

Tigo Guatemala Companies
Unaudited Interim Condensed
Combined Financial Statements
For the six-month period ended June 30, 2022

August 25, 2022

Unaudited interim condensed combined income statement for the six-month period ended June 30, 2022

US\$ '000	Notes	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenue from contracts with customers	4	814,250	790,484
Cost of sales.....		(193,391)	(174,895)
Gross profit	4	620,859	615,589
Operating Expenses.....		(185,577)	(183,734)
Depreciation & amortization.....		(119,111)	(118,852)
Other operating income (expenses), net.....		(3,217)	(748)
Operating profit	4	312,954	312,255
Interest expense	10	(47,828)	(29,590)
Interest and other financial income.....		18,421	5,465
Foreign exchange gain (loss), net.....		403	(359)
Profit before taxes		283,950	287,771
Charge for taxes, net.....		(49,371)	(45,909)
Net profit for the period		234,579	241,862

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

Unaudited Interim Condensed Combined Statement of Comprehensive Income for the six-month period ended June 30, 2022

US\$ '000	Six months ended June 30, 2022	Six months ended June 30, 2021
Net profit for the period.....	234,579	241,862
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.....	(4,059)	4,356
Total comprehensive income for the period.....	230,520	246,218

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

Unaudited interim condensed combined statement of financial position
as at June 30, 2022

US\$ '000	Notes	June 30, 2022	December 31, 2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net.....	6	296,395	291,927
Property, plant and equipment, net.....	7	545,265	550,607
Right of use assets, net.....		178,176	186,265
Contract costs, net.....		2,521	2,354
Deferred tax assets.....		1,406	5,526
Amounts due from related parties.....	8	121,010	10
Income tax assets.....		7,336	5,498
Supplier advances for capital expenditure.....		5,148	11,577
Other non-current assets.....		1,379	2,313
TOTAL NON-CURRENT ASSETS.....		1,158,636	1,056,077
CURRENT ASSETS			
Inventories.....		54,594	30,396
Trade receivables, net.....		44,280	52,029
Contract assets, net.....		57,581	54,815
Amounts due from related parties.....	8	971,169	351,239
Prepayments.....		7,556	4,837
Other current assets.....		27,204	62,116
Restricted cash.....	9	5,684	7,108
Cash and cash equivalents.....	9	116,174	152,958
TOTAL CURRENT ASSETS.....		1,284,242	715,498
TOTAL ASSETS.....		2,442,878	1,771,575

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

Unaudited interim condensed combined statement of financial position
as at June 30, 2022 (continued)

US\$ '000	Notes	June 30, 2022	December 31, 2021
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium.....		8,219	8,219
Equity contribution reserve.....		13,194	13,147
Other reserves.....		89,504	93,563
Retained earnings.....		331,460	565,687
TOTAL EQUITY.....		442,377	680,616
LIABILITIES			
Non-current liabilities			
Other debt and financing.....	10	1,486,810	605,250
Lease liabilities.....		167,898	174,478
Provisions and other non-current liabilities.....		59,792	56,752
Deferred tax liabilities.....		11,017	10,781
Total non-current liabilities.....		1,725,517	847,261
Current liabilities			
Other debt and financing.....	10	4,029	-
Lease liabilities.....		30,886	28,589
Amounts due to related parties.....	8	6,724	9,245
Payables and accruals for capital expenditure.....		39,440	33,484
Trade payables.....	11	47,962	35,393
Accrued interest and other expenses.....		74,654	56,426
Current income tax liabilities.....		14,934	15,894
Contract liabilities.....		34,194	38,015
Provisions and other current liabilities.....		22,161	26,652
Total current liabilities.....		274,984	243,698
TOTAL LIABILITIES.....		2,000,501	1,090,959
TOTAL EQUITY AND LIABILITIES.....		2,442,878	1,771,575

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

Unaudited interim condensed combined statement of cash flows for
the six-month period ended June 30, 2022

