Connected with Purpose

2020 Millicom Annual Report

We would like to take this opportunity to honor our colleagues lost to the pandemic over the past year. Our memories and empathy for their families overrides all the gratitude and contribution they gave to Millicom and their colleagues. You and your families will always be a part of the Tigo family.

CONNECTED WITH PURPOSE

Connectivity is essential to all in society. Through connections, we help bring hope—especially during times of crisis.

Although the hardships of an unprecedented global pandemic tested our resilience as a company in 2020, it also reinforced our deep commitment to Millicom's purpose:

To build the digital highways that connect people, improve lives and develop our communities.

More than at any other time in Millicom's 30-year history, in 2020 our customers relied on us to keep them digitally connected while they were forced to be physically apart. We rose to this challenge with unity, integrity, caring and a willingness to give 1,000%—the hallmarks of our Sangre Tigo culture.

We are proud to create essential connections that equip people to thrive in the digital economy and that empower businesses to tap new opportunities. Our products and services are integral to 21st century work, education, social interaction and quality of life for millions of people in the countries where we operate. We catalyze productive, sustainable economic growth and bridge capital to developing markets. We create an environment in which our employees can reach their full potential and we lead by example through our ethical business practices. Learn more about our Leadership, including our Board and Executive Team in our website and in Our Governance section starting on page 61.

Millicom is headquartered in Luxembourg with a U.S. corporate office in Miami. Through our Tigo and Tigo Business™ brands, we provide a wide range of digital services, including high-speed data, cable TV, voice and SMS, Mobile Financial Services and business solutions. We serve customers in nine Latin American markets—Bolivia, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Paraguay—as well as in Tanzania.

About This Report

Our fifth integrated annual report combines our corporate responsibility (CR) and financial reports to provide all our stakeholders with a clear and comprehensive overview of our business and activities in 2020. The report conveys our progress against our business strategy. It also identifies and quantifies the ways in which our practices and programs under our CR Framework deliver business value, transform communities and protect our environment as contemplated under the UN Sustainable Development Goals.

In 2020 we conducted a materiality assessment to determine whether and how COVID-19 affected stakeholder views on our corporate responsibility programs. We also conducted a gap analysis against investor-based frameworks, including the Task Force for Climate-related Financial Disclosures (TCFD), and investor rating agency questions. These efforts informed the content of this report. We will continue to incorporate findings from these assessments in future reports and to seek feedback from investors, customers, employees and community leaders to inform our corporate responsibility efforts. Learn more about our CR reporting approach here.

Note: Our Latin America (Latam) segment includes our Honduras and Guatemala joint ventures as if they were fully consolidated, as this reflects the way our management reviews and uses internally reported information to make decisions about operating matters. We also report in this way to provide increased transparency to investors on those operations.

What's Inside this Report

JOSÉ ANTONIO RIOS GARCIA

Chairman's Message

Amid the profound upheaval of 2020, Millicom's fundamental purpose never wavered. We began our 30th year as a company with utmost confidence in our business strategy. We ended the year more certain than ever of the essential and life-changing role that our digital highways play in connecting people, improving lives and developing communities.

Along with our entire Board, I have always valued how Millicom employees rise to meet every challenge and opportunity. We thank them for taking that dedication to new heights this past year as they adapted to the challenges of a global pandemic and delivered uninterrupted service for Millicom customers when they needed us the most.

Throughout 2020, our company responded to the economic impacts and operational setbacks from COVID-19 with strong governance and oversight. The Board approved difficult but necessary financial decisions to maintain operating cash flow, preserve jobs and maintain 24/7 connectivity for customers. Measures such as canceling our shareholder remuneration for the year and reducing capital expenditures have strengthened our financial position and allowed Millicom to bounce back quickly as market conditions improved.

The Board also worked closely with Millicom's Senior Leadership Team and the Risk Management organization to assess how the consequences from COVID-19 have influenced Millicom's overall risk profile. We made tactical adjustments as needed, but the core elements of our business strategy remained essentially unchanged in 2020. More details about Millicom's approach to risk can be found starting on page 40 of this year's report.

The foundational values of integrity, transparency and accountability drive long-term success for our company as well as for the countries where we operate and the communities we serve. We reinforced Millicom's commitment to doing business in the right way during 2020 through our Governance structure and Business Ethics and Compliance program, which enable us to balance the risks inherent in our emerging markets with the considerable opportunities that exist there. In order to become even more transparent for our shareholders, we have changed how we report on executive compensation.

2020 brought severe economic hardships that threatened to further widen disparities in access to education, healthcare, employment and other stepping stones to a prosperous life in our markets. Our corporate responsibility initiatives reached even deeper and went further to help bridge these gaps. Millicom provided direct support to government and nonprofit organizational relief efforts during the pandemic, in addition to the substantial assistance given to the many customers who experienced financial adversity during the year. Finally, we reinforced our commitment to reducing the environmental impact of Millicom's operations, upholding human rights and protecting our customers' privacy.

These and many other accomplishments in 2020 connect directly to the passionate and talented employees who embody our Sangre Tigo corporate culture. We recognize the importance of ensuring that Millicom is a place where all of our employees feel safe, protected, supported and rewarded. I am pleased with the strides we made in 2020 to foster diversity and make our company even more inclusive.

I want to thank my fellow Board members for contributing their business expertise and industry knowledge. In particular, I extend the entire Board's appreciation to Janet Davidson for her invaluable contributions over the past four years, and we welcome our CEO, Mauricio Ramos, who joined the Board as a new Executive Director in June 2020.

Also, I commend our Senior Leadership Team for so capably executing Millicom's business strategy in a turbulent year.

Although some uncertainty remains in our industry and in the countries that we serve, I feel confident that Millicom is on a strong footing as we begin this new year. It is my privilege to share this 2020 Millicom Annual Report that celebrates the impact of our ceaseless dedication to connecting with purpose in all that we do.

José Antonio Rios Garcia

Chairman of the Board of Directors

MAURICIO RAMOS

Chief Executive Officer's Message

"If anything, the events of this past year further validated our intrinsic purpose and strategic direction. We stayed true to the values that have fueled our success for three decades and positioned ourselves to continue leading digital adoption across our markets."

None of us will soon forget how 2020 altered life as we knew it before the words "COVID-19" and "social distancing" were imprinted on our consciousness. Yet the pandemic is not what stands out most in my mind when I consider what the company experienced and accomplished this past year.

I will remember how Millicom and our more than 21,000 people joined as one to sustain essential connections through our digital highways. We overcame challenge after challenge to deliver results that benefited our customers, our shareholders, our employees and the communities we serve.

