Millicom International Cellular S.A.

(A public limited liability company (société anonyme) incorporated under the laws of Luxembourg)
(Registration number RCS B 40630)

Management Report and Unaudited Interim Condensed Consolidated Financial Statements

For the three- and six-month periods ended June 30, 2020

Contents

Management Report

Group performance

Revenue

Group revenue decreased 1.5% ($32 million) year-on-year to $2,057 million in H1 2020. The decrease is largely due to the negative impact of the COVID-19 pandemic, the translation impact of weaker currencies in Colombia and Paraguay, as well as a drop in equipment sales, partially offset by increased revenue from acquisitions completed in 2019 in Panama and Nicaragua.

Cost of sales

Cost of sales increased 2.1% ($12 million) year-on-year to $601 million due to the same reasons as explained above and a significant increase in bad debt provisions, which more than doubled on a year-on-year basis, as a result of lower cash collections due to current crisis.

Operating expenses

Operating expenses decreased 8.3% ($66 million) year-on-year to $731 million. The decrease reflects the slowdown of commercial activities as a result of the pandemic, a better cost control and currency devaluation in Colombia, partly offset by the effect of the acquisitions as explained above. Last year operating expenses also included one-off charges related to a $21 million fine in Tanzania and $16 million in Corporate costs stemming from the Central America acquisitions.

Depreciation and Amortization

Depreciation increased 8.3% ($34 million) year-on-year to $443 million, mostly due to the effect of the acquisitions. Amortization expense increased 28.4% ($35 million) year-on-year to $157 million, from a higher intangible asset base due to the recent acquisitions as well as the commencement of amortization of recently acquired spectrum in Colombia and El Salvador.

Share of profit in joint ventures in Guatemala and Honduras

Millicom's share of profit in the Guatemala and Honduras joint ventures was $79 million in H1 2020, a decrease of 13.0% year-on-year mainly due to a $7 million tax provision in Guatemala and the impact of the pandemic, especially in Honduras, where the lock-down was very restrictive.

Other operating income (expenses), net

Other operating income of $23 million increased by $15 million year-on-year due primarily to gains on disposal of shares in the Jumia and Helios Towers equity investments .

Financial income/(expense)

Financial expenses increased $44 million to $316 million. The increase is due to higher levels of gross debt to fund the recent acquisitions of the Group.

Other non-operating (expenses) income, net

Loss from other non-operating items was $136 million in H1 2020 compared to a gain of $45 million in H1 2019 due mainly to the marked-to-market revaluation of Jumia and Helios Towers equity investments of the Group as well as exchange losses driven by currency devaluation in Colombia and Paraguay vs. US dollars.

Loss from other joint ventures and associates, net

Loss from associates and other joint ventures amounted to $1 million in H1 2020 compared to a loss of $15 million in H1 2019 as the book value of Millicom's investment in Ghana is nil since 2019 year-end.

Charges for taxes, net

Tax expense was $49 million in H1 2020, increasing from $41 million in H1 2019 due to higher withholding tax on cash upstream partially offset by a lower profitability in the operations of the Group.

Profit (loss) for the period from discontinued operations

Profit from discontinued operations of $64 million in H1 2019 mainly reflects the gain on the sale of Millicom's operations in Chad, which Millicom disposed of on June 26, 2019.

Loss for the year

Net loss for the owners of the Company was $238 million or $(2.35) per share for H1 2020 compared to a gain of $58 million or $0.57 per share in H1 2019. Non-controlling interests share of net loss was $32 million in H1 2020 compared to a positive $1 million in H1 2019, reflecting the share of losses of the Group's partners in Colombia and Panama subsidiaries.

Share Capital

At June 30, 2020, Millicom had 101.7 million issued and paid up common shares of par value $1.50 each, of which 563 thousand were held by the Company as treasury shares (2019: 616 thousand). During the six months ended June 30, 2020, the Company acquired approximately 463 thousand shares and issued around 480 thousand shares to management and employees under the share-based remuneration plans as part of their annual remuneration.

Distribution to shareholders and proposed distributions

As the Group prioritizes client service, employee health and safety and the preservation of financial strength and liquidity, it has been decided to suspend all share repurchases for the foreseeable future, and the Group's shareholders decided not to recommend the payment of a dividend in 2020 related to 2019 profits.

Risks and uncertainty factors

COVID-19 - Qualitative and quantitative assessment on business activities, financial situation and economic performance

On March 11, 2020, the World Health Organization declared the coronavirus outbreak a pandemic. Most countries globally, including a majority of the countries where we operate, reacted by implementing severe restrictions on travel and public gatherings, including the closing of offices, businesses, schools, retail stores and other public venues, and by instituting curfews or quarantines. These restrictions, as well as the dangers posed by the virus, produced a significant reduction in mobility and a severe disruption in global economic activity during Q2.

Impact on our markets and business

Most governments in our markets implemented restrictions beginning in mid-March, and these were generally maintained throughout April, with some gradual relaxation of measures beginning in late May and June. According to data compiled by the University of Oxford, the lockdowns in the vast majority of our markets were among the most stringent in the world. As a result, many of our stores and distribution channels were forced to close temporarily and a majority of our markets experienced very sharp reductions in mobility during the quarter. This produced an immediate and significant decline in our prepaid mobile business, which is gradually recovering, in tandem with the gradual easing of government restrictions and the recovery in population mobility. In postpaid mobile, the revenue erosion has been more gradual than in prepaid, but so has the recovery.

Our residential cable "Home" business has proven more resilient, but revenue growth has nonetheless eroded noticeably during Q2 due in large part to our commercial decision to temporarily support our neediest customers with basic connectivity, or "lifeline" services at no cost to them, and for which no revenue was recognized. During the quarter, we provided lifeline services to approximately 900,000 Home customers, although we have successfully resumed normal service to about 650,000 of these. We expect to re-connect a portion of the remaining 250,000 during Q3. Finally, revenue from our business-to-business "B2B" services eroded gradually during Q2 and through June, as many small and mid-sized businesses struggle to cope with the health and economic crises.

Beside the recent developments related to Covid-19 crisis as explained above, Millicom continues to operate in a dynamic industry characterized by rapid evolution in technology, consumer demand, and business opportunities. Combined with a focus on emerging markets in various geographic locations, the Group has a proactive approach to identifying, understanding, assessing, monitoring and acting on balancing risks and opportunities. For further description of risks and Millicom’s approach to risk management, please refer to the 2019 Annual Report (http://www.millicom.com/investors/reporting-centre).

Financial risk management objectives and policies

As a consequence of the current pandemic, Millicom has been mainly focusing on the liquidity risk that the Group might encounter as a result of the slowdown in commercial activities and cash collections from subscribers.

As of June 30, 2020, the Group had $1.5 billion in cash and cash equivalents, including $0.3 billion of cash held in Millicom's joint ventures in Guatemala and Honduras. During the six month period ended June 30, 2020, the Group drew $400 million from the $600 million revolving credit facility (RCF), which was fully repaid in late June 2020, such that we ended Q2 2020 with approximately $2.1 billion of liquidity, when considering both the Group's cash (including joint ventures) and the undrawn portion of the RCF.

In contrast, including the joint ventures in Guatemala and Honduras, Millicom has relatively modest financial obligations maturing near term, including $81 million in 2020 and $130 million in 2021 and $124 million in 2022 . The Group is currently in compliance with all of its covenants, and continues to have significant headroom over its principal leverage covenant.

Beside the above, Millicom's financial risk management policies and objectives remain unchanged compared to what the Group presented in Section D. Financial risk management of the 2019 consolidated financial statements (included in Group's 2019 Annual Report).

Internal controls and risk management in the preparation of the consolidated financial statements are set out in the Governance section from pages 66 to 100 in Group's 2019 Annual Report.

Non-financial information

Non-financial information, such as environmental, social, human rights and the fight against corruption, are set out in the Corporate Responsibility Performance Appendix of the Group's 2019 Annual Report.

Outlook

Notwithstanding improvement relative to April and May, our performance in June remained well below pre-COVID levels, and heightened macro risks will likely persist and continue to pressure our business at least through the remainder of 2020. However, the mobility restrictions have made our network infrastructure and our broadband services in particular more essential than ever. Thus, we continue to believe that the long-term opportunity we have been pursuing has likely been enhanced by recent events, and we are leaving unchanged our medium term goals to deliver mid-single-digit organic service revenue growth, mid-to-high single-digit organic EBITDA growth, and around 10% OCF (EBITDA less Capex) organic growth for the Latam segment.