US\$ '000	Notes	Six months ended June 30, 2022	Six months ended June 30, 2021
Cash flows from operating activities			
Profit before taxes		283,950	287,771
Adjustments to reconcile to net cash:			
Interest expense		47,828	29,590
Interest and other financial income.....		(18,421)	(5,465)
Foreign exchange (gain) loss.....		(403)	359
Adjustments for non-cash items:			
Depreciation and amortization	4	119,111	118,852
Loss on disposal and impairment of assets	4	2,744	943
Share-based compensation	5	47	73
		434,856	432,123
(Increase)/decrease in trade receivables, prepayments, contract assets and other current assets.....		(3,431)	6,793
(Increase) in inventories.....		(24,610)	(4,573)
Increase/(decrease) in trade payables, contract liabilities, and other payables.....		1,854	(47)
Changes in working capital		(26,187)	2,173
Interest paid on debt and other financing.....		(19,111)	(21,169)
Interest paid on leases.....		(8,830)	(9,302)
Interest received		8,001	19,003
Taxes paid		(47,944)	(43,578)
Net cash provided by operating activities		340,785	379,250
Cash flows from investing activities:			
Purchase of property, plant and equipment	7	(73,769)	(80,445)
Purchase of intangible assets.....	6	(18,759)	(20,397)
Proceeds from sale of property, plant and equipment.....		369	153
Net increase in restricted cash		1,408	787
Net cash used by investing activities		(90,751)	(99,902)
Cash flows from financing activities			
Debt and other financing.....		890,259	-
Repayment of debt and other financing.....		-	(224,066)
Repayment of leases (capital component)		(14,836)	(13,563)
Income tax withheld on dividends paid.....		(23,637)	(18,276)
Loans granted to shareholders.....	8	(1,112,300)	-
Payment of dividends.....		(26,603)	(25,124)
Net cash used by financing activities		(287,117)	(281,029)
Exchange losses on cash and cash equivalents, net.....		299	508
Net decrease in cash and cash equivalents		(36,784)	(1,173)
Cash and cash equivalents at the beginning of the period.....		152,958	188,542
Cash and cash equivalents at the end of the period		116,174	187,369

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

Unaudited interim condensed combined statement of changes in equity for the six-month period ended June 30, 2022

US\$ '000	Share capital (000's)	Equity Contribution Reserve (i) (000's)	Other reserves (ii) (000's)	Retained earnings (000's)	Total equity (000's)
Balance on December 31, 2020	8,219	13,070	86,277	471,791	579,357
<i>Profit for the period</i>	—	—	—	241,862	241,862
<i>Currency translation differences</i>	—	—	4,356	—	4,356
Total comprehensive income for the period	—	—	4,356	241,862	246,218
Dividends	—	—	—	(366,101)	(366,101)
Share based compensation.....	—	73	—	—	73
Balance on June 30, 2021	8,219	13,143	90,633	347,552	459,546

Balance on December 31, 2021	8,219	13,147	93,563	565,687	680,616
<i>Profit for the period</i>	—	—	—	234,579	234,579
<i>Currency translation differences</i>	—	—	(4,059)	—	(4,059)
Total comprehensive income for the period	—	—	(4,059)	234,579	230,520
Dividends	—	—	—	(468,806)	(468,806)
Share based compensation.....	—	47	—	—	47
Balance on June 30, 2022	8,219	13,194	89,504	331,460	442,377

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

(ii) Other reserves include legal reserves of \$93.6 million and currency translation differences for -\$4.1 million in 2022 (2021: \$4.4 million). Legal reserves are not distributable.

Notes to the unaudited interim condensed combined statements

1. GENERAL INFORMATION

The combined financial statements are composed of ten companies all 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.

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

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

Until November 12, 2021, the Combined Group shareholders were Millicom Group and Miffin which owned respectively 55% and 45% interests each of Tigo Guatemala. The Combined Group was governed by a shareholders’ agreement. On November 12, 2021, MIC Group completed the acquisition of the remaining 45% equity interest in its joint venture business in Tigo Guatemala from Miffin, as a result, Millicom owns a 100% equity interest in Tigo Guatemala after such transaction. Tigo Guatemala’s entities form one single business in substance as all the entities have one single common management.