While the pandemic shaped much of our activity in 2020, it did not redefine Millicom's identity or alter our fundamental course. If anything, the events of this past year further validated our intrinsic purpose and strategic direction. We stayed true to the values that have fueled our success for three decades and positioned ourselves to continue leading digital adoption across our markets.

We continued to invest in expanding our cable and 4G broadband networks throughout Latin America, further strengthening our position as the leading telecommunications provider in our markets. Our long-range focus on driving digital transformation across all areas of Millicom's business enabled us to satisfy increased customer demand for content, e-commerce tools and cloud services during the pandemic. I am confident that this momentum will continue to grow in the year ahead and enable us to create long-term value for shareholders.

Beyond the financial results that Millicom achieved, I believe our greatest successes in 2020 stemmed from putting people first when the COVID-19 pandemic hit. Five core principles guided our decision-making:

» Protecting our employees' safety and well-being

» Preserving their jobs and income

» Delivering continuous and consistent service to customers

» Preserving our cash flow and reducing debt

» Fulfilling our purpose through the power of our Sangre Tigo cultural values and practices

We kept our employees safe during the crisis by supplying personal protective equipment to frontline service technicians in the streets and ensuring that others had our support to work from home. When customers or colleagues needed them, our workforce was ready to assist. The events of 2020 brought to light just how heroic our people truly are, which inspired us to create the Tigo Heroes company-wide recognition program. See the spotlight story on page 11.

We presented our investors with a clear plan to sustain and preserve Millicom's liquidity through the downturn caused by very severe widespread lockdowns in many of the countries where we operate. Tough decisions such as canceling our shareholder dividend payments were not made lightly, but they provided added stability to our cash flow and maintained business continuity.

We provided sustained connectivity, 24/7, to our customers. Teams across the company ensured that our networks could handle the surge in traffic from millions of people using Tigo broadband at home for work, school and entertainment.

We introduced a lifeline product to deliver uninterrupted Internet service to customers who were unable to pay their regular monthly Tigo bill during the crisis. We also worked with government and community leaders to provide broadband connectivity for medical facilities, shelters and non-profit organizations that were helping meet critical needs.

We overcame significant logistical challenges to continue Millicom's outreach and support for the most underserved and vulnerable members of society. We advanced our Corporate Responsibility Framework and Five-Year Plan through flagship initiatives that include:

Promoting safe and productive Internet use among youth. We provided thousands of children, parents, teachers and caregivers with practical lessons on how to stay safe during COVID-19 and avoid potential dangers online so they can more fully enjoy the benefits of technology.

Narrowing the digital gender divide. We expanded our "Conectadas" curriculum to equip women with technology skills and financial knowledge that they can apply immediately in small-business ventures. We also introduced new online workshops to help participants cope with additional challenges brought on by the coronavirus pandemic.

Helping educators embrace digital teaching tools. We launched Maestr@s Conectad@s, a free resource containing educational tools and techniques designed to help teachers engage students and build effective lessons in an online classroom environment. More than 137,000 educators were trained via Maestr@s Conectad@s in 2020, and we are expanding the program regionwide.

These and other efforts reinforce our ongoing support of the UN Global Compact and Sustainable Development Goals.

The Group's sustained approach also helped us gain recognition of our strong management of ESG issues by earning a AA ESG rating from MSCI based on our strong performance on bridging the digital divide and our robust anti-corruption policies and programs, a ranking of 28 out of 201 in the industry from Sustainalytics, and a CDP score of B, which places us above the average global industry level.

I am proud of how our employees went above and beyond in 2020 to exemplify our Sangre Tigo culture. Teams across our business are transforming the adversity of COVID-19 into an opportunity to do things differently and better as we move forward.

I also want to thank our Board of Directors for their dedication to fulfilling the company's purpose and creating value for Millicom shareholders.

I am pleased to share this annual report with you as we embark on our fourth decade—continually growing stronger, more agile and more aware of the value that our digital highways create.

Mauricio Ramos

Executive Director and Chief Executive Officer

Proud of our legacy and bright future, celebrating 30 years of building digital highways.

Our Year in Numbers

Financial, Operational and CR Highlights

FINANCIAL RESULTS

Revenue ($m)

2018	$3,946
2019	$4,336
2020	**$4,171**

Gross Profit ($m)

2018	$2,829
2019	$3,135
2020	**$3,000**

OPERATIONAL HIGHLIGHTS

Mobile

4G Smartphone Data Users (m)

2018	10.5
2019	15.4
2020	**18.2**

Home

HFC Homes Passed (m)

2018	10.6
2019	11.5
2020	**11.9**

HFC Customer Relationships (m)

2018	3.1
2019	3.5
2020	**3.7**

300k+
Tigo Business customers

21k+
Full-time employees and approximately 20,000 contractors

CORPORATE RESPONSIBILITY HIGHLIGHTS →

137,000+
Teachers trained through Maestr@s Conectad@s

86%
Strategic suppliers who signed our Supplier Code of Conduct

2,100+
Connected schools

91,340
Women who participated in our digital inclusion and training programs

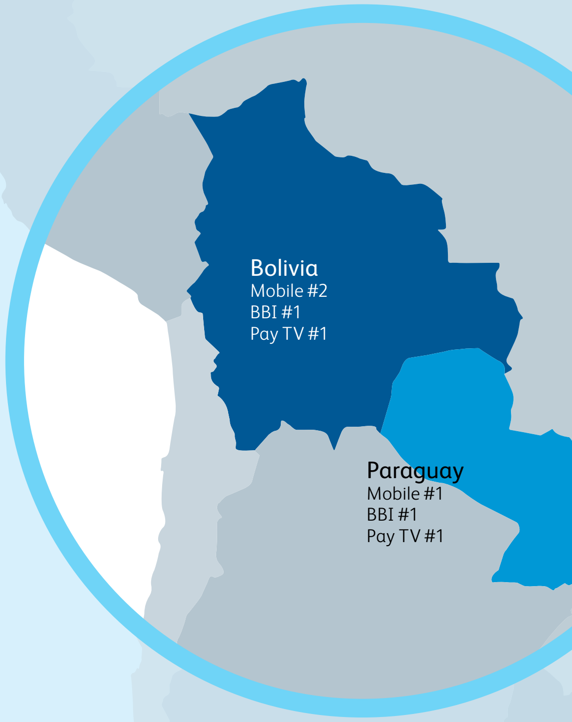
Financial results are presented on an IFRS basis and therefore do not consolidate the results from our Guatemala and Honduras joint ventures.

