHER NON-CURRENT LIABILITIES (Continued)

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

US$ '000	2023	2022
Customer and distributor restricted cash balances	4,128	6,657
Current provisions	3,773	3,014
Customer deposits	—	2
Other	22,237	20,372
Total	**30,138**	**30,045**

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 2023, the entities of the Combined Group declared dividends of $429 million (2022: $469 million) which are usually paid over two fiscal years.

US$ '000	2023	2022
Dividends offset with accounts receivable from related parties	377,237	416,907
Payment of dividends	30,337	26,603
Income tax withheld on dividends paid	21,468	23,637
Exchange rate movement	327	1,659
Total	**429,369**	**468,806**

25. NON-CASH INVESTING AND FINANCING ACTIVITIES

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

US$ '000	2023	2022
Investing activities		
Change in asset retirement obligations (see note 9)	2,137	(2,203)
Financing activities		
Right-of-use assets – additions (see note 10)	6,414	11,138
Dividends offset with accounts receivable from related parties (see note 24)	377,237	416,907

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 Combined Group are contingently liable with respect to lawsuits and other matters that arise in the normal course of business. As of December 31, 2023, the total amount of claims brought against the companies is estimated at $18 million (December 31, 2022: $0 million) for which no provision has been recorded. 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.

26. COMMITMENTS AND CONTINGENCIES (Continued)

Tax claims

As of December 31, 2023, Navega.Com, S.A. is disputing through a judicial phase an adjustment made by the Tax Authorities in regards with the goodwill amortization of approximately $24 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, 2023.

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 favour of the taxpayers, however recently it has been solved in favour of the tax authorities. Based on the latest jurisprudence, management decided to recognize a provision in June 2020. As of December 31, 2023, the provision, which represents management's best estimate of the outcome, amounts to $9.2 million, and includes the total adjustment plus a portion of fines and interest. This case is in the judicial phase at the Guatemalan Supreme Court.

Capital commitments

As of December 31, 2023, the Combined Group had fixed commitments to purchase network equipment, land and buildings and other fixed assets for $58 million (2022: $90 million), from various suppliers.

27. RELATED PARTY TRANSACTIONS AND BALANCES

Millicom Group

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

EPM Group

Business transactions with EPM group is associated with data links, financial services and leases.

27. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The Combined Group have the following balances with related parties as of December 31, 2023, and December 31, 2022, respectively:

US$ '000	2023	2022
Non-current assets		
Millicom International II NV (i)	803,095	293,500
Other MIC Group	10	10
Total	**803,105**	**293,510**
Current assets		
Millicom International II NV(i)	407,301	983,328
MIC S.A	2,442	3,065
Other MIC group	7,729	7,814
Total	**417,472**	**994,207**
Current liabilities		
Millicom Spain, S.L.	12,212	2,265
MIC, S.A	—	1,354
Other MIC group	5,817	7,954
Total	**18,029**	**11,573**

(i) As of December 31, 2023 and 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 within 2024 and 2027.

The following significant transactions were conducted with related parties for the twelve-month period ended December 31, 2023, and 2022, respectively:

US$ '000	Twelve months ended December 31, 2023	Twelve months ended December 31, 2022
Income		
Interest and other income MIC holdings	39,845	30,953
Sale of goods and services MIC Others	7,420	6,960
Sale of goods and services MIC holdings	858	5,557
Sale of goods and services EPM	421	370
Total	**48,544**	**43,840**
Expenses		
Other fees and costs MIC holdings (i)	28,574	2,733
Purchase of goods and services EPM	15,885	14,408
Purchase of goods and services MIC Others	5,451	2,024
Purchase of goods and services MIC holdings	1,338	1,104
Total	**51,248**	**20,269**

(i) Mainly VCF (Value-creating fees) for the support services provided by Millicom to the Combined Group for 2023.

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 $1,210.4 million (2022: $1,276.8 million), 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, 2023 and 2022, 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, 2023 and 2022, respectively, is comprised as follows:

US$ '000	Twelve months ended December 31, 2023	Twelve months ended December 31, 2022
Interest income - Intercompany	39,846	35,668
Interest income - Banks	2,001	2,069
Other interest income	7,649	3,920
Total	**49,496**	**41,657**

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 analysed 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 floating rates expose the Combined Group to cash flow interest rate risk. 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, at December 31, 2023, 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	7,989	121,371	71,866	49,508	338,277	873,779	**1,462,790**
Weighted average nominal interest rate	6.000 %	6.102 %	6.000 %	6.250 %	6.109 %	5.176 %	**5.550 %**

28. FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes, at 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 %**

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.

At December 31, 2023, 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 $56 million, and $46 million, respectively (2022: $62 million and $51 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 receivable 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, 2023

US$ '000	Less than 1 year	1 to 5 years	>5 years	Total
Other debt and financing (see note 17)....	7,989	581,022	873,779	1,462,790
Lease liabilities (see note 18)………….....	38,587	97,425	40,519	176,531
Cash and cash equivalents (see note 14)	(144,703)	—	—	(144,703)
Net (cash) debt……………………..............	**(98,127)**	**678,447**	**914,298**	**1,494,618**
Future interest commitments on debt…...	78,378	207,362	181,421	467,161
Future interest commitments on leases....	13,623	28,320	11,029	52,972
Trade payables (excluding accruals) (see notes 19 and 20)………………..............	63,814	—	—	63,814
Other financial liabilities (including accruals) (see notes 19, 21 and 27).........	86,507	—	—	86,507
Trade receivables (see note 12)…...........	(44,268)	—	—	(44,268)
Other financial assets……………………......	(448,386)	—	—	(448,386)
Net financial (assets) liabilities............	**(348,459)**	**914,129**	**1,106,748**	**1,672,418**

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)

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 debt to EBITDA after Leases. At December 31, 2023, Comunicaciones Celulares, S.A. was rated at one notch below investment grade by the independent rating agencies Moody's (Ba1) and Fitch (BB+). On February 6, 2024, Moody's downgraded Comunicaciones Celulares, S.A. by one notch to ba2 (with a stable outlook) basically based on quantitative metrics being below ranges than ba1 rating scale ranges.

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).

At December 31, 2023 and 2022, 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

Bond repurchase

Since January 1, 2024 up to date of these combined financial statements, the Combined Group has continued to repurchase bonds in the secondary markets for total amount of $87.7 million of the USD Comcel Senior notes USD 5.125%.

Tax litigations

On April 15th 2024, the Secretariats of the Presidency of Guatemala published the intention not to concede exoneration requests on fines and interests for tax litigations and thus, changing the practice of how this was performed before that date. The potential impact of this decision corresponds to approximately USD10Mn in fines and interests as of today, regarding the stamp tax litigation process.

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