The Group have combined their financial statements in order to comply with the reporting requirements stipulated in the global program of the emission of a Senior Notes due 2032 for US\$900 million under rule 144A Restricted Global Note, of which Comunicaciones Celulares, S.A. is “the borrower” and Comunicaciones Corporativas, S.A., Distribuidora Central de Comunicaciones, S.A., Distribuidora de Comunicaciones de Occidente, S.A., Distribuidora de Comunicaciones de Oriente, S.A., Distribuidora Internacional de Comunicaciones, S.A., Navega.com, S.A., Servicios Especializados en Telecomunicaciones, S.A., Servicios Innovadores de Comunicación y Entretenimiento, S.A. and Cloud2Nube, S.A., are the guarantors (together, the “Loan Guarantors”). The combined financial statements are intended for use by such investors.

2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES

I. Basis of presentation

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, 2021. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the December 31, 2021 combined financial statements, except for the changes described below.

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

Inflation in many countries globally has been rising for the past several months due to a variety of factors, including significant disruptions to the global production and distribution of energy and food commodities caused by Russia’s invasion of Ukraine as well as the global response to that invasion. As a result, global economic prospects have been severely affected, including in our market, a situation that is expected to continue at least throughout the remainder of 2022.

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

As of June 30, 2022, and for the six-month period ended June 30, 2022, management did not identify any significant adverse accounting effects as a result of the above-mentioned events.

III. 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:

- IFRS 3 “Business Combinations” - Reference to Conceptual Framework.
- IAS 16 “Property, Plant and Equipment” - Proceeds before intended use.
- IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” - Cost of fulfilling a contract.
- Annual improvements to IFRS Standards 2018-2020, affecting IFRS 1, IFRS 9, IFRS 16 and IAS 41.

Amendments effective for annual periods starting on January 1, 2023 that are not expected to have a significant impact on the Combined Group financial statements:

- Amendments to IAS 1, ‘Disclosure of Accounting Policies’ that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

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2. SUMMARY OF COMBINATION AND ACCOUNTING POLICIES (continued)

- Amendments to IAS 1, 'Presentation of Financial Statements': These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.
- IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates.

The following changes to standards are effective for annual periods starting on January 1, 2023 and their potential impact on the Combined Group financial statements is currently being assessed by Management:

- Amendments to IAS 12, 'Income Taxes: Deferred tax related to Assets and liabilities arising from a Single Transaction' - These amendments clarify that the initial recognition exception does not apply to the initial recognition of leases and decommissioning obligations. These amendments apply prospectively to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, an entity should apply the amendments for the first time by recognizing deferred tax for all temporary differences related to leases and decommissioning obligations at the beginning of the earliest comparative period presented.

3. ACQUISITIONS OF BUSINESS

During the six-month period ended June 30, 2022 and 2021, the Combined Group did not complete any acquisition.

4. BREAKDOWN OF OPERATING PROFIT

The gross profit and operating profit of the Combined Group can be summarized as follows for the six-month period ended June 30, 2022 and June 30, 2021, respectively:

US\$ '000	Six months ended June 30, 2022	Six months ended June 30, 2021
Tigo Mobile.....	666,633	656,059
Tigo Home.....	109,250	97,540
Tigo Corporate.....	36,895	34,706
MFS (Tigo Money and Tigo Pay)	1,472	2,179
Revenue from contracts with customers.....	814,250	790,484
Cost of rendering telecommunication and other services...	(193,391)	(174,895)
Gross profit.....	620,859	615,589
Depreciation and amortization.....	(119,111)	(118,852)
Dealer commissions.....	(48,153)	(47,176)
Employee related costs (see note 6)	(36,695)	(36,293)
Sites and network maintenance.....	(36,014)	(33,389)
External services.....	(14,244)	(20,494)
Other expenses.....	(13,639)	(14,720)
Phone subsidies.....	(15,586)	(12,407)
Advertising and promotion.....	(13,817)	(11,311)
Other fees and costs.....	(7,674)	(7,512)
Loss on disposal and impairment of assets, net.....	(2,744)	(943)
Lease expense.....	(228)	(237)
Operating profit.....	312,954	312,255

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5. EMPLOYEE RELATED COSTS

Employee related costs are comprised of the following for the six-month period ended June 30, 2022 and June 30, 2021 as follows:

US\$ '000	Six months ended June 30, 2022	Six months ended June 30, 2021
Wages and salaries.....	(37,668)	(36,875)
Social security.....	(2,302)	(2,292)
Other employee related costs.....	(1,979)	(1,475)
Share based compensation.....	(47)	(73)
Capitalized employee related costs.....	5,301	4,422
Total.....	(36,695)	(36,293)

6. INTANGIBLE ASSETS

The Combined Group used cash for intangible assets purchasing during the six-month period ended June 30, 2022 and June 30, 2021 as follows:

US\$ '000	Six months ended June 30, 2022	Six months ended June 30, 2021
Additions	18,739	18,299
Decrease in payables for intangible assets.....	20	2,098
Cash used for the purchase of intangible assets.....	18,759	20,397

The charge for amortization of intangible assets for the six-month period ended June 30, 2022 was \$12.6 million (June 30, 2021: \$17.6 million).

