

Tigo Guatemala Companies
Unaudited Interim Condensed
Combined Financial Statements
For the three-month period ended March 31, 2024

May 27, 2024

Unaudited interim condensed combined statement of income for the three-month period ended March 31, 2024

US\$ '000	Notes	Three months ended March 31, 2024	Three months ended March 31, 2023
Revenue from contracts with customers	4	398,461	395,051
Equipment, programming and other direct costs		(95,143)	(101,602)
Operating expenses		(93,872)	(101,580)
Depreciation & amortization		(55,571)	(59,868)
Other operating income (expenses), net		(415)	29
Operating profit	4	153,460	132,030
Interest expense	11	(26,212)	(25,082)
Interest and other financial income	9, 11	20,013	11,094
Foreign exchange loss, net		(941)	(1,174)
Profit before taxes		146,320	116,868
Tax expense		(22,430)	(21,943)
Net profit for the period		123,890	94,925

Unaudited interim condensed combined statement of comprehensive income for the three-month period ended March 31, 2024

US\$ '000	Three months ended March 31, 2024	Three months ended March 31, 2023
Net profit for the period	123,890	94,925
Other comprehensive income, net of tax:		
<i>Item that may be reclassified to the income statement in subsequent periods</i>		
Exchange differences on translation of operations to the US dollars reporting currency	3,496	4,720
Total comprehensive income for the period	127,386	99,645

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

Unaudited interim condensed combined statement of financial position as at March 31, 2024

US\$ '000	Notes	March 31, 2024	December 31, 2023
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net.....	6	374,699	369,542
Property, plant and equipment, net.....	7	521,345	524,833
Right of use assets, net.....	8	196,700	153,415
Contract costs, net.....		3,232	3,276
Deferred tax assets.....		22,596	22,494
Amounts due from related parties.....	9	818,105	803,105
Income tax assets.....		10,351	10,322
Supplier advances for capital expenditure.....		6,806	1,466
Other non-current assets.....		1,449	1,337
TOTAL NON-CURRENT ASSETS		1,955,283	1,889,790
CURRENT ASSETS			
Inventories.....		26,208	16,632
Trade receivables, net.....		52,506	44,268
Contract assets, net.....		63,748	63,875
Amounts due from related parties.....	9	428,448	417,472
Prepayments.....		6,949	5,476
Other current assets.....		30,346	29,448
Restricted cash.....	10	5,429	4,847
Cash and cash equivalents.....	10	143,285	144,703
TOTAL CURRENT ASSETS		756,919	726,721
TOTAL ASSETS		2,712,202	2,616,511

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

Unaudited interim condensed combined statement of financial position as at March 31, 2024 (Continued)

US\$ '000	Notes	March 31, 2024	December 31, 2023
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium		8,346	8,346
Equity contribution reserve		15,180	14,905
Other reserves		92,838	89,342
Retained earnings		687,966	564,076
TOTAL EQUITY		804,330	676,669
LIABILITIES			
Non-current liabilities			
Debt and financing	11	1,371,063	1,454,801
Lease liabilities		174,543	137,944
Provisions and other non-current liabilities		57,652	55,655
Deferred tax liabilities		12,223	12,167
Total non-current liabilities		1,615,481	1,660,567
Current liabilities			
Debt and financing	11	8,021	7,989
Lease liabilities		45,192	38,587
Amounts due to related parties	9	13,024	18,029
Payables and accruals for capital expenditure		38,309	23,562
Trade payables		49,299	48,651
Accrued interest and other expenses		58,980	60,078
Current income tax liabilities		18,278	17,028
Contract liabilities		35,587	35,213
Provisions and other current liabilities		25,701	30,138
Total current liabilities		292,391	279,275
TOTAL LIABILITIES		1,907,872	1,939,842
TOTAL EQUITY AND LIABILITIES		2,712,202	2,616,511

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

Unaudited interim condensed combined statement of cash flows
for the three-month period ended March 31, 2024