The following Indicators reflect Latam segment.

- *4G Customers*
- *HFC Homes Passed*
- *HFC Customer Relationships*

Strengthening our leadership position in Latam through diligent execution of our business strategy.

Our long-term focus on converging Tigo's fixed and mobile services throughout Latin America continues to drive solid business results. Millicom's gains in recent years have been from both organically increasing our market share and investing in key acquisitions to further consolidate our regional footprint. As a result of our acquisitions of Cable Onda, the leading cable operator in Panama, and of Telefonica's telecom operations in Panama and Nicaragua, Tigo is reshaping the industry landscape in Central America. These new assets allowed us to add Panama to our portfolio of countries served and accelerated our fixed-mobile convergence strategy in the region. Thanks to the fixed investment as well as recent spectrum roll-outs in Colombia, El Salvador, Panama and Nicaragua, we can provide customers in these markets with the high quality fixed and mobile services they expect. Our significant investments demonstrate Tigo's commitment to expanding digital highways and advancing economic prosperity in Latam for years to come.



OUR PURPOSE:

Why We Connect

Millicom seeks to be an agent of positive change in everything that we do. Our purpose makes this possible. The digital highways that we build in our developing markets are a source of interconnected value for our shareholders, customers, employees and communities.

Our Key Stakeholders

Our purpose, combined with our strategy and responsible approach to doing business, drive positive outcomes for our four stakeholder groups.

Investors: We see tremendous untapped potential across Latam to continue strengthening Millicom's business. As our fixed and mobile networks reach more communities, we aim to grow our revenue and cash flow in a sustainable manner to create value for shareholders. For more details on our 2020 financial results, see the section starting on page 12.

Customers: Our digital highways supply the resources that empower individuals and organizations to accomplish higher goals and discover more of what the world has to offer. We strive to keep our products and services affordable so we can continue to open doors to learning, employment, commerce, entertainment, social interaction and civic involvement. As our customers succeed through using Tigo products and services, the benefits ripple outward and gather momentum. Incomes rise. New jobs emerge. Innovative thinking flourishes. Society is transformed.

Communities: We depend on the communities in Latam and Tanzania as deeply as they depend on us. Millicom's long-term growth hinges on our ability to do business responsibly as well as on our progress in enabling more people and organizations to realize the benefits of digital connectivity. Through our strong governance and corporate responsibility actions in areas such as reducing environmental impact, safeguarding privacy, advancing human rights and strengthening business ethics, we minimize significant risks and reinforce Millicom's standing in our markets. Similarly, through our CR initiatives to close the digital gap, promote safer and more productive Internet usage by young people and empower more women with technology skills, we broaden the market for our offerings. Learn more about our CR Framework and Five-Year Plan on page 28.

Employees: The only way we can fulfill our purpose is by sustaining a corporate culture that attracts talented people, values their diversity, inspires them to excel and rewards their accomplishments. In this environment, Millicom cultivates what we call Sangre Tigo: a shared belief in the purpose behind our work, a collective passion for making our customers the center of everything we do, a tireless commitment to doing what's right and a deep sense of unity. Our employees are the essence of Sangre Tigo. They draw upon its energy daily to make a truly heroic impact that benefits all of our stakeholders. Learn more about our Tigo Heroes recognition program on page 11 and our Sangre Tigo Cultural Framework, part of "Our Approach" section, starting on page 22.

From Purpose to Impact

"We see and feel the power of Sangre Tigo flowing through our work. Nothing happens without it—and everything happens because of it."

Mauricio Ramos
CEO

These intertwining facets of Millicom's purpose drove results across all areas of our business in 2020. You can also learn more about how we put Millicom's purpose into action in "Our Approach" section, starting on page 22.

Opportunities, Challenges and Uncertainties in Our Markets

Millicom's future is deeply rooted in Latin America. Although many segments of this region are still grappling with profound economic and societal setbacks triggered by the coronavirus in 2020, we remain convinced that Latam—and our business investments here—will do more than simply recover. Our company has the infrastructure, market penetration and strategic framework to lead a resurgence across our markets. Aligning our business strategy with our purpose enables us to continue creating sustained value for all of our key stakeholders, as we have done for the past 30 years.

These are some of the most prominent areas of focus for our company as we move forward in 2021 and beyond.

OPPORTUNITIES

The COVID-19 crisis underscored that broadband and mobile connectivity is no longer just an advantage. Digital highways and the resources that they deliver have become essential to our customers and our communities. Although economic activity in Latam contracted by more than 7.2% in 2020, according to estimates from the World Bank, a rebound appears well underway. In its October 2020 report, the International Monetary Fund forecasted GDP growth of 2.8% in Latin America and the Caribbean in 2021.

As one of the largest providers of fixed and mobile broadband Internet access in our markets, we are well-positioned to continue accelerating the broad-scale adoption of digital tools and content. Our mobile customer base surpassed 40 million in Latam in 2020, fueled by record net additions in the second half of the year. Home customer relationships also rose sharply, and reached more than 4.5 million by year-end. We continue to make strategic investments that will enable Tigo to both profit from and contribute to upward momentum across the region where demand for the services that our digital highways enable continues to grow along with the expansion of the middle-class.

CHALLENGES

We also recognize that it will likely take a few years for the Latam region to fully recover from the economic setback caused by the pandemic. Latin American countries were among the last in the world to confirm their first COVID-19 cases, and the region has struggled at times to contain the spread of the virus.

While the pandemic highlighted the significance of digital infrastructure to both business and society, it also accentuated the global digital divide. In Latin America alone, school closures have left more than 154 million children unable to transition to e-learning because of the lack of access to online services. And although the crisis has enabled millions to work remotely, millions more without this privilege risk falling behind. Our ability to help address these growing challenges was somewhat constrained while most Millicom employees were working remotely through the end of 2020. We are steadily ramping up our efforts again in 2021.

UNCERTAINTIES

The ongoing impact of COVID-19 on households, businesses and communities is a major source of uncertainty in every market where we operate. Until the spread of this virus is truly under control, we remain vigilant and ready to adapt should governments change course and tighten mobility restrictions, which could trigger additional economic hardship and possibly also social unrest. We also see potential for increased regulatory and tax pressure on larger corporations such as ours. The longer-term impact of the pandemic on commodity prices and other factors that influence currency values in some of our markets is another area of uncertainty.