Subsequent events

There are no significant subsequent events.

/s/ José Antonio Ríos García

Chairman of the Board of Directors

Luxembourg, July 29, 2020

Responsibility Statement

The Board of Directors and the executive management of the company reaffirm their responsibility to ensure the maintenance of proper accounting records disclosing the consolidated financial position of the Group with reasonable accuracy at any time, and ensuring that an appropriate system of internal controls is in place to ensure that the Group's business operations are carried on efficiently and transparently.

In accordance with Article 4 of the law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Millicom declares that, to the best of our knowledge, the interim condensed consolidated financial statements for the six-month period ended 30 June 2020, prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted for use in the European Union, give a true and fair view of the assets, liabilities, financial position and results of the interim period.

In addition, management's report includes a fair review of the development and performance of the Group's operations during the interim period and of business risks, where appropriate, faced by the Group.

Signed on July 29, 2020

On behalf of Millicom International Cellular S.A., by:

/s/ Mauricio Ramos

Chief Executive Officer

/s/ Tim Pennington

Chief Financial Officer

Report on review of interim condensed consolidated financial statements

To the Shareholders,
Millicom International Cellular S.A.
2, rue du Fort Bourbon
L – 1249 - Luxembourg

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Millicom International Cellular S.A. as of 30 June 2020, which comprise the interim condensed consolidated statement of financial position as at 30 June 2020 and the related interim condensed consolidated statement of income, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flow for the six-month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Société anonyme
Cabinet de révision agréé

/s/
Bruno di Bartolomeo

Luxembourg, 29 July 2020

Unaudited interim condensed consolidated statement of income for the three- and six-month periods ended June 30, 2020

in millions of U.S dollars except per share data	Notes	Six months ended June 30, 2020	Six months ended June 30, 2019 (i)	Three months ended June 30, 2020	Three months ended June 30, 2019 (i)
Revenue	5	2,057	2,089	970	1,054
Cost of sales		(601)	(589)	(296)	(298)
Gross profit		**1,456**	**1,500**	**673**	**757**
Operating expenses		(731)	(798)	(330)	(424)
Depreciation	3	(443)	(409)	(220)	(210)
Amortization		(157)	(122)	(84)	(62)
Share of profit in the joint ventures in Guatemala and Honduras	15	79	90	34	46
Other operating income (expenses), net	14	23	8	20	3
Operating profit	**5**	**226**	**270**	**93**	**109**
Interest and other financial expenses	10	(316)	(272)	(169)	(132)
Interest and other financial income		7	8	2	4
Other non-operating (expenses) income, net	6	(136)	45	22	33
Profit (loss) from other joint ventures and associates, net		(1)	(15)	(1)	(18)
Profit (loss) before taxes from continuing operations		**(220)**	**36**	**(53)**	**(5)**
Tax (charge) credit, net		(49)	(41)	(65)	(24)
Profit (loss) from continuing operations		**(269)**	**(5)**	**(118)**	**(28)**
Profit (loss) from discontinued operations, net of tax	4	(1)	64	(1)	64
Net profit (loss) for the period		**(270)**	**59**	**(119)**	**36**
Attributable to:					
The owners of Millicom		(238)	58	(115)	45
Non-controlling interests		(32)	1	(4)	(9)
(Loss)/Earnings per common share for net profit/ (loss) attributable to the owners of the Company:					
Basic ($)	7	(2.35)	0.57	(1.14)	0.44
Diluted ($)	7	(2.35)	0.57	(1.14)	0.44

(i) Restated as a result of the finalization of the purchase accounting of latest acquisitions (see note 3).

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

Unaudited interim condensed consolidated statement of comprehensive income for the three- and six-month periods ended June 30, 2020

in millions of U.S dollars	Six months ended June 30, 2020	Six months ended June 30, 2019 (i)	Three months ended June 30, 2020	Three months ended June 30, 2019 (i)
Net profit (loss) for the period	(270)	59	(119)	36
Other comprehensive income (to be reclassified to statement of income in subsequent periods), net of tax:				
Exchange differences on translating foreign operations	(74)	14	25	7
Change in value of cash flow hedges, net of tax effects	(6)	(11)	13	(10)
Other comprehensive income (not to be reclassified to statement of income in subsequent periods), net of tax:				
Total comprehensive income (loss) for the period	**(349)**	**62**	**(82)**	**33**

Attributable to				
Owners of the Company	(301)	59	(84)	43
Non-controlling interests	(48)	3	3	(10)

Total comprehensive income for the period arises from:				
Continuing operations	(349)	(2)	(81)	(39)
Discontinued operations	(1)	64	(1)	72

(i) Restated as a result of the finalization of the purchase accounting of latest acquisitions (see note 3).

Unaudited interim condensed consolidated statement of financial position as at June 30, 2020

in millions of U.S dollars	Notes	June 30, 2020	December 31, 2019(i)
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	9	3,477	3,214
Property, plant and equipment, net	8	2,605	2,883
Right of use assets		901	1,012
Investments in joint ventures	15	2,673	2,797
Investments in associates		23	25
Contract costs, net		4	5
Deferred tax assets		224	200
Derivative financial instruments	13	12	—
Other non-current assets	12	95	104
TOTAL NON-CURRENT ASSETS		**10,014**	**10,240**
CURRENT ASSETS			
Inventories		36	32
Trade receivables, net	2	354	371
Contract assets, net		36	41
Amounts due from non-controlling interests, associates and joint ventures	12	39	29
Prepayments and accrued income		187	156
Current income tax assets		95	119
Supplier advances for capital expenditure		26	22
Equity investments	14	237	371
Other current assets		172	185
Restricted cash		167	155
Cash and cash equivalents		1,186	1,164
TOTAL CURRENT ASSETS		**2,534**	**2,645**
Assets held for sale	4	4	5
TOTAL ASSETS		**12,552**	**12,890**

(i) Restated as a result of the finalization of the purchase accounting of latest acquisitions (see note 3).

Unaudited interim condensed consolidated statement of financial position as at June 30, 2020 (continued)

in millions of U.S dollars	Notes	June 30, 2020	December 31, 2019(i)
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium		631	633
Treasury shares		(32)	(51)
Other reserves		(620)	(544)
Retained profits		2,365	2,222
Profit (loss) for the period attributable to equity holders		(238)	149
Equity attributable to owners of the Company		**2,106**	**2,410**
Non-controlling interests		219	271
TOTAL EQUITY		**2,325**	**2,680**
LIABILITIES			
NON-CURRENT LIABILITIES			
Debt and financing	10	5,857	5,786
Lease liabilities	10	894	988
Derivative financial instruments	13	26	17
Amounts due to non-controlling interests, associates and joint ventures	12	219	337
Payables and accruals for capital expenditure	9	444	61
Provisions and other non-current liabilities		290	322
Deferred tax liabilities		249	280
TOTAL NON-CURRENT LIABILITIES		**7,978**	**7,792**
CURRENT LIABILITIES			
Debt and financing	10	103	186
Lease liabilities	10	118	107
Put option liability	13	268	264
Payables and accruals for capital expenditure		233	348
Other trade payables		256	289
Amounts due to non-controlling interests, associates and joint ventures	12	161	161
Accrued interest and other expenses		434	432
Current income tax liabilities		113	75
Contract liabilities		77	82
Provisions and other current liabilities		486	474
TOTAL CURRENT LIABILITIES		**2,249**	**2,417**
Liabilities directly associated with assets held for sale	4	—	—
TOTAL LIABILITIES		**10,227**	**10,209**
TOTAL EQUITY AND LIABILITIES		**12,552**	**12,890**

(i) Restated as a result of the finalization of the purchase accounting of latest acquisitions (see note 3).