US\$ '000	Notes	Three months ended March 31, 2024	Three months ended March 31, 2023
Cash flows from operating activities Profit before taxes		146,320	116,868
Adjustments to reconcile to net cash:			
Interest expense		26,212	25,082
Interest and other financial income		(20,013)	(11,094)
Foreign exchange losses		941	1,174
Adjustments for non-cash items:			
Depreciation and amortization	4	55,571	59,868
Loss on disposal and impairment of assets	4	488	17
Share-based compensation	5	275	28
Changes in working capital			
Increase in trade receivables, prepayments, contract assets and other current assets		(15,809)	(2,178)
Increase in inventories		(9,457)	(588)
Increase/(decrease) in trade payables, contract liabilities, and other payables	12	6,161	(3,193)
Total changes in working capital		(19,105)	(5,959)
Interest paid on debt and other financing		(31,663)	(31,489)
Interest paid on leases		(3,786)	(4,144)
Interest received		818	1,030
Taxes paid		(21,238)	(21,332)
Net cash provided by operating activities		134,820	130,049
Cash flows from investing activities:			
Purchase of property, plant and equipment	7	(24,374)	(36,825)
Purchase of intangible assets	6	(7,893)	(11,520)
Proceeds from sale of property, plant and equipment		50	102
Net decrease in restricted cash		(582)	(69)
Net cash used by investing activities		(32,799)	(48,312)
Cash flows from financing activities			
Repayment of debt and other financing	11	(78,838)	—
Lease capital repayment		(10,072)	(9,048)
Loans granted to shareholders	9	(15,000)	(67,000)
Net cash used by financing activities		(103,910)	(76,048)
Exchange gain on cash and cash equivalents, net		471	299
Net (decrease)/increase in cash and cash equivalents		(1,418)	5,988
Cash and cash equivalents at the beginning of the period		144,703	162,095
Cash and cash equivalents at the end of the period		143,285	168,083

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

Unaudited interim condensed combined statement of changes in equity for the three-month period ended March 31, 2024

US\$ '000	Share capital	Equity Contribution Reserve (i)	Other reserves	Retained earnings	Total equity
Balance on January 1, 2023	8,219	13,291	82,466	579,260	683,236
<i>Profit for the period</i>	—	—	—	94,925	94,925
<i>Currency translation differences</i>	—	—	4,720	—	4,720
Total comprehensive income for the period	—	—	4,720	94,925	99,645
Share based compensation	—	28	—	—	28
Balance on March 31, 2023	8,219	13,319	87,186	674,185	782,909
Balance on December 31, 2023	8,346	14,905	89,342	564,076	676,669
<i>Profit for the period</i>	—	—	—	123,890	123,890
<i>Currency translation differences</i>	—	—	3,496	—	3,496
Total comprehensive income for the period	—	—	3,496	123,890	127,386
Share based compensation	—	275	—	—	275
Balance on March 31, 2024	8,346	15,180	92,838	687,966	804,330

(i) Equity contribution reserve is made up only of share-based compensation expense.

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

Notes to the unaudited interim condensed combined financial statements

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, established a CT Trust with the sole purpose of the present transaction and, acting as trustee of the CT Trust, 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 unaudited interim condensed combined financial statements are intended for use by such investors.

On May 27, 2024, the representatives of the Board of Directors (“Board”) for Comunicaciones Celulares, S.A. and the other Tigo Guatemala Companies authorized these unaudited interim condensed combined financial statements for issuance.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES

I. Basis of preparation

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

These unaudited condensed interim combined financial statements should be read in conjunction with the combined financial statements for the year ended December 31, 2023. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the December 31, 2023 combined financial statements, except for the changes described below.

II. New and amended IFRS standards

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

- 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.

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.

The following changes to standards are effective for annual periods starting on January 1, 2027 and their potential impact on the Combined Group financial statements is currently being assessed by Management:

- IFRS 18, 'Presentation and Disclosure in Financial Statements': IFRS 18 will replace IAS 1. Its aim is to improve the usefulness of information presented and disclosed in financial statements, giving investors more transparent and comparable information about companies' financial performance.

3. ACQUISITION OF BUSINESS

During the three-month period ended March 31, 2024 and 2023, the Combined Group did not complete any acquisition.

4. BREAKDOWN OF OPERATING PROFIT

The operating profit of the Combined Group can be summarized as follows for the three-month period ended March 31, 2024 and March 31, 2023, respectively:

US\$ '000	Three months ended March 31, 2024	Three months ended March 31, 2023
Tigo Mobile.....	323,269	319,190
Tigo Home.....	54,298	55,870
Tigo Corporate.....	20,243	19,650
Tigo Money.....	651	341
Revenue from contracts with customers	398,461	395,051
Telephone and equipment costs.....	(53,076)	(57,929)
Voice and data costs.....	(19,073)	(19,848)
Programming costs.....	(7,772)	(9,884)
Bad debt and obsolescence costs.....	(6,371)	(5,595)
Other direct costs.....	(8,851)	(8,346)
Depreciation and amortization.....	(55,571)	(59,868)
Dealer commission.....	(20,765)	(22,279)
Sites and network maintenance.....	(20,717)	(19,493)
Employee related costs (see note 5).....	(19,084)	(20,223)
Other expenses.....	(7,240)	(7,528)
Advertising and promotion.....	(6,017)	(8,555)
Value creation fees.....	(5,945)	(7,367)
Phone subsidies.....	(5,173)	(7,243)
External services.....	(5,248)	(5,268)
Other fees and costs.....	(3,563)	(3,494)
Loss on disposal and impairment of assets, net.....	(488)	(17)
Lease expense.....	(47)	(84)
Operating profit	153,460	132,030

5. EMPLOYEE RELATED COSTS

Employee related costs are comprised of the following for the three-month period ended March 31, 2024 and March 31, 2023 as follows:

US\$ '000	Three months ended March 31, 2024	Three months ended March 31, 2023
Wages and salaries	(19,428)	(19,521)
Social security	(1,178)	(1,143)
Other employee related costs	(771)	(1,154)
Share based compensation	(275)	(28)
Capitalized employee related costs	2,568	1,623
Total	(19,084)	(20,223)

6. INTANGIBLE ASSETS

The Combined Group cash used for the purchase of intangible assets during the three-month period ended March 31, 2024 and March 31, 2023 is as follows:

US\$ '000	Three months ended March 31, 2024	Three months ended March 31, 2023
Additions	9,696	12,138
Decrease in payables for intangible assets	(1,803)	(618)
Cash used for the purchase of intangible assets	7,893	11,520

The charge for amortization of intangible assets for the three-month period ended March 31, 2024 was \$6.2 million (March 31, 2023: \$7 million).

During the three-month period ended March 31, 2024, the Combined Group did not receive any proceeds from disposal of intangible assets (March 31, 2023: nil).

7. PROPERTY, PLANT AND EQUIPMENT

The Combined Group cash used for the purchase of property, plant and equipment during the three-month period ended March 31, 2024 and March 31, 2023 is as follows:.

US\$ '000	Three months ended March 31, 2024	Three months ended March 31, 2023
Additions	33,118	59,546
Change in suppliers' advances	5,327	(690)
Change in payables for property, plant and equipment	(14,071)	(22,031)
Cash used for the purchase of property, plant and equipment	24,374	36,825

The charge for depreciation of property, plant and equipment for the three-month period ended March 31, 2024 was \$39 million (March 31, 2023: \$43 million).

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

During the three-month period ended March 31, 2024, the Combined Group received \$0.1 million in cash from disposal of property, plant and equipment (March 31, 2023: \$0.1 million).

8. RIGHT OF USE ASSETS

A long-term lease agreement was signed on March 1, 2024, between Comunicaciones Celulares, S.A. (lessee) and Sites Guatemala S.A. (lessor), for the use of 422 telecommunication towers. This agreement resulted in the recognition of right-of-use assets and lease liabilities of \$45 million by the Combined Group.

The charge for depreciation of right of use assets for the three-month period ended March 31, 2024 was \$10.7 million (March 31, 2023: \$9.6 million).

9. 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.

The Combined Group have the following balances with related parties as at March 31, 2024 and December 31, 2023, respectively:

US\$ '000	As at March 31, 2024	As at December 31, 2023
Non-current assets		
Millicom International II N.V.	818,095	803,095
Other MIC Group	10	10
Total	818,105	803,105
Current assets		
Millicom International II N.V. (see note 15)	417,692	407,301
MIC S.A.	1,699	2,442
Other MIC group	9,057	7,729
Total	428,448	417,472
Current liabilities		
Millicom Spain, S. L.	7,750	12,212
Other MIC group	5,274	5,817
Total	13,024	18,029

9. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The following significant transactions were conducted with related parties for the three-month period ended March 31, 2024 and March 31, 2023 respectively:

US\$ '000	Three months ended March 31, 2024	Three months ended March 31, 2023
Income		
Interest and other income MIC holdings	10,772	10,660
Sale of goods and services MIC Others	237	196
Sale of goods and services MIC holdings	94	95
Sale of goods and services EPM	51	1,757
Total	11,154	12,708
Expenses		
Other fees and costs MIC holdings (i)	7,134	7,820
Purchase of goods and services EPM	3,961	3,792
Purchase of goods and services MIC Others	1,529	1,295
Purchase of goods and services MIC holdings	196	260
Total	12,820	13,167

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

10. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents comprised as of March 31, 2024 and as of December 31, 2023 respectively:

US\$ '000	As at March 31, 2024	As at December 31, 2023
Cash and cash equivalents in U.S. Dollars	51,591	54,656
Cash and cash equivalents in GTQ	91,694	90,047
Total cash and cash equivalents	143,285	144,703

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 combined statement purpose 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 Combined Group's cash management.