That said, the post-pandemic path to economic resilience and growth lies in broadening digital access and the opportunities that it brings. The broadband connectivity that Millicom provides is essential to support private sector investment and growth, as well as the delivery of healthcare, education, and other government services. As such, one of our key opportunities is to make sure that we continue to work with our Latin American governments to have the networks of today and of the future to be seen as a cornerstone in their long-term effort to rapidly and efficiently boost digitalization. Each country faces a strategic choice in the next few years to decide to modernize their regulatory framework to have an immediate effect on the development of their country's infrastructure and even its national strength in the long run. We will work with these governments to develop modernized regulatory models that can accelerate network coverage, speed and digital inclusion and where our investments are used to extend our networks to every corner of society and not to cover high telecom taxes and fees. Indeed, actions such as providing affordable access to spectrum would incentivize long-term investment in the costly infrastructure that these services require.

“Our Tigo Heroes are everywhere—more than 21,000 around the world. Thank you for your passion, hard work and constant commitment to excellence in these moments of uncertainty. You inspire me every day.”

Susy Bobenrieth
Chief Human Resources Officer, EVP

→ OUR IMPACT:

Tigo Heroes recognition program

Where: All markets

What: Millicom’s 21,000-plus employees are the reason we excel in satisfying our customers, delivering value to our shareholders and supporting our communities. When the COVID-19 pandemic exploded in early 2020, our people remained on the front lines as we maintained uninterrupted service.

How: We launched our Sangre Tigo Heroes initiative in April 2020 to honor employees’ extraordinary efforts. When employees notice one of their colleagues going above and beyond to make a positive impact, they can post a tribute on our virtual Tigo Heroes Wall.

Criteria for recognition include:

» The story proves this person demonstrates our Sangre Tigo Pulses
» The story shows that with sacrifice, commitment and determination, everything is possible
» The story conveys how this person’s actions benefited one or more of our stakeholders: customers, colleagues, communities and investors

Results:

» Approximately 450 Wall posts through end of 2020
» Sangre Tigo ambassadors in each of our countries nominate one post each month for additional company-wide recognition
» Recognition enhances our ability to attract and retain exceptional talent
» Employees’ selflessness, resourcefulness and drive to “go the extra mile” creates greater customer satisfaction
» Program continues going strong in 2021

Examples of Sangre Tigo Heroes:

Alfonso Artavia
Field Technician, Costa Rica:

Alfonso was assigned a critical project which he carried out with extraordinary dedication. His days consisted of traveling long distances to a mountainous area with a very steep dirt road and little communication access. Amid this challenging environment, Alfonso gave more than the extra mile for our clients, working continuously around the clock to deliver solutions and find ways to overcome multiple obstacles—always maintaining a remarkable attitude.

Jose Remberto Godinez
Direct Sales Force Representative (B2C), El Salvador:

As Jose pursues his mission of increasing retail sales and productivity, he says, “I try to inject my colleagues with good energy and the pride of being part of Tigo.” Despite the hard times that he and others have experienced during the pandemic, Jose is undeterred. “I’m very grateful to the company for caring about me and my colleagues.”

Victor Heredia Callisaya
Operations and Management Engineer, Bolivia:

Victor helps maintain our Ipacoma Technical Plant, which serves a busy commercial area in La Paz. When the plant's main generator malfunctioned at one point during the pandemic, he and his team worked overtime to restore services without interruption to customers.

“My commitment is to continue providing results to keep all Salvadorans connected.”

Jose Remberto Godinez
Tigo Heroes employee honoree

OUR BUSINESS STRATEGY:

What We Connect

Despite the difficult year and road ahead in the short term, we remain confident in the opportunity in the region. The countries where we operate have a combined 30 million households and approximately 120 million people, numbers that are expected to continue growing.

Tigo Business

Tigo Sports | Tigo Money | Tigo ONE tv | Mi Tigo | Tigo Shop

TIM PENNINGTON

Chief Financial Officer's Message

"Our flexible approach to managing through this crisis proved successful in every way. We maintained our leadership, even extending it in some markets."

2020 saw the unprecedented disruption of the COVID-19 pandemic, which impacted all aspects of our business and forced us to rethink how we operate and interact with our customers. As the crisis hit, we sharpened our focus on cash flow generation and debt reduction, with a view of weathering the storm and positioning Millicom for a quick recovery. We set out to sustain operating cash flow at 2019 levels. We also suspended shareholder distributions in order to preserve our balance sheet strength while investing in our networks and keeping our customers connected.

Our approach to managing through this crisis proved successful in every way. We maintained our leadership, even extending it in some markets. We surpassed our annual operating cash flow goal, even as we advanced some investments in key markets such as Colombia. These investments allowed us to grow both our mobile and our cable customer base despite the lockdowns in our markets. Further, we reduced our underlying net debt by $541 million during the year. The steps we took allowed the business to recover during the second half of 2020 and positioned us for a better year in 2021.

GROUP HIGHLIGHTS[1]

Revenue for the year ended December 31, 2020 decreased 3.8% to $4,171 million due to lower commercial activity as a result of the pandemic and weaker currencies in some of our markets. The decrease was partially offset by the contribution of mobile operations in Nicaragua and Panama acquired in 2019.

Operating expenses declined 6.2%, as a result of lower commercial activity and cost savings initiatives. Depreciation and amortization increased 9.8%, having been impacted by the full-year consolidation of our acquisitions in Nicaragua and Panama as well as accelerated amortization of some brands from the Cable Onda acquisition in Panama and by our spectrum purchase in Colombia. Share of net profit in our joint ventures in Guatemala and Honduras decreased by 4.4%, as profitability was impacted by a one-time charge related to the early redemption of the Comcel 2024 notes in Guatemala. As a result of these factors, operating income for the year decreased 22.4% to $446 million.

Interest expense increased 10.8% to $624 million, mainly due to accrued interest on spectrum purchased in Colombia as well as bond redemption fees, while interest income decreased by 31.3% to $13 million due to lower average cash balances during the year.

Our leverage ended 2020 at 3.20x on a proportionate basis. Our current leverage ratios are above our long-term target of about 2.0x, and for this reason we sharpened our focus on reducing our net debt, which we were able to reduce by $541 million on an underlying basis in 2020. We plan to continue to prioritize net debt reduction in 2021.[2]

Other non-operating expenses were $106 million in 2020 as compared to income of $227 million in 2019. The expense in 2020 reflected foreign exchange losses and the mark to market of our equity investments in Jumia and Helios Towers, while the income in 2019 was mainly due the fair value recognition of our stake in Helios Towers.