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

Unaudited interim condensed consolidated statement of cash flows for the six-month period ended June 30, 2020

in millions of U.S dollars	Notes	June 30, 2020	June 30, 2019 (i)
Cash flows from operating activities (including discontinued operations)			
Profit (loss) before taxes from continuing operations		(220)	36
Profit (loss) before taxes from discontinued operations	4	(1)	66
Profit (loss) before taxes		**(221)**	**102**
Adjustments to reconcile to net cash:			
Interest expense on leases		78	75
Interest expense on debt and other financing		238	198
Interest and other financial income		(7)	(8)
Adjustments for non-cash items:			
Depreciation and amortization	5	599	542
Share of profit in Guatemala and Honduras joint ventures		(79)	(90)
(Gain) on disposal and impairment of assets, net	4, 14	(22)	(82)
Share based compensation		14	14
Loss from other joint ventures and associates, net		1	15
Other non-cash non-operating (income) expenses, net	6	136	(45)
Changes in working capital:			
Decrease (increase) in trade receivables, prepayments and other current assets, net		(104)	(141)
Decrease in inventories		(6)	(8)
Increase (decrease) in trade and other payables, net		4	19
Changes in contract assets, liabilities and costs, net		4	3
Total changes in working capital		**(102)**	**(128)**
Interest paid on leases		(74)	(66)
Interest paid on debt and other financing		(204)	(161)
Interest received		8	6
Taxes paid	5	(43)	(49)
Net cash provided by operating activities		**324**	**323**
Cash flows from (used in) investing activities (including discontinued operations):			
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	3	3	(430)
Proceeds from disposal of subsidiaries and associates, net of cash disposed	4	18	110
Purchase of intangible assets and licenses	9	(166)	(103)
Purchase of property, plant and equipment	8	(302)	(349)
Proceeds from sale of property, plant and equipment	8	1	12
Proceeds from disposal of equity investment, net of costs	14	89	—
Dividends and dividend advances received from joint ventures	15	58	105
Cash (used in) provided by other investing activities, net		15	9
Net cash used in investing activities		**(284)**	**(646)**

Unaudited interim condensed consolidated statement of cash flows for the six-month period ended June 30, 2020 (continued)

Cash flows from financing activities (including discontinued operations):			
Proceeds from debt and other financing	10	797	1,646
Repayment of debt and other financing	10	(723)	(795)
Lease capital repayment		(53)	(60)
Advances and dividends paid to non-controlling interests		(2)	(12)
Share repurchase program		(10)	—
Dividends paid to owners of the Company		—	(133)
Net cash provided by (used in) financing activities		**9**	**646**
Exchange impact on cash and cash equivalents, net		(26)	—
Net (decrease) increase in cash and cash equivalents		**23**	**322**
Cash and cash equivalents at the beginning of the year		1,164	528
Effect of cash in disposal group held for sale	4	—	(9)
Cash and cash equivalents at the end of the period		**1,186**	**840**

(i) Restated as a result of the finalization of the purchase accounting of latest acquisitions (see note 3).

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

Unaudited interim condensed consolidated statements of changes in equity for the periods ended June 30, 2020 and years ended December 31, 2019 and 2018

in millions of U.S dollars	Number of shares (000's)	Number of shares held by the Group (000's)	Share capital	Share premium	Treasury shares	Retained profits(i)	Other reserves	Total	Non-controlling interests	Total equity
Balance on December 31, 2018	**101,739**	**(914)**	**153**	**482**	**(81)**	**2,525**	**(538)**	**2,542**	**251**	**2,792**
Total comprehensive income for the period	—	—	—	—	—	61	1	62	4	65
Dividends	—	—	—	—	—	(268)	—	(268)	—	(268)
Dividends to non controlling interests	—	—	—	—	—	—	—	—	(1)	(1)
Purchase of treasury shares	—	(108)	—	—	(10)	3	—	(7)	—	(7)
Share based compensation	—	—	—	—	—	—	14	14	—	15
Issuance of shares under share-based payment schemes	—	405	—	(2)	36	(11)	(22)	1	—	1
Balance on June 30, 2019 (ii)	**101,739**	**(616)**	**153**	**481**	**(54)**	**2,310**	**(545)**	**2,343**	**254**	**2,597**
Balance on December 31, 2019 (ii)	**101,739**	**(581)**	**153**	**480**	**(51)**	**2,372**	**(544)**	**2,410**	**271**	**2,680**
Total comprehensive income for the period	—	—	—	—	—	(238)	(63)	(301)	(48)	(349)
Dividends	—	—	—	—	—	—	—	—	—	—
Dividends to non controlling interests	—	—	—	—	—	—	—	—	(5)	(5)
Purchase of treasury shares (iii)	—	(463)	—	—	(19)	3	—	(16)	—	(16)
Share based compensation	—	—	—	—	—	—	13	13	1	14
Issuance of shares under share-based payment schemes	—	480	—	(2)	38	(10)	(25)	—	—	—
Balance on June 30, 2020	**101,739**	**(563)**	**153**	**478**	**(32)**	**2,127**	**(620)**	**2,106**	**219**	**2,325**

(i) *Retained profits – includes profit for the period attributable to equity holders, of which at June 30, 2020, $304 million (2019: $306 million; 2018: $324 million) are not distributable to equity holders.*

(ii) *Restated as a result of the finalization of the purchase accounting of latest acquisitions (see note 3).*

(iii) *During the six-month period ended June 30, 2020, Millicom repurchased 350,000 shares for a total amount of $10 million and withheld approximately 113,000 shares for settlement of tax obligations on behalf of employees under share-based compensation plans.*

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

Notes to the unaudited interim condensed consolidated statements

1. ORGANIZATION

Millicom International Cellular S.A. (the "Company" or "MIC SA"), a Luxembourg Société Anonyme, and its subsidiaries, joint ventures and associates (the "Group" or "Millicom") is an international telecommunications and media company providing digital lifestyle services in emerging markets, through mobile and fixed telephony, cable, broadband, and Pay-TV in Latin America and Africa.

On July 29, 2020, the Board of Directors authorized these unaudited interim condensed consolidated financial statements for issuance.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements of the 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 and as adopted by the European Union. In the opinion of management, these unaudited interim condensed consolidated financial statements reflect all adjustments that are necessary for a proper presentation of the results for interim periods. Millicom's operations are not affected by significant seasonal or cyclical patterns.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the period ended December 31, 2019. These financial statements are prepared in accordance with consolidation and accounting policies consistent with the December 31, 2019 consolidated financial statements, except for the changes described below.

COVID-19 - Qualitative and quantitative assessment on business activities, financial situation and economic performance

On March 11, 2020, the World Health Organization declared the coronavirus outbreak a pandemic. Most countries globally, including a majority of the countries where we operate, reacted by implementing severe restrictions on travel and public gatherings, including the closing of offices, businesses, schools, retail stores and other public venues, and by instituting curfews or quarantines. These restrictions, as well as the dangers posed by the virus, produced a significant reduction in mobility and a severe disruption in global economic activity during Q2.

Impact on our markets and business

Most governments in our markets implemented restrictions beginning in mid-March, and these were generally maintained throughout April, with some gradual relaxation of measures beginning in late May and June. According to data compiled by the University of Oxford, the lockdowns in the vast majority of our markets were among the most stringent in the world. As a result, many of our stores and distribution channels were forced to close temporarily and a majority of our markets experienced very sharp reductions in mobility during the quarter. This produced an immediate and significant decline in our prepaid mobile business, which is gradually recovering, in tandem with the gradual easing of government restrictions and the recovery in population mobility. In postpaid mobile, the revenue erosion has been more gradual than in prepaid, but so has the recovery.

Our residential cable "Home" business has proven more resilient, but revenue growth has nonetheless eroded noticeably during Q2 due in large part to our commercial decision to temporarily support our neediest customers with basic connectivity, or "lifeline" services at no cost to them, and for which no revenue was recognized. During the quarter, we provided lifeline services to approximately 900,000 Home customers, although we have successfully resumed normal service to about 650,000 of these. We expect to re-connect a portion of the remaining 250,000 during Q3. Finally, revenue from our business-to-business "B2B" services eroded gradually during Q2 and through June, as many small and mid-sized businesses struggle to cope with the health and economic crises.

Impact on liquidity and financial resources

As of June 30, 2020, the Group had $1.5 billion in cash and cash equivalents, including $0.3 billion of cash held in Millicom's joint ventures in Guatemala and Honduras. During the six month period ended June 30, 2020, the Group drew $400 million from the $600 million revolving credit facility (RCF), which was fully repaid in late June 2020, such that we ended Q2 2020 with approximately $2.1 billion of liquidity, when considering both the Group's cash (including joint ventures) and the undrawn portion of the RCF.