Restricted cash comprised as at March 31, 2024 and as of December 31, 2023, respectively:

US\$ '000	As at March 31, 2024	As at December 31, 2023
Restricted cash in GTQ	5,429	4,847
Total restricted cash	5,429	4,847

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

11. DEBT AND FINANCING

Borrowings due after more than one year as of March 31, 2024 and as of December 31, 2023, respectively:

US\$ '000	As at March 31, 2024	As at December 31, 2023
Bond financing	736,152	822,764
Bank financing	642,932	640,026
Total	1,379,084	1,462,790

The total amount of debt and financing as of March 31, 2024 and as of December 31, 2023, respectively, is repayable as follows:

US\$ '000	As at March 31, 2024	As at December 31, 2023
Amounts due within 1 year	8,025	7,989
Amounts due within 2 to 3 years	121,922	121,371
Amounts due within 3 to 4 years	72,193	71,866
Amounts due within 4 to 5 years	389,455	387,785
Amounts due after five years	787,489	873,779
Total	1,379,084	1,462,790

On January 27, 2022, Comunicaciones Celulares, S.A. completed the issuance of a new 10-year \$900 million Senior Notes, bearing interest at 5.125% and due in 2032. On November 20, 2022, Comcel announced that approximately \$19 million in principal amount of the Notes, have been accepted and settled on November 21, 2022.

During the last quarter of 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.

During the three-month period ended March 31, 2024, Comcel repurchased and cancelled some of the USD Comcel Senior Notes USD 5.125% on the open market for a total nominal amount of approximately \$88 million. The repurchase price discount of approximately \$9 million towards the carrying value has been recognized as financial income.

The interest expense for the three-month period ended March 31, 2024 and March 31, 2023, respectively, is comprised as follow:

US\$ '000	Three months ended March 31, 2024	Three months ended March 31, 2023
Interest expense on Bonds	10,764	11,280
Interest expense on Bank financing	9,995	9,029
Interest expense on Leases	4,012	4,049
Other	1,441	724
Total	26,212	25,082

12. 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. The Combined Group does not have any restriction of dividend payments.

13. 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 March 31, 2024, the total amount of claims brought against the companies is estimated at \$18.5 million (December 31, 2023: nil) 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.

Tax claims

As of March 31, 2024, 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 March 31, 2024.

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 solved in favour of the tax authorities. Based on the latest jurisprudence, management decided to recognize a provision in June 2020. As of March 31, 2024, 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

At March 31, 2024, the Combined Group had fixed commitments to purchase network equipment, land and buildings and other fixed assets for \$36 million (December 31, 2023: \$58 million), from various suppliers.

14. FINANCIAL INSTRUMENTS

Other than the items disclosed below, the fair values of financial assets and financial liabilities approximate their carrying values as at March 31, 2024 and December 31, 2023.

US\$ '000	Carrying Value		Fair Value (i)	
	As at March 31, 2024	As at December 31, 2023	As at March 31, 2024	As at December 31, 2023
FINANCIAL LIABILITIES				
Debt and financing	1,379,084	1,462,790	1,230,090	1,298,536

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

15. SUBSEQUENT EVENTS

Tax litigations

On April 15, 2024, the Secretariats of the Presidency of Guatemala communicated the intention not to concede exoneration on fines and interests for tax litigations which may change the practice of how this process has been performed up to now. The potential impact of this communication might be of approximately \$10 million in additional fines and interests as of March 31, 2024 with respect to the litigation about the stamp tax case.

Dividends declaration

On April 30, 2024, the Combined Group declared dividends related to the 2023 results for \$389 million, which were used to partially offset outstanding advance loans to shareholders for \$338 million (see note 9). The tax withheld of 5% was \$19 million; the remaining \$32 million will be upstream to MIC.

Debt and financing

On May 8, 2024, the debt outstanding of Comunicaciones Celulares, S.A. with G&T Continental, S.A. due in 2025, was partially repaid for an amount of Q202.8 million equivalent to \$26 million.