More extensive details on Millicom's financial performance can be found starting on page 15 of this year's report.

1 Financial results are presented on an IFRS basis and therefore do not consolidate the results from our Guatemala and Honduras joint ventures.

2 This paragraph includes Non-IFRS measures. Please refer to the non-IFRS disclosures in this annual report for a description and for a reconciliation of non-IFRS measures.

Tax expense decreased 15.5% to $102 million, mainly due to lower profitability and higher deferred tax credit in 2020 compared to 2019.

As a result of the above factors, net loss for the year was $344 million, or a loss per share of $3.40.

"2020 has proven the resiliency of our cash flows as we continued to invest in order to capture the long-term opportunity in our markets."

Our 2020 Financial Performance[3]

Financial performance key messages:

- Resilience of business showed recovery in service revenue and EBITDA from Q2 lows during the year
- Flexible investment plans allowed for sustained operating cash flow
- Reduced underlying net debt by approximately $0.5 billion
- Lowered average cost of debt and average age of maturities extended

OUR 2020 FINANCIAL PERFORMANCE IN LATIN AMERICA

During 2020, we continued to execute on our capital allocation strategy of generating organic cash flow and integrating our recently acquired assets in Nicaragua and Panama. Despite complications of the pandemic, the integrations have continued smoothly, giving us mobile and cable operations in eight of our nine operations in Latin America.

Although activity levels gradually recovered in the second half of the year, service revenue declined 2.5% organically compared to 2019.

In Mobile, which generates 60% of Latin American service revenue (59% in 2019), service revenue declined 1.1% year-over-year (1.4% growth in 2019), reflecting a sharp initial drop in our prepaid business caused by severe lockdowns imposed at the onset of the pandemic, followed by a robust recovery as the mobility restrictions eased. In postpaid, both the initial decline and subsequent recovery were less pronounced. Aided by our sustained investment in spectrum and network infrastructure and continued dedication to maintaining presence on the streets, we grew our customer base by 1.9 million to end the year with more than 41 million as strong customer gains of 4 million in the second half of the year more than offset customer losses of 2 million in the first half of the year.

In our Cable and other fixed business, which generates 39% of Latin American service revenue (40% in 2019), service revenue declined 4.5% in 2020, a deceleration from 21.5% growth in 2019. The slowdown reflects the many effects of the pandemic, including our decision to support our customers and communities by cancelling usual annual price increases and by providing, free of charge, basic lifeline services to customers who could no longer pay, as well as the depreciation of local currencies in Colombia and Paraguay during the year. Although some revenue was lost, these lifeline services allowed us to maintain, and even strengthen, our relationship with these customers, while avoiding the significant expenses related with fully disconnecting and reconnecting service at a later date.

Although mobility restrictions temporarily constrained our ability to deploy construction crews, we nonetheless managed to expand our HFC network to cover an additional 428,000 homes, down from 901,000 in 2019 , ending the year with 11.9 million HFC homes passed (11.5 million in 2019). Likewise, the lockdowns also impacted our ability to reach new customers, and yet we added 277,000 net HFC customer relationships, down from 351,000 in 2019, ending the year with 3.7 million (3.5 million in 2019). Penetration of our HFC network ended 2020 at 31%, up from 30% in 2019.

All of our markets were negatively impacted by lower levels of commercial activity due to the lockdowns related to the pandemic in the region. These difficulties were felt across the entire region to varying degrees depending on how restrictive the government response was. In Guatemala, for example, restrictions were not overly broad, meaning there was less disruption to mobility and to the economy. In contrast, Panama saw very strict and longer lasting restrictions, with the result being that mobility and economic activity were greatly curtailed.

Our performance varied greatly from country to country, driven in large part by the severity and duration of the mobility restrictions. Guatemala was the only country to show positive organic service revenue growth of 3.4% (5.3% in 2019), with all three of its business lines up year-on-year. El Salvador ended about flat, up from a decline of 6.2% in 2019, reflecting a very strong performance in spite of severe COVID-related restrictions. Colombia also performed quite well, with service revenue down only 1.1% organically, compared to 2.8% growth in 2019, as steady growth in Home was more than offset by declines in B2C Mobile and

3 These key messages refer to Latam (with our Honduras and Guatemala joint ventures as if they were fully consolidated) and include Non-IFRS measures. Please refer to the non-IFRS disclosures in this annual report for a description and for a reconciliation of non-IFRS measures.

B2B. In contrast, performance was most affected in Panama, Bolivia and Honduras, where the lockdowns were generally stricter and longer. Still, performance in all three countries improved noticeably during the second half of the year. In Panama and Nicaragua, we continued to execute on our integration plans, including the re-branding of the mobile businesses, which was completed on schedule during 2020.

EBITDA in Latam declined 3.7% organically, down from 2.1% growth in 2019 and ending the year at $2,360 million. Performance varied greatly throughout the year and hit a low point in Q2, followed by meaningful sequential improvement in both Q3 and Q4, as mobility began to return to our markets. EBITDA declined year-on-year in all countries except for Guatemala, which grew 4.3% during the year, down only slightly from 4.7% growth in 2019, and Colombia, which grew 0.9%, down from 3.0% growth in 2019.

Capex in Latin America totaled $941 million in 2020, about 6.0% less than in 2019 due to our decision to delay some projects in the early days of the pandemic, followed by a gradual normalization of our investments as the business recovered in the second half of the year.

In Mobile, we invested heavily in Colombia and El Salvador to take advantage of recently-acquired spectrum, and we deployed additional capital into Panama and Nicaragua to modernize recently-acquired networks ahead of the planned re-branding. In all four countries, these investments had a meaningfully positive impact on our operational and financial performance for the year. Overall, our 4G network covered approximately 76% of the population of our markets at year-end, up from 69% at the end of 2019.

In Home, we continued to invest to expand our HFC networks in Latam, where we passed 428,000 new homes during year, mainly in Bolivia, Colombia and Paraguay. More importantly, we connected 277,000 new customers, as broadband and Pay TV penetration drove demand for our services during 2020, as remote work, learning and entertainment became increasingly important during the pandemic.

In summary, the Latam segment generated $1.4 billion of Operating Cash Flow (EBITDA less capex) in 2020, in line with the 2019 level of $1.4 billion, as cost savings and a re-calibration of capex fully offset the decline in revenue. In light of the challenges posed by the impact of the pandemic on our markets, this is a strong outcome, which speaks to the resilience of our business.

Moreover, as we navigated through a turbulent 2020, we did not lose sight of the long-term organic opportunity that we are pursuing, and we invested accordingly to capture that opportunity in the years ahead.