In contrast, including the joint ventures in Guatemala and Honduras, Millicom has relatively modest financial obligations maturing near term, including $81 million in 2020 and $130 million in 2021 and $124 million in 2022 . The Group is currently in compliance with all of its covenants, and continues to have significant headroom over its principal leverage covenant.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

Impact on accounting matters

As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Nevertheless, Millicom have identified potential significant accounting implications in the following areas:

- Impairment of non-financial assets/goodwill/investments in joint ventures

  Millicom have noticed reduced economic activity across the countries where it operates, and its operations are suffering lower revenues, EBITDA and margins, which might indicate potential impairments.

  For the first quarter of 2020, management had updated the sensitivity analysis performed in the framework of its 2019 goodwill impairment testing by deteriorating EBITDA sensitivity from initially 2% to 10% decrease. In parallel, discount rates used in the 2019 impairment tests had also been increased by 100 bps to 500 bps depending on the countries. As a result of these changes, management noted an increased impairment risk for its cash generating units (CGUs) in Nicaragua, El Salvador and Costa Rica. The other CGUs still showed a comfortable headroom.

  During the second quarter of 2020, management carried out an updated impairment test for the CGUs listed above and identified at risk in Q1 2020. These tests have been performed in line with the methodology used for the annual impairment tests using Group's latest forecasts. The results of these tests showed that sufficient headroom exists and that there is no impairment charge to be recognized. The other CGUs have not been tested given the significant headroom noted in Q1 and the fact that assumptions used in Q1 sensitivity analysis were actually more aggressive than the operations' actual performance.

- Impairment of trade receivables

  During Q2 2020, and as a result of worsening collections, the Group has recognised additional bad debt provisions for an amount of $32 million compared to the level of provisions recorded during Q1 2020 and $33 million compared to Q2 2019. As of June 30, 2020, the total bad debt provisions cover close to 100% of the receivables overdue by more than 90 days.

- Revenue recognition

  For countries restricted from disconnecting non paying customers, such as El Salvador, the Group established a policy whereby operations stopped recognizing revenue after a certain number of invoices remained unpaid (usually 3 invoices - as these customers would be disconnected after 3 unpaid invoices in normal circumstances). The Group believes it is unlikely that it will collect the overdue invoiced amounts from these subscribers i.e. the 'Covid subscribers'. From that moment onwards after consideration of the guidance under IFRS 15.13, for 'Covid subscribers' the Group will only recognize revenue up to an amount equal to the consideration (cash) as and when received.

  During the three-month period ended June 30, 2020, and as a result of applying the above policy, the Group has not recognised revenue for an amount of $9 million.

Note that there might be implications on other accounting areas such as inventory obsolescence or share-based payments, but the Group currently do not expect these to be significant. Finally, as of the date of this report, the Group has determined there are no material uncertainties that might cast significant doubt upon the Group's or any of its operations' ability to continue as a going concern.

2. SUMMARY OF CONSOLIDATION AND ACCOUNTING POLICIES (Continued)

New and amended IFRS standards

The following changes to standards effective for annual periods starting on January 1, 2020 have been adopted by the Group and did not have any significant impact on the Group's accounting policies or disclosures and did not require retrospective adjustments:

- Amendments to the conceptual framework. The IASB has revised its conceptual framework.
- Amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors'.
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform.
- Amendments to IFRS 3 - definition of a business. This amendment revises the definition of a business.

The following changes to standards not yet effective are not expected to materially affect the Group:

- IFRS 17, 'Insurance contracts' - effective for annual periods starting on January 1, 2023- IFRS 17 will not have an impact for the Group. IFRS 17 has not been yet endorsed by the EU.
- Amendments to IAS 1, 'Presentation of Financial Statements' - effective for annual periods starting on January 1, 2022- This amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. These amendments have not yet been endorsed by the EU.
- Amendment to IFRS 16, 'Leases' - COVID 19 Rent Concessions - effective for annual periods starting on June 1, 2020. This amendment provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. This amendment is still subject to EU endorsement.
- Amendments to
    - 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

  All of these amendments are effective for annual periods starting on January 1, 2022. These amendments have not yet been endorsed by the EU.

3. ACQUISITION AND DISPOSAL OF SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND OTHER NON-CONTROLLING INTERESTS

Acquisitions 2020

There were no acquisitions in 2020.

Acquisitions 2019

On February 20, 2019, MIC S.A., Telefonica Centroamerica and Telefonica S.A. entered into 3 separate share purchase agreements (the "Telefonica CAM Acquisitions") pursuant to which, subject to the terms and conditions contained therein, Millicom agreed to purchase 100% of the shares of Telefonica Moviles Panama, S.A., a company incorporated under the laws of Panama, from Telefonica Centroamerica (the "Panama Acquisition"), 100% of the shares of Telefonica de Costa Rica TC, S.A., a company incorporated under the laws of Costa Rica, from Telefonica (the "Costa Rica Acquisition") and 100% of the shares of Telefonia Celular de Nicaragua, S.A., a company incorporated under the laws of Nicaragua, from Telefonica Centroamerica (the "Nicaragua Acquisition"). The Telefonica CAM Acquisitions Share Purchase Agreements contain customary representations and warranties and termination provisions. While Millicom completed both acquisitions in Nicaragua and Panama, it announced on May 1, 2020 that it terminated the Share Purchase Agreement in relation to the Costa Rica Acquisition (see note 11). The aggregate purchase price for the Telefonica Panama and Nicaragua Acquisitions was $1.08 billion, subject to potential purchase price adjustments.

Nicaragua Acquisition

This transaction closed on May 16, 2019 after receipt of the necessary approvals and, since that date, Millicom holds all voting rights in Telefonia Celular de Nicaragua ("Nicaragua") and controls it. On the same day, Millicom paid an original cash consideration of $437 million, which was adjusted to $430 million as of December 31, 2019 and finally adjusted to $426 million. For the purchase accounting, Millicom determined the final fair values of Nicaragua's identifiable assets and liabilities based on transaction and relative fair values. The purchase accounting has been finalized by May 16, 2020 and has not materially changed since December 31, 2019, with the exception of the final price adjustment.

The final purchase accounting and differences compared to the provisional fair values reported as at December 31, 2019 are shown below:

	Provisional Fair values (100%) (US$ millions)	**Final Fair values (100%)** (US$ millions)	**Differences** (US$ millions)
Intangible assets (excluding goodwill) (i)	131	131	—
Property, plant and equipment (ii)	149	149	—
Right of use assets (iii)	131	131	—
Other non-current assets	2	2	—
Current assets (excluding cash) (iv)	23	23	—
Trade receivables (v)	17	17	—
Cash and cash equivalents	7	7	—
Total assets acquired	**459**	**459**	**—**
Lease liabilities (iii)	131	131	—
Other liabilities (vi)	118	118	—
Total liabilities assumed	**249**	**249**	**—**
Fair value of assets acquired and liabilities assumed, net	**210**	**210**	**—**
Acquisition price	430	426	(4)
Final Goodwill	**220**	**216**	**(4)**

(i) Intangible assets not previously recognized at the date of acquisition, are mainly customer lists for an amount of $81 million, with estimated useful lives ranging from 4 to 10 years. In addition, a fair value step-up of $39 million on the spectrum held by Nicaragua has been recognized, with a remaining useful life of 14 years.

(ii) A fair value step-up of $39 million has been recognized on property, plant and equipment, mainly on the core network ($25 million) and owned buildings ($8 million). The expected remaining useful lives were estimated at 6-7 years on average.

(iii) The Group measured the lease liability at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired lease were a new lease at the acquisition date. The right-of-use assets have been adjusted by $7 million to be measured at the same amount as the lease liabilities.

(iv) Current assets include indemnification assets for tax contingencies at fair value for an amount of $11 million - see (vi) below.

(v) The fair value of trade receivables acquired was $17 million.

(vi) Other liabilities include the fair value of certain possible tax contingent liabilities for $1 million and a deferred tax liability of $50 million resulting from the above adjustments

3. ACQUISITION AND DISPOSAL OF SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND OTHER NON-CONTROLLING INTERESTS (Continued)

The completion of the purchase price allocation did not result in any material impact on the statement of income in respect of values previously recorded in the provisional purchase accounting for the year ended December 31, 2019 or for the interim periods within the years 2019 and 2020. The impact on the statement of financial position as at December 31, 2019 is summarized in the table at the bottom of this note.