During the six-month period ended June 30, 2022, the Combined Group did not receive any proceeds from disposal of intangible assets (June 30, 2021: nil).

7. PROPERTY, PLANT AND EQUIPMENT

The Combined Group used cash for property, plant and equipment purchasing during the six-month period ended June 30, 2022 and June 30, 2021 as follows:

US\$ '000	Six months ended June 30, 2022	Six months ended June 30, 2021
Additions.....	88,711	88,127
Change in suppliers' advances.....	(6,429)	6,632
Change in payables for property, plant and equipment.....	(8,513)	(14,314)
Cash used for the purchase of property, plant and equipment	73,769	80,445

The charge for depreciation of property, plant and equipment for the six-month period ended June 30, 2022 was \$88.6 million (June 30, 2021: \$84.8 million).

During the six-month period ended June 30, 2022, the Combined Group receive \$369 thousands in cash from disposal of property, plant and equipment (June 30, 2021: \$153 thousands).

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8. RELATED PARTY TRANSACTIONS AND BALANCES

Millicom Group subsidiaries

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

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

The receivable balance with MIC II NV at June 30, 2022 represents shareholder loans that are due in 2023.

On November 12, 2021, MIC Group completed the acquisition of the remaining 45% equity interest in its joint venture business in Tigo Guatemala from Miffin, as a result, Millicom owns a 100% equity interest in Tigo Guatemala after such transaction.

Miffin Associates Corp

Transactions with Miffin shareholders represent recurring commercial operations such as purchase of handsets, lease of buildings and sites and sale of airtime. Since November 12, 2021, Miffin entities are not considered as related party anymore.

The Combined Group have the following balances with related parties as at June 30, 2022 and December 31, 2021, respectively:

US\$ '000	As at June 30, 2022	As at December 31, 2021
Non-current assets		
Millicom International II NV	121,000	—
Others.....	10	10
Total.....	121,010	10
Current assets		
Millicom International II NV(i).....	965,044	159,984
MIC S.A.....	2,331	187,923
Telemóvil El Salvador, S.A. de C.V.....	1,237	1,495
Others.....	2,557	1,837
Total.....	971,169	351,239
Current liabilities		
Telemóvil El Salvador, S.A. de C.V.....	1,560	1,817
Millicom Cable Costa Rica, S.A.	1,848	2,651
Millicom Spain, S. L.	1,687	826
MIC S.A.....	30	2,826
Others.....	1,599	1,125
Total.....	6,724	9,245

(i) As at June 30, 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.

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8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The following significant transactions were conducted with related parties for the six-month period ended June 30, 2022 and June 30, 2021 respectively:

US\$ '000	Six months ended June 30, 2022	Six months ended June 30, 2021
Income		
Sale of goods and services Miffin (i).....	—	177,794
Sale of goods and services MIC (ii).....	17,526	2,972
Sale of goods and services EPM.....	185	189
Sale of goods and services Other.....	3,173	2,961
Total	20,884	183,916
Expenses		
Purchases of goods and services Miffin (i).....	—	100,449
Purchases of goods and services EPM.....	7,169	6,599
Purchase of goods and services MIC.....	556	488
Purchases of goods and services Other.....	2,244	2,773
Total	9,969	110,309

(i) Since November 12, 2021, Miffin entities are not considered as related parties.

(ii) Mainly include interest income on loan receivables.

9. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents comprised as at June 30, 2022 and as at December 31, 2021 respectively:

US\$ '000	As at June 30, 2022	As at December 31, 2021
Cash and cash equivalents in U.S. Dollars.....	46,367	83,827
Cash and cash equivalents in GTQ.....	69,807	69,131
Total cash and cash equivalents	116,174	152,958

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the 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 June 30, 2022 and as at December 31, 2021, respectively:

US\$ '000	As at June 30, 2022	As at December 31, 2021
Restricted cash in GTQ.....	5,684	7,108
Total restricted cash	5,684	7,108

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

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10. OTHER DEBT AND FINANCING

Borrowings due after more than one year as at June 30, 2022 and as at December 31, 2021, respectively:

US\$ '000	As at June 30, 2022	As at December 31, 2021
Bank financing.....	602,366	605,250
Bond financing.....	888,473	—
Total other debt and financing	1,490,839	605,250

No borrowings are due within one year.

The total amount of debt and financing as at June 30, 2022 and as at December 31, 2021, respectively, is repayable as follows:

US\$ '000	As at June 30, 2022	As at December 31, 2021
Amounts due within 2 to 3 years.....	8,058	8,097
Amounts due within 3 to 4 years.....	8,058	8,097
Amounts due within 4 to 5 years.....	309,048	465,985
Amounts due after five years.....	1,165,675	123,071
Total other debt and financing	1,490,839	605,250

The interest expense for the six-month period ended June 30, 2022 and June 30, 2021, respectively, is comprised as follow:

US\$ '000	Six months ended June 31, 2022	Six months ended June 31, 2021
Interest expense on Bonds	18,839	—
Interest expense on Bank financing.....	19,111	13,632
Interest expense on Leases	8,774	9,167
Other.....	1,104	6,791
Total Interest Expense	47,828	29,590

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

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

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

10. OTHER DEBT AND FINANCING (continued)

Guarantees

At June 30, 2022, Tigo Guatemala is co-debtor of Comunicaciones Celulares, S.A, Servicios Especializados en Telecomunicaciones, S.A., Servicios Innovadores de Comunicación y Entretenimiento, S.A. and Navega.com, S.A. on bank loans described in this note; these bank loans have a joint fiduciary guarantee.

Pledged assets

At June 30, 2022, there are \$1.4 million of pledged deposits (2021: \$1.6 million).

11. TRADE PAYABLES

Trade payables as at June 30, 2022 and as at December 31 of 2021 respectively, are comprised as follow:

US\$ '000	As at June 30, 2022	As at December 31, 2021
T&E suppliers.....	29,138	22,235
Employee-related costs.....	2,621	1,001
Fixed operators.....	6,127	6,160
Programming and Interconnection costs.....	4,449	2,369
Others.....	5,627	3,628
Total.....	47,962	35,393

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

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 do not have any restriction of dividend payments. By June 30, 2022, the entities of the Combined Group have declared dividends of \$469 million related to the 2021 results. At December 31, 2021, the entities of the Combined Group declared dividends of \$366 million related to 2020 results.

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.

13. COMMITMENTS AND CONTINGENCIES (continued)

Litigation and legal risks

The Tigo Guatemala are contingently liable with respect to lawsuits and other matters that arise in the normal course of business. As at June 30, 2022 and at December 31, 2021, \$51 thousand in both periods have been accrued for these claims in the combined statement of financial position. 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

At June 30, 2022, Navega.Com, S.A. is disputing through an administrative process an adjustment made by the Tax Authorities in regards with the goodwill amortization of approximately \$21.9 million related with business combinations completed in 2011 with an effective date on January 1, 2012. Even though the administrative process has been initiated at the Supreme Court, the tax authority has requested that the attorney general's office investigate this matter through a criminal prosecution. Although this resolution could be appealed by the tax authorities, due to the favourable resolution from the criminal court and the Company's current assessment of the case, no provision has been deemed necessary at June 30, 2022.

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

Capital commitments

At June 30, 2022, the Combined Group had fixed commitments to purchase network equipment, land and buildings and other fixed assets for \$89 million (2021: \$18 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 June 30, 2022 and December 31, 2021.

US\$ '000	Carrying Value		Fair Value	
	As at June 30, 2022	As at December 31, 2021	As at June 30, 2022	As at December 31, 2021
FINANCIAL LIABILITIES				
Other debt and financing.....	1,490,839	605,250	1,255,023	605,358

15. SUBSEQUENT EVENT

There is no subsequent event since June 30, 2022 and up to the date of these financial statements.