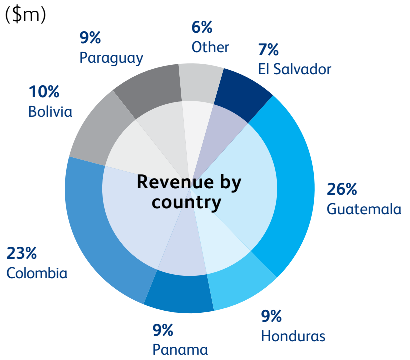
Tim Pennington
Chief Financial Officer

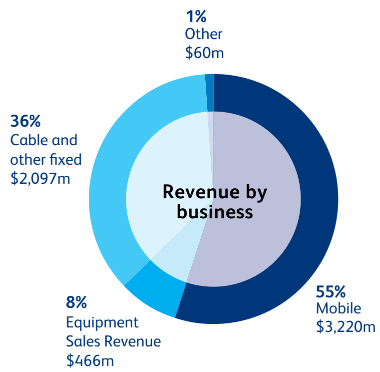
Segment Performance

This section provides a summary of the financial and operating performance of our Latin American and African segments through selected performance indicators that are based on our management reporting. We are presenting the Guatemala and Honduras joint ventures as if fully consolidated.

OUR 2020 FINANCIAL PERFORMANCE IN LATIN AMERICA

Latam[1]
($m)





Service revenue
Organic decline −2.5%
$5,377

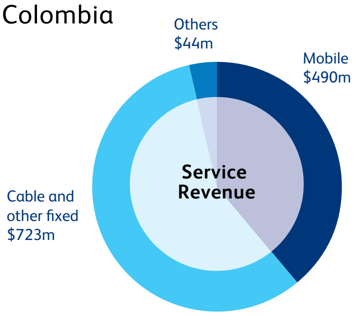
EBITDA
Organic decline −3.7%
$2,360

OCF
Organic decline −1.4%
$1,418

[1] *Our Latin America (Latam) segment includes our Guatemala and Honduras joint ventures as if they were fully consolidated. Please refer to the non-IFRS disclosures in this annual report for a description and for a reconciliation of non-IFRS measures.*

Our Markets in Numbers

Colombia



CABLE AND OTHER FIXED *('000)*
Home customer relationships[1]
1,740
As of year end 2020
+30
Net additions
+1.7%
YOY Growth

MOBILE *('000)*
4G smartphone data users
3,967
As of year end 2020
+397
Net additions
+11.1%
YOY Growth

Service revenue[2] *$m*
Organic decline –1.1%

2020	$1,258
2019	$1,432

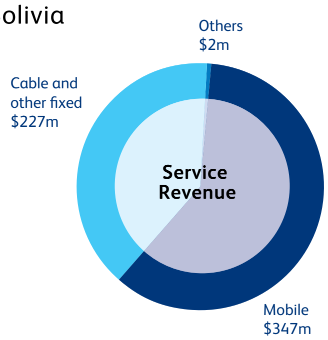
EBITDA *$m*
Organic growth +0.9%

2020	$457
2019	$510

EBITDA margins *%*

2020	34.0%
2019	33.3%

Bolivia



CABLE AND OTHER FIXED *('000)*
Home customer relationships[1]
564
As of year end 2020
+54
Net additions
+10.5%
YOY Growth

MOBILE *('000)*
4G smartphone data users
2,409
As of year end 2020
+238
Net additions
+11.0%
YOY Growth

Service revenue[2] *$m*
Organic decline –7.7%

2020	$575
2019	$624

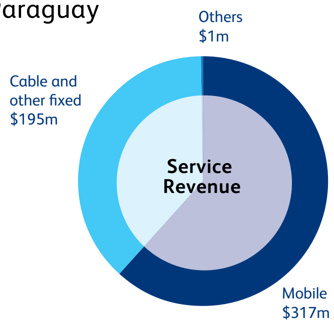
EBITDA *$m*
Organic decline –9.7%

2020	$232
2019	$257

EBITDA margins *%*

2020	39.7%
2019	40.2%

Paraguay



CABLE AND OTHER FIXED *('000)*
Home customer relationships[1]
452
As of year end 2020
+16
Net additions
+3.6%
YOY Growth

MOBILE *('000)*
4G smartphone data users
1,827
As of year end 2020
+306
Net additions
+20.1%
YOY Growth

Service revenue[2] *$m*
Organic decline –3.2%

2020	$513
2019	$575

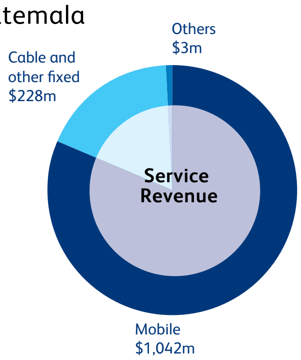
EBITDA *$m*
Organic decline –6.7%

2020	$252
2019	$294

EBITDA margins *%*

2020	46.4%
2019	48.2%

Guatemala



CABLE AND OTHER FIXED *('000)*
Home customer relationships[1]
606
As of year end 2020
+87
Net additions
+16.7%
YOY Growth

MOBILE *('000)*
4G smartphone data users
4,612
As of year end 2020
+718
Net additions
+18.4%
YOY Growth

Service revenue[2] *$m*
Organic growth +3.4%

2020	$1,273
2019	$1,234

EBITDA *$m*
Organic growth +4.3%

2020	$778
2019	$748

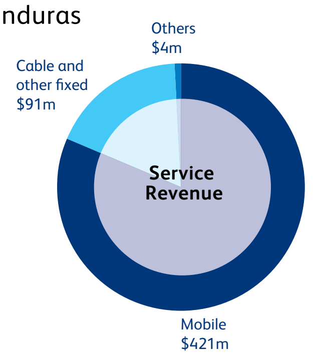
EBITDA margins *%*

2020	51.8%
2019	52.2%

[1] *"Includes HFC, DTH, Copper and other technologies."*

[2] *EBITDA and EBITDA Margin and after organic growth: "Non-IFRS measure. Please refer to the non-IFRS disclosures in this annual report for a description and for a reconciliation of non-IFRS measures."*

Honduras



CABLE AND OTHER FIXED *('000)*

Home customer relationships[1]

176
As of year end 2020

—
Net additions

–0.1 %
YOY Decline

MOBILE *('000)*

4G smartphone data users

2,114
As of year end 2020

+367
Net additions

+21.0 %
YOY Growth

Service revenue[2] *$m*
Organic decline –6.0 %

2020	$516
2019	$551

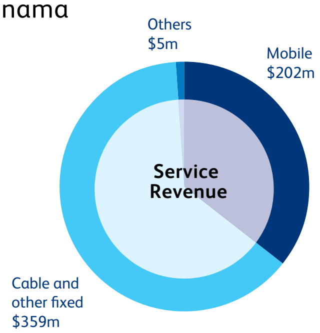
EBITDA *$m*
Organic decline –11.6 %

2020	$247
2019	$280

EBITDA margins *%*

2020	44.7 %
2019	47.1 %

Panama



CABLE AND OTHER FIXED *('000)*

Home customer relationships[1]

463
As of year end 2019

+25
Net additions

+5.8 %
YOY Growth

MOBILE *('000)*

4G smartphone data users

1,003
As of year end 2020

+216
Net additions

+27.5 %
YOY Growth

Millicom's acquisition of Panama mobile was closed in August 2019.