Panama Acquisition

This transaction closed on August 29, 2019 after receipt of the necessary approvals and, since that date, Cable Onda, which is 80% owned by Millicom, holds all voting rights in Telefonica Moviles Panama, S.A. ("Panama") and controls it. On the same day, Cable Onda paid an original cash consideration of $594 million to acquire 100% of the shares of Panama, subject to a final price adjustment expected in H2 2020. The purchase consideration also includes potential indemnifications from the sellers (including potential tax contingencies and litigations). No non-controlling interests are recognized at acquisition date as Cable Onda acquired 100% of the shares of Panama. However, non-controlling interests are recognized in Panama's results from the date of acquisition.

For the purchase accounting, Millicom determined the fair value of Panama's identifiable assets and liabilities based on transaction and relative fair values. During Q2 2020, the Group completed the policy alignment and evaluation in respect of the right-of-use assets and lease liabilities. The related effect of these adjustments is shown in the table below.

As of June 30, 2020, the purchase accounting is still provisional, particularly in respect of the evaluation of property, plant and equipment, the final purchase price adjustment and their resulting impact on the current valuation of intangible assets. Management will finalize the purchase accounting not later than Q3 2020.

The updated provisional purchase accounting and differences compared to the provisional fair values reported as at December 31, 2019 are shown below:

	Provisional Fair values (100%)	Provisional Fair values (100%)	Differences
	December 31, 2019	June 30, 2020	
	(US$ millions)	(US$ millions)	(US$ millions)
Intangible assets (excluding goodwill) (i)	178	178	—
Property, plant and equipment (ii)	110	110	—
Right of use assets (iii)	47	81	34
Other non-current assets	3	3	—
Current assets (excluding cash)	23	23	—
Trade receivables (iv)	21	21	—
Cash and cash equivalents	10	10	—
Total assets acquired	**391**	**425**	**34**
Lease liabilities	48	81	33
Other debt and financing	74	74	—
Other liabilities (v)	101	102	1
Total liabilities assumed	**224**	**257**	**34**
Fair value of assets acquired and liabilities assumed, net	167	168	1
Acquisition price	594	594	—
Provisional Goodwill	**426**	**425**	**(1)**

(i) *Intangible assets not previously recognized at the date of acquisition, are mainly customer lists for an amount of $58 million, with estimated useful lives ranging from 3 to 17 years. In addition, a fair value step-up of $3 million on the spectrum held by Panama has been recognized, with a remaining useful life of 17 years.*

(ii) *Final valuation is still in progress and will be finalized by August 29, 2020.*

(iii) *The accounting policy alignment resulted in an increase in the right-of-use assets and lease liabilities of approximately $30 million. Subsequently, the right-of-use assets have been adjusted by $4 million to be measured at the same amount as the lease liabilities.*

(iv) *The fair value of trade receivables acquired was $21 million.*

(v) *Other liabilities include a deferred tax liability of $16 million resulting from the above adjustments.*

3. ACQUISITION AND DISPOSAL OF SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND OTHER NON-CONTROLLING INTERESTS (Continued)

Impact on the statement of financial position of the finalization/update of the purchase accounting for recent acquisitions

The finalization/update of the purchase accounting for the recent acquisitions had an effect on the following financial statements line items on the statement of financial position as of December 31, 2019:

		Impact of finalization/update of purchase accounting of			
$ millions	December 31, 2019 As reported	Nicaragua	Panama	December 31, 2019 Restated	Reason for the change
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Intangible assets, net	3,219	(4)	(1)	3,214	(i)
Right-of-use asset (non-current)	977	—	34	1,012	(ii)
Other current assets	181	4	—	185	(iii)
LIABILITIES					
Lease liabilities (non-current)	967	—	22	988	(ii)
Lease liabilities (current)	97	—	11	107	(ii)
Deferred tax liabilities	279	—	1	280	(iv)

(i) Impact on goodwill resulting from the adjustments explained above for Nicaragua and Panama.

(ii) See Panama section above. Refers to IFRS 16 accounting policy alignment and purchase accounting adjustment..

(iii) See Nicaragua section above. Reflects the final price adjustment agreed for Nicaragua.

(iv) Deferred tax impact of these previously explained adjustments.

Impact on the statement of income of the finalization/update of the purchase accounting for recent acquisitions

The Group finalized Cable Onda's purchase accounting in December 2019 by adjusting the provisional fair values mainly on tangible assets. The impact on the statement of income for the three- and six-month periods ended June 30, 2019 was mainly on depreciation as an additional charge was recorded for $2 million and $4 million, respectively, compared to what the Group reported last year.

The impact of the finalization of Nicaragua's purchase accounting (and update on Panama's) on the 2019 Group statement of income is immaterial. Therefore, no adjustments were made in that respect on comparative figures.

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Summary

Financial information relating to the discontinued operations for the three- and six-month periods ended June 30, 2019 are set out below. Figures shown below are after inter-company eliminations. 2019 figures include Chad only (6 months).

Results from Discontinued Operations ($ millions)	Six months ended June 30, 2019	Three months ended June 30, 2019
Revenue	50	19
Cost of sales	(14)	(5)
Operating expenses	(27)	(13)
Depreciation and amortization	(11)	(4)
Gain/(loss) on disposal of discontinued operations	74	74
Other expenses linked to the disposal of discontinued operations	(5)	(4)
Operating profit (loss)	**68**	**67**
Interest income (expense), net	(2)	(1)
Profit (loss) before taxes	**66**	**65**
Credit (charge) for taxes, net	(2)	(1)
Net Profit/(loss) from discontinuing operations	**64**	**64**

Cash flows from discontinued operations ($ millions)	Six months ended June 30, 2019
Cash from (used in) operating activities, net	(8)
Cash from (used in) investing activities, net	5
Cash from (used in) financing activities, net	7
Net cash inflows/(outflows)	**5**

Rwanda

On January 31, 2018, Millicom completed the sale of its Rwanda operations to subsidiaries of Bharti Airtel Limited for cash consideration of $51 million. The consideration included a deferred cash payment of $17 million, which was received in Q1 2020.

5. SEGMENT INFORMATION

Management determines operating and reportable segments based on information used by the chief operating decision maker (CODM) to make strategic and operational decisions from both a business and geographic perspective. The Group's risks and rates of return are predominantly affected by operating in different geographical regions. The Group has businesses in two main regions: Latin America ("Latam") and Africa. The Latam figures below include Honduras and Guatemala as if they are fully consolidated by the Group, as this reflects the way management reviews and uses internally reported information to make decisions. Honduras and Guatemala are shown under the Latam segment. The joint venture in Ghana is not reported as if fully consolidated.

As from June 30, 2020, Millicom is allocating corporate costs to each segment based on their contribution to underlying revenue, and only non-recurring costs, such as the M&A-related fees incurred in both 2018 and 2019, will remain unallocated going forward. This change in presentation has no impact on Group EBITDA.

In order to facilitate comparisons of June 30, 2020 figures with prior periods, comparative figures have been re-presented to conform with this new segment EBITDA reporting.

Revenue, operating profit (loss), EBITDA and other segment information for the three- and six-month periods ended June 30, 2020 and 2019, are as follows:

Six months ended June 30, 2020 (in millions of U.S dollars)	Latin America	Africa	Unallocated	Guatemala and Honduras(vii)	Eliminations and Transfers	Total
Mobile revenue	1,593	171	—	(718)	—	1,046
Cable and other fixed services revenue	1,045	4	—	(146)	—	903
Other revenue	28	—	—	(3)	—	25
Service revenue (i)	2,665	175	—	(867)	—	1,973
Telephone and equipment and other revenue (i)	200	—	—	(115)	—	84
Revenue	**2,865**	**175**	**—**	**(981)**	**—**	**2,057**
Operating profit (loss)	**371**	**14**	**13**	**(250)**	**79**	**226**
Add back:						
Depreciation and amortization	775	45	6	(227)	—	599
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(79)	(79)
Other operating income (expenses), net	(3)	—	(19)	—	—	(23)
EBITDA (ii)	**1,144**	**59**	**(1)**	**(477)**	**—**	**725**
EBITDA from discontinued operations	—	—	—	—	—	—
EBITDA incl discontinued operations	**1,144**	**59**	**(1)**	**(477)**	**—**	**725**
Capital expenditure (iii)	(469)	(19)	(5)	118	—	(376)
Changes in working capital and others (iv)	405	—	(475)	(19)	—	(89)
Taxes paid	(95)	(5)	(1)	58	—	(43)
Operating free cash flow (v)	**985**	**35**	**(482)**	**(321)**	**—**	**217**
Total Assets (vi)	**13,701**	**916**	**4,562**	**(5,292)**	**(1,335)**	**12,552**
Total Liabilities	**9,134**	**938**	**3,921**	**(2,172)**	**(1,595)**	**10,227**

5. SEGMENT INFORMATION (Continued)

Six months ended June 30, 2019 (in millions of U.S dollars)	Latin America	Africa (viii)	Unallocated	Guatemala and Honduras (vii)	Eliminations and transfers	Total
Mobile revenue	1,580	181	—	(741)	—	1,020
Cable and other fixed services revenue	1,085	4	—	(136)	—	953
Other revenue	25	—	—	(3)	—	22
Service revenue (i)	2,689	186	—	(879)	—	1,996
Telephone and equipment revenue (i)	198	—	—	(105)	—	93
Revenue	**2,887**	**186**	**—**	**(983)**	**—**	**2,089**
Operating profit (loss)	**468**	**(3)**	**(14)**	**(272)**	**91**	**270**
Add back:						
Depreciation and amortization	699	49	4	(221)	—	531
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(91)	(91)
Other operating income (expenses), net	(3)	(1)	—	(4)	—	(8)
EBITDA (ii)	**1,164**	**45**	**(10)**	**(496)**	**—**	**703**
EBITDA from discontinued operations	—	4	—	—	—	4
EBITDA incl discontinued operations	**1,164**	**49**	**(10)**	**(496)**	**—**	**707**
Capital expenditure (iii)	(548)	(27)	(4)	136	—	(442)
Changes in working capital and others (iv)	(62)	15	(67)	—	—	(113)
Taxes paid	(95)	(6)	(6)	58	—	(50)
Operating free cash flow (v)	**459**	**31**	**(87)**	**(302)**	**—**	**102**
Total Assets (vi)	**13,105**	**947**	**3,510**	**(5,666)**	**(226)**	**11,670**
Total Liabilities	**7,390**	**889**	**4,067**	**(2,106)**	**(1,164)**	**9,075**

5. SEGMENT INFORMATION (Continued)

Three months ended June 30, 2020 (in millions of U.S dollars)	Latin America	Africa (viii)	Unallocated	Guatemala and Honduras (vii)	Eliminations and transfers	Total
Mobile revenue	750	84	—	(345)	—	490
Cable and other fixed services revenue	506	2	—	(73)	—	435
Other revenue	14	—	—	(2)	—	12
Service revenue (i)	1,270	86	—	(419)	—	937
Telephone and equipment revenue (i)	90	—	—	(57)	—	33
Revenue	**1,360**	**86**	**—**	**(476)**	**—**	**970**
Operating profit (loss)	**152**	**7**	**16**	**(116)**	**34**	**93**
Add back:						
Depreciation and amortization	392	22	3	(113)	—	304
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(34)	(34)
Other operating income (expenses), net	(1)	—	(19)	—	—	(20)
EBITDA (ii)	**544**	**29**	**—**	**(229)**	**—**	**343**
EBITDA from discontinued operations	—	—	—	—	—	—
EBITDA incl discontinued operations	**544**	**29**	**—**	**(229)**	**—**	**343**
Capital expenditure (iii)	(185)	(9)	(1)	51	—	(144)
Changes in working capital and others (iv)	470	—	(416)	(19)	—	35
Taxes paid	(62)	(2)	—	32	—	(32)
Operating free cash flow (v)	**767**	**19**	**(418)**	**(165)**	**—**	**202**

5. SEGMENT INFORMATION (Continued)

Three months ended June 30, 2019 (in millions of U.S dollars)	Latin America	Africa	Unallocated	Guatemala and Honduras (vii)	Eliminations and transfers	Total
Mobile revenue	802	90	—	(373)	—	519
Cable and other fixed services revenue	543	2	—	(69)	—	476
Other revenue	13	—	—	(1)	—	12
Service revenue (i)	1,358	92	—	(444)	—	1,007
Telephone and equipment revenue (i)	103	—	—	(55)	—	48
Revenue	**1,461**	**92**	**—**	**(499)**	**—**	**1,054**
Operating profit (loss)	**219**	**(11)**	**(10)**	**(135)**	**46**	**109**
Add back:						
Depreciation and amortization	359	24	2	(112)	—	273
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(46)	(46)
Other operating income (expenses), net	—	—	—	(2)	—	(3)
EBITDA (ii)	**577**	**14**	**(9)**	**(249)**	**—**	**333**
EBITDA from discontinued operations	—	(4)	—	—	—	(4)
EBITDA incl discontinued operations	**577**	**10**	**(9)**	**(249)**	**—**	**329**
Capital expenditure (iii)	(242)	(17)	(2)	59	—	(201)
Changes in working capital and others (iv)	24	22	(36)	10	—	19
Taxes paid	(72)	(3)	(7)	36	—	(46)
Operating free cash flow (v)	**286**	**11**	**(53)**	**(144)**	**—**	**101**

(i) *Service revenue is Group revenue related to the provision of ongoing services such as monthly subscription fees, airtime and data usage fees, interconnection fees, roaming fees, mobile finance service commissions and fees from other telecommunications services such as data services, SMS and other value-added services excluding telephone and equipment sales. Revenues from other sources comprises rental, sub-lease rental income and other non-recurring revenues. The Group derives revenue from the transfer of goods and services over time and at a point in time. Refer to the table below.*

(ii) *EBITDA is operating profit excluding impairment losses, depreciation and amortization and gains/losses on the disposal of fixed assets. EBITDA is used by the management to monitor the segmental performance and for capital management.*

(iii) *Excluding spectrum and licenses of $91 million (2019: $11 million) and cash received on tower deals of nil (2019: $13 million).*

(iv) *'Changes in working capital and others' include changes in working capital as stated in the cash flow statement as well as share based payments expense and non-cash bonuses.*

(v) *Operating Free Cash Flow is EBITDA less cash capex (excluding spectrum and license costs) less change in working capital, other non-cash items (share-based payment expense and non-cash bonuses) and taxes paid.*

(vi) *Segment assets include goodwill and other intangible assets.*

(vii) *Including eliminations for Guatemala and Honduras as reported in the Latin America segment.*

(viii) *Restated as a result of classification of certain of Millicom's African operations as discontinued operations (see note 4).*

5. SEGMENT INFORMATION (Continued)

Revenue from contracts with customers from continuing operations

		Six months ended June 30, 2020			Six months ended June 30, 2019			Three months ended June 30, 2020			Three months ended June 30, 2019		
in millions of U.S dollars	**Timing of revenue recognition**	**Latin America**	**Africa**	**Total Group**	**Latin America**	**Africa**	**Total Group**	**Latin America**	**Africa**	**Total Group**	**Latin America**	**Africa**	**Total Group**
Mobile	Over time	861	117	977	824	127	951	398	57	455	422	63	484
Mobile Financial Services	Point in time	14	53	68	15	54	70	8	27	34	7	27	34
Cable and other fixed services	Over time	899	4	903	949	4	953	433	2	435	474	2	476
Other	Over time	24	—	25	23	—	23	12	—	12	11	—	12
Service Revenue		**1,798**	**175**	**1,973**	**1,810**	**186**	**1,996**	**851**	**86**	**937**	**914**	**92**	**1,007**
Telephone and equipment	Point in time	85	—	85	93	—	94	33	—	33	48	—	48
Revenue from contracts with customers		**1,883**	**175**	**2,057**	**1,904**	**186**	**2,089**	**884**	**86**	**970**	**962**	**92**	**1,054**

6. OTHER NON-OPERATING (EXPENSES) INCOME, NET

The Group's other non-operating (expenses) income, net comprised the following:

in millions of U.S dollars	**Six months ended June 30, 2020**	**Six months ended June 30, 2019**	**Three months ended June 30, 2020**	**Three months ended June 30, 2019**
Change in fair value of derivatives (Note 13)	(6)	—	(6)	—
Change in fair value in investment in Jumia (Note 14)	(18)	57	—	57
Change in fair value in investment in HT (Note 14)	(45)	—	16	—
Change in value of call option and put option liability (Note 13)	8	(15)	(1)	(15)
Exchange gains (losses), net (i)	(78)	1	12	(11)
Other non-operating income (expenses), net	2	2	1	1
Total	**(136)**	**45**	**22**	**33**

(i) Exchange losses in 2020 are mainly due to the devaluation of the Colombia peso against US dollar.