Service revenue[2] *$m*
Organic decline –8.4 %

2020	$567
2019	$468

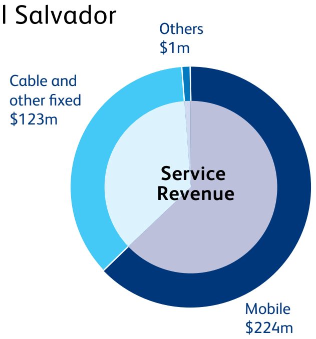
EBITDA *$m*
Organic decline –10.4 %

2020	$256
2019	$223

EBITDA margins *%*

2020	43.8 %
2019	46.9 %

El Salvador



CABLE AND OTHER FIXED *('000)*

Home customer relationships[1]

273
As of year end 2020

–1
Net losses

–0.4 %
YOY Decline

MOBILE *('000)*

4G smartphone data users

1,260
As of year end 2020

+336
Net additions

+36.4 %
YOY Growth

Service revenue[2] *$m*
Organic decline –0.1 %

2020	$348
2019	$348

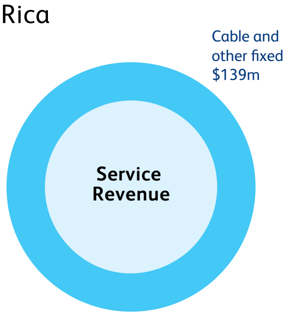
EBITDA *$m*
Organic decline –2.5 %

2020	$137
2019	$140

EBITDA margins *%*

2020	35.1 %
2019	36.2 %

Costa Rica



CABLE AND OTHER FIXED *('000)*

Home customer relationships[1]

239
As of year end 2020

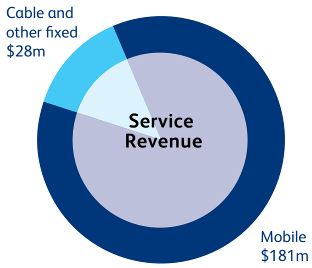
–17
Net losses

–6.5 %
YOY Decline

[1] *Includes HFC, DTH, Copper and other technologies.*

[2] *EBITDA and EBITDA Margin and after organic growth: Non-IFRS measure. Please refer to the non-IFRS disclosures in this annual report for a description and for a reconciliation of non-IFRS measures.*

Nicaragua



CABLE AND OTHER FIXED *('000)*

Home customer relationships[1]

31

As of year end 2020

+11

Net additions

+53.2 %

YOY Growth

MOBILE *('000)*

4G smartphone data users

1,050

As of year end 2020

+266

Net additions

+33.9 %

YOY Growth

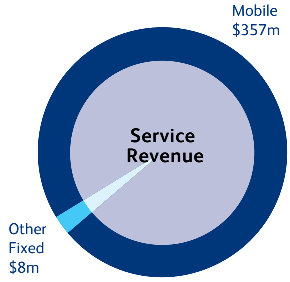
OUR 2020 FINANCIAL PERFORMANCE IN AFRICA

We continued to execute on our strategy to improve our financial performance from our Africa segment, which has historically generated lower returns on capital than our Latin America segment. In line with this strategy, we divested our holding in Jumia and sold down part of our holding in Helios Towers. As of December 31, 2020, we held only 7.6% of Helios Towers of Africa which is traded on the London Stock Exchange.

Our Africa business segment currently consists of our operations in Tanzania and represents 6% of the Group's underlying revenue and 5% of underlying EBITDA.

Our operation in Tanzania was not immune to the impacts of the global crisis, with organic service revenue down 3.7% in 2020, as compared to a decline of 2.9% in 2019. Meanwhile, EBITDA grew 2.1% organically in 2020, improving from a decline of 19.9% in 2019.

Africa
($m)



MOBILE *('000)*

Mobile Customers

13,111

As of year end 2020

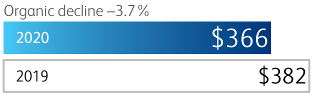
MFS customers

7,141

As of year end 2020

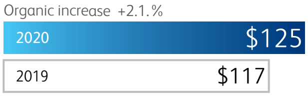
Service revenue[2] *$m*

Organic decline –3.7 %



EBITDA *$m*

Organic increase +2.1 %



[1] *Includes HFC, DTH, Copper and other technologies.*

[2] *EBITDA and EBITDA Margin and after organic growth are Non-IFRS measures. Please refer to the non-IFRS disclosures in this annual report for a description and for a reconciliation of non-IFRS measures.*

OUR IMPACT:

Lifeline product leaves no customer unconnected

Where: All markets

What: Driven out of work by the onset of coronavirus, millions of Latin Americans were caught in a cruel dilemma. When they most needed a digital connection to their loved ones and sources of essential information, many households could no longer afford Internet service. Starting in April 2020, Tigo preserved uninterrupted service for all customers who had unpaid balances due to hardship from the pandemic.

How: We extended a minimum "lifeline" product that gave customers Internet service with no associated charges. The lifeline offering helped ensure that those who were sidelined economically by COVID-19 shutdowns would not become further isolated from their communities. Also, our lifeline service in most countries included a variety of educational web resources to help families with at-home learning while schools remained closed.