7. EARNINGS PER COMMON SHARE

Earnings per common share (EPS) attributable to owners of the Company are comprised as follows:

in millions of U.S dollars	Six months ended June 30, 2020	Six months ended June 30, 2019(i)	Three months ended June 30, 2020	Three months ended June 30, 2019(i)
Basic and Diluted				
Net profit (loss) attributable to equity holders from continuing operations	(237)	(6)	(114)	(20)
Net profit (loss) attributable to equity holders from discontinuing operations	(1)	64	(1)	64
Net profit/(loss) attributable to all equity holders to determine the basic earnings (loss) per share	(238)	58	(115)	45
in thousands				
Weighted average number of ordinary shares for basic and diluted earnings per share	101,136	101,105	101,149	101,110
in U.S dollars				
Basic and diluted				
EPS from continuing operations attributable to owners of the Company	(2.34)	(0.06)	(1.13)	(0.20)
EPS from discontinued operations attributable to owners of the Company	(0.01)	0.63	(0.01)	0.64
EPS for the period attributable to owners of the Company	(2.35)	0.57	(1.14)	0.44

(i) Restated as a result of the finalization of the purchase accounting of latest acquisitions (see note 3).

8. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended June 30, 2020, Millicom added property, plant and equipment for $240 million (June 30, 2019: $286 million) and received $1 million from disposal of property, plant and equipment (June 30, 2019: $12 million).

9. INTANGIBLE ASSETS

During the six-month period ended June 30, 2020, Millicom added intangible assets for $463 million of which $420 million related to acquisition of spectrum and licenses, and $44 million to additions of other intangible assets (June 30, 2019: $49 million and $40 million, respectively) and did not receive any proceeds from disposal of intangible assets (June 30, 2019: nil).

In December 2019, Telemovil El Salvador S.A. de C.V. ('Telemovil') acquired spectrum in 50Mhz AWS band and paid an advance of $14 million. On January 8, 2020, Telemovil made a final payment of $20 million and started using the spectrum.

In December 2019, Tigo Colombia participated in an auction launched by the Ministerio de Tecnologias de la Informacion y las Comunicaciones (MINTIC), and acquired licenses granting the right to use a total of 40 MHz in the 700 MHz band. The 20-year license will expire in 2040. As a result of this auction,Tigo Colombia has strengthened its spectrum position, which also includes 55 MHz in the 1900 band and 30 MHz of AWS. Tigo Colombia agreed to a total notional consideration of COP$2.45 billion (equivalent to approximately US$650 million using the June 30, 2020 exchange rate), of which approximately 55% will be payable in cash and 45% in coverage obligations to be met by 2025.

An initial payment of approximately $33 million was made in Q2 2020, with the remainder payable in 12 annual installments beginning in 2026 and ending in 2037. The 55% cash portion bears interest at Colombia's 10 years bond rate. In April and May 2020, local management received the permission to operate the 40 Mhz in the 700 MHz band and accounted for the spectrum at an amount of $388 million corresponding to the net present value of the future payments, plus other costs directly attributable to this acquisition. The related future interest commitments will be recognized as interest expense over the next 17 years.The remaining 45% consideration due as coverage obligations will be recognized in the statement of financial position as capex additions once built and in use.

10. FINANCIAL OBLIGATIONS

A. Debt and financing

The most significant movements in debt and financing during the period were as follows:

MIC S.A.

Revolving Credit Facility

On June 29, 2020, the Company reimbursed the whole $400 million that were drawn down on March 25, 2020.

El Salvador

On June 29, 2020, Telemovil El Salvador, S.A de C.V. repaid in its entirety $150 million of principal repayment under a credit agreement dated as of January 12, 2018 entered into with the Bank of Nova Scotia, as lender, and the company as guarantor.

Honduras

On June 1, 2020, the Group executed a $32 million bank loan agreement in equivalent amount in local currency for a10 year term.

Costa Rica

On June 29, 2020 Millicom Cable Costa Rica S.A. partially repaid an amount of $30 million towards its $150 million syndicated credit agreement dated as of April 13, 2018, and guaranteed by the Company.

Paraguay

On May 4, 2020, Telefónica Celular de Paraguay, S.A.E., completed the acquisition of another Millicom subsidiary in Paraguay - Mobile Cash Paraguay S.A , and further on June 30, 2020, the acquisition of Servicios y Productos Multimedia S.A.. Effective as of those dates, these new entities now form part of the borrower's group for purposes of the $550 million 5.875% Senior Notes due 2027 issued by Telefónica Celular de Paraguay, S.A.E..

Guatemala

On June 19, 2020, Guatemala operation entered into a credit agreement with Banco Industrial for QTZ 500 million (approximately $65 million using the exchange rate as of June 30, 2020) for a 5 year term.

10. FINANCIAL OBLIGATIONS (Continued)

Analysis of debt and financing by maturity

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

in millions of U.S dollars	As at June 30, 2020	December 31, 2019
Due within:		
One year	103	186
One-two years	109	155
Two-three years	379	145
Three-four years	831	517
Four-five years	1,084	1,085
After five years	3,453	3,884
Total debt and financing	**5,960**	**5,972**

As at June 30, 2020, the Group's share of total debt and financing secured by either pledged assets, pledged deposits issued to cover letters of credit or guarantees was $295 million (December 31, 2019: $464 million).

In addition to the above, in 2019, MIC Tanzania Public Limited Company entered into a loan facility agreement, with the Standard Bank of South Africa acting as an agent and a consortium of banks acting as the original lenders. The facility agreement, maturing in 2025, has an all asset debenture securing the whole amount, as well as a pledge over the shares of the immediate holding company of the borrower.

The table below describes the outstanding and maximum exposure under guarantees and the remaining terms of the guarantees as at June 30, 2020 and December 31, 2019.

in millions of U.S dollars	Bank and financing guarantees (i)			
	As at June 30, 2020		As at December 31, 2019	
Terms	**Outstanding exposure**	**Maximum exposure**	**Outstanding exposure**	**Maximum exposure**
0-1 year	47	47	29	29
1-3 years	248	248	134	134
3-5 years	—	—	300	300
More than 5 years	—	—	—	—
Total	**295**	**295**	**464**	**464**

(i) If non-payment by the obligor, the guarantee ensures payment of outstanding amounts by the Group's guarantor.

The Group’s interest and other financial expenses comprised the following:

in millions of U.S dollars	Six months ended June 30, 2020	Six months ended June 30, 2019	Three months ended June 30, 2020	Three months ended June 30, 2019
Interest expense on bonds and bank financing	(195)	(169)	(98)	(83)
Interest expense on leases	(78)	(75)	(39)	(38)
Early redemption charges	—	(10)	—	(3)
Others	(43)	(17)	(32)	(8)
Total interest and other financial expenses	**(316)**	**(272)**	**(169)**	**(132)**

10. FINANCIAL OBLIGATIONS (Continued)

B. Lease liabilities

In early 2020, and following a change in regulation in Colombia, lease payments for the use of certain public assets have been significantly decreased. This triggered a lease modification and a decrease of the related lease liabilities (and right-of-use assets) of approximately $45 million.

Except for the change above, there have been no other significant events affecting lease liabilities (and right-of-use assets) during the six-month period ended June 30, 2020.

11. COMMITMENTS AND CONTINGENCIES

Litigation & claims

The Company and its operations are contingently liable with respect to lawsuits, legal, regulatory, commercial and other legal risks that arise in the normal course of business. As of June 30, 2020, the total exposure for claims and litigation risks against Millicom and its subsidiaries is $195 million (December 31, 2019: $204 million). The decrease is mainly due to currency devaluation in Colombia. The Group's share of the comparable exposure for joint ventures is $4 million (December 31, 2019: $4 million).

As at June 30, 2020, $26 million has been provided by its subsidiaries for these risks in the consolidated statement of financial position (December 31, 2019: $30 million). The Group's share of provisions made by the joint ventures was $3 million (December 31, 2019: $3 million). While it is not possible to ascertain the ultimate legal and financial liability with respect to these claims and risks, the ultimate outcome is not anticipated to have a material effect on the Group’s financial position and operations.

On May 25, 2020, Telefonica SA (“TEF”) filed a breach of contract claim against Millicom, seeking specific performance to compel Millicom to close the acquisition of Telefonica de Costa Rica TC, S.A., as well as declaratory relief. Millicom believes the TEF claim is without merit and is vigorously defending the claim on the basis that Millicom did not breach the relevant share purchase agreement with TEF and was entitled to terminate the transaction, since the required closing conditions under the share purchase agreement were not met by the contractual end date.

Taxation

At June 30, 2020, the tax risks exposure of the Group's subsidiaries is estimated at $319 million, for which provisions of $67 million have been recorded in tax liabilities; representing the probable amount of eventual claims and required payments related to those risks (December 31, 2019: $300 million of which provisions of $50 million were recorded). The Group's share of comparable tax exposure and provisions in its joint ventures amounts to $60 million (December 31, 2019: $49 million) and $7 million (December 31, 2019: $4 million), respectively.

Capital commitments

At June 30, 2020, the Company and its subsidiaries had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of $328 million of which $276 million are due within one year (December 31, 2019: $122 million of which $102 million are due within one year). The Group’s share of commitments in the joint ventures is $68 million and $65 million. (December 31, 2019: $52 million and $51 million).

12. RELATED PARTY TRANSACTIONS

The following transactions were conducted with related parties during the three- and six-month periods ended June 30, 2020 and June 30, 2019:

in millions of U.S dollars	Six months ended June 30, 2020	Six months ended June 30, 2019	Three months ended June 30, 2020	Three months ended June 30, 2019
Expenses				
Purchases of goods and services from Miffin	(102)	(93)	(49)	(43)
Purchases of goods and services from EPM	(18)	(20)	(9)	(10)
Lease of towers and related services from HTA (i)	—	(13)	—	(12)
Other expenses	(8)	(2)	(3)	(1)
Total	**(128)**	**(128)**	**(61)**	**(67)**

(i) HTA ceased to be a related party on October 15, 2019 (note 14).

in millions of U.S dollars	Six months ended June 30, 2020	Six months ended June 30, 2019	Three months ended June 30, 2020	Three months ended June 30, 2019
Income / gains				
Sale of goods and services to Miffin	155	148	77	75
Sale of goods and services to EPM	7	6	4	3
Other income / gains	1	1	—	—
Total	**163**	**154**	**81**	**79**

As at June 30, 2020 and December 31, 2019, the Group had the following balances with related parties:

in millions of U.S dollars	As at June 30, 2020	As at December 31, 2019
Liabilities		
Payables to Guatemala joint venture(i)	228	361
Payables to Honduras joint venture(ii)	147	133
Payables to EPM	18	37
Payables to Panama non-controlling interests	1	—
Total	**395**	**531**

(i) Interest bearing shareholder loans of which $219 million are due after more than one year.

(ii) Mainly advances for dividends expected to be declared in 2020 and shareholder loans.

12. RELATED PARTY TRANSACTIONS (Continued)

in millions of U.S dollars	As at June 30, 2020	As at December 31, 2019
Assets		
Receivables from Guatemala and Honduras joint ventures	34	23
Receivables from EPM	4	3
Receivable from AirtelTigo Ghana (i)	44	43
Other accounts receivable	5	4
Total	**87**	**73**

(i) Disclosed under Other non-current assets in the statement of financial position.

13. 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, 2020 and December 31, 2019:

in millions of U.S dollars	Carrying value		Fair value(i)	
	As at June 30, 2020	As at December 31, 2019	As at June 30, 2020	As at December 31, 2019
Financial liabilities				
Debt and financing	5,960	5,972	5,989	6,229

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

Derivative financial instruments

Currency and interest rate swap contracts

MIC S.A. entered into swap contracts in order to hedge the foreign currency and interest rate risks in relation to the SEK 2 billion (approximately $211 million) senior unsecured sustainability bond issued in May 2019. These swaps are accounted for as cash flow hedges as the timing and amounts of the cash flows under the swap agreements match the cash flows under the SEK bond. Their maturity date is May 2024. The hedging relationship is highly effective and related fluctuations are recorded through other comprehensive income. At June 30, 2020, the fair values of the swaps amount to a liability of $10 million (December 31, 2019: a liability of $0.2 million).

El Salvador and Costa Rica Operations have also entered into several swap agreements in order to hedge foreign currency and interest rate risks on certain long term debts. These swaps are accounted for as cash flow hedges and related fair value changes are recorded through other comprehensive income. At June 30, 2020, the fair values of these swaps amount to liabilities of $16 million (December 31, 2019: liabilities of $17 million).

Interest rate and currency swaps are measured with reference to Level 2 of the fair value hierarchy

There are no other derivative financial instruments with a significant fair value at June 30, 2020.

Call and put options - Panama

As of June 30, 2020, the put option liability is valued at $268 million (December 31, 2019: $264 million) (being the higher of the value of the 'Transaction Price' put option and fair market value - for further details refer to the Group's 2019 consolidated financial statements). Changes in the value of the put option liability are recorded in the Group's statement of income under 'other non-operating (expenses) income, net' (see note 6).

As of June 30, 2020, call options have a fair value of $12 million (December 31, 2019: nil).

14. EQUITY INVESTMENTS

As at June 30, 2020 and December 31, 2019, Millicom has the following investments in equity instruments measured at fair value through profit and loss under IFRS 9:

in millions of U.S dollars	June 30, 2020	December 31, 2019
Investment in Jumia	—	32
Investment in HT	237	338
Equity investment - total	**237**	**371**

Jumia Technologies AG ("Jumia")

In the course of June 2020, Millicom disposed of its entire stake in Jumia (approximately 6%) for a total net consideration of $29 million, triggering a net gain on disposal of $15 million recorded in the statement of income for the three-month period ended June 30, 2020 under 'other operating income (expenses), net'.

Helios Towers plc ("HT")

In June 2020, Millicom disposed of 33 million shares that it owned in HT for a total net consideration of GBP 49 million ($62 million), triggering a net gain on disposal of $5 million recorded under 'other operating income (expenses), net'. Following these disposals, Millicom owns a remaining shareholding of 12.9% in HT, valued at $237 million (level 1) at the June 30, 2020 share price (GBP 1.49). The changes in fair value are shown under 'Other non-operating (expenses) income, net' (see note 6).

15. INVESTMENTS IN JOINT VENTURES

Joint ventures are businesses over which Millicom exercises joint control as decisions over the relevant activities of each, such as the ability to upstream cash from the joint ventures, require unanimous consent of shareholders. Millicom determines the existence of joint control by reference to joint venture agreements, articles of association, structures and voting protocols of the board of directors of those ventures.

At June 30, 2020, the equity accounted net assets of Millicom's joint ventures in Guatemala, Honduras and Ghana totaled $3,120 million (December 31, 2019: $3,346 million). These net assets do not necessarily represent statutory reserves available for distribution as these include consolidation adjustments (such as goodwill and previously unrecognized assets and assumed liabilities recognized as part of the purchase accounting). Out of these reserves, $153 million (December 31, 2019: $142 million) represent statutory reserves that are unavailable to be distributed to the Group. During the period ended June 30, 2020, Millicom's joint ventures paid $58 million (December 31, 2019: $237 million) as dividends or dividend advances to the Company.

	2020	
in millions of U.S dollars	Guatemala(i)	Honduras (i)
Opening Balance at January 1, 2020	**2,089**	**708**
Results for the period	73	5
Dividends declared during the period	(199)	—
Currency exchange differences	—	(3)
Closing Balance at June 30, 2020	**1,963**	**710**

(i) Share of profit is recognized under 'Share of profit in the joint ventures in Guatemala and Honduras' in the statement of income.

16. IPO – MILLICOM'S OPERATIONS IN TANZANIA

In June 2016, an amendment to the Electronic and Postal Communications Act ("EPOCA") in the Finance Act 2016 required all Tanzanian licensed telecom operators to sell 25% of the authorized share capital in a public offering on the Dar Es Salaam Stock Exchange. In December 2019, the Group filed the draft prospectus with the Tanzania Capital Market and Securities Authority with the view to initiate the listing process in H2 2020.

17. SUBSEQUENT EVENTS

There are no significant subsequent events.