Results:

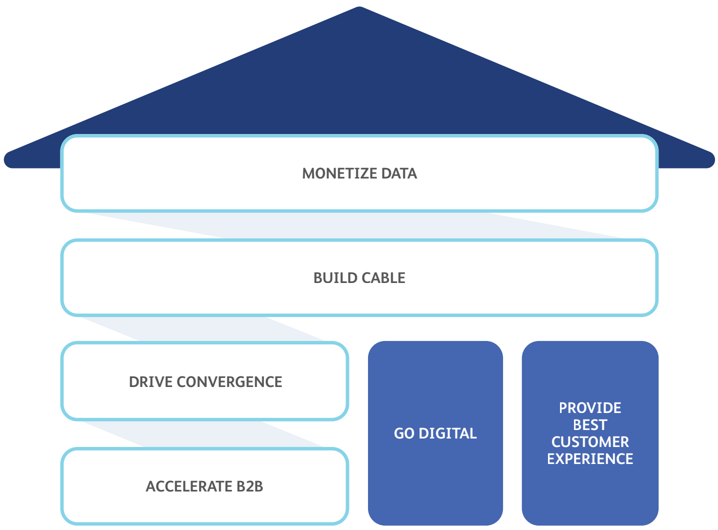
» No Tigo customer was disconnected because of a past-due bill during the pandemic crisis
» By July 2020, most households, businesses and postpaid users that received the lifeline product had resumed their payments and were back on regular Tigo service
» We maintained valuable customer relationships through a temporary crisis, strengthened our business performance and reinforced our purpose in communities
» Offering lifeline service enabled us to avoid direct costs of disconnecting and later reconnecting customers, along with added expenses to recycle set-top boxes and other equipment
» Tigo restored vital revenue streams that helped us return to profitability sooner

Advancing Our Business Strategy

The multifaceted product and service delivery strategy that Millicom has built over the past five-plus years provided a solid foundation that steadied our business in 2020. We weathered the severe economic impacts from COVID-19 and have quickly returned to a long-term, stable growth path by accelerating our pace of digital adoption to align with customers' evolving needs.

When demand for mobile services declined amid the lockdowns, we were well-prepared to meet a resulting surge in home Internet usage and demand for content. Our strategic investments over the past five years have enabled us to accelerate digital transformation across the business and strengthen our customer relationships amid unprecedented challenges.

We drive long-term growth and reliable performance through a business strategy grounded in six interconnected areas



Build Cable

We continued to expand the Tigo cable network, passing more than 428,000 new HFC homes in 2020. Tigo added more than 277,000 new home customer relationships, 146,000 in Q3 and 103,000 in Q4, representing 8.0% growth compared with the same periods in 2019. We kept many existing customers connected throughout the pandemic with our lifeline broadband offering (see related story on this page). Home broadband adoption surged by more than 12.1% in the second half of the year, to 3.4 million subscribers. Our network now passes more than 12 million homes in Latam, where Tigo Internet traffic increased by more than 50% in 2020. Our networks handled this surge during the pandemic and beyond with no ill effects on reliability or resiliency. As people continue working, attending school and consuming entertainment predominantly at home, we see sustained opportunities to build on this momentum.

Go Digital

As countries went into lockdown for several months during the pandemic and mobility became severely limited, Tigo customers' demand for digital access to our services grew exponentially in 2020. We were ready to meet this opportunity through digital channels that Tigo has developed over the past several years. Digital reloads of prepaid mobile services increased 106% and digital payment collections grew 78% through the end of 2020. When our physical stores and service centers had to close temporarily, we shifted approximately 50% of all customer interactions to digital e-care platforms. Also, use of Tigo Money for bill payment, purchasing and wire transfers over doubled in 2020, to more than 48 million transactions in Latam (see related story below).

Drive Convergence

Although many elements of our mobile business suffered under the pandemic as health precautions and economic hardships suddenly confined millions of people to their homes, we continued investing in the essential building blocks of a convergent IT platform in 2020. We continued to expand our 4G coverage in Latam, covering 76% of the population of our markets. We met our timelines for building new or upgraded network infrastructure in Colombia, Panama, Nicaragua and El Salvador despite the challenges of COVID-19. Across the Latam region, we added more than 2,500 new points of presence to our mobile network.

→ **5,400+**

Upgraded Points of Presence in Latin America

Accelerate B2B

2020 proved to be a watershed year for Tigo Business as companies in our markets rapidly pivoted their operations to enable working from home and serving their customers and clients through digital channels.

We rolled out extensive new cloud services and virtual private network (VPN) capabilities for our enterprise customers to keep their remote employees connected and productive. We also expanded our support for e-commerce, web-enabled communications and other digital commercial processes.

Many of our SMB customers were severely impacted by the mobility restrictions that were imposed in response to COVID-19, impacting our own financial performance in B2B during 2020. However, many other SMB customers needed to rapidly transition from in-person sales and service to digital channels. We helped them launch new websites or expand existing ones—in as little as 24 hours—with online ordering, payment and fulfillment capabilities that allowed these smaller businesses to survive through the COVID-19 shutdown.

OUR IMPACT:

tigo money

Where: Latam

What: While people felt uneasy venturing outside their homes amid the coronavirus outbreak, they still needed to take care of bills and withdraw funds. Tigo Money, our electronic-wallet platform, provided rapid and safe online access to financial resources for people in quarantine or whose local businesses had to shut down temporarily.

How: Through a new Tigo Money feature launched in Honduras, users could deposit international remittances sent through Western Union and MoneyGram directly into their e-wallets instead of working through a local Tigo Money agent. Also, the government of Paraguay partnered with us to provide coronavirus relief subsidy payments via Tigo Money.

Results:

- More than $100 million in government subsidies distributed to approximately 500,000 Paraguayan households
- Tigo Money customer base grew to more than 5 million users during 2020, an 18% increase compared with the same period in 2019
- Mobile financial digital transactions more than doubled in 2020, to approximately 12 million transactions

Disbursing subsidy payments electronically gave people faster access to their money without exposing them to health risks.

→ OUR IMPACT:

Helping MSMEs evolve their digital outreach

Where: Latam

What: Micro, small and midsize enterprises (MSMEs), which comprise about 99 percent of the businesses and 61% of employment in Latin America, have suffered the most during the coronavirus pandemic.[1]

How: We co-organized a series of free, bi-weekly webinars and provided access to other learning resources geared toward helping small-business owners and workers retool for success in this new environment. Representatives from the business community, academia, the legal profession and other fields presented more than 55 virtual training sessions from April through December 2020.

Topics included:

» Digital Transformation
» Leadership for Female Entrepreneurs in Times of COVID-19
» Responding to the Consumer
» Post-COVID-19 Legal Issues
» Strategies to Lead in the New "Low Touch Economy"

Results:

» The series drew more than 18,600 participants from Panama and other countries
» MSME owners gained new technologies and practices to help evolve their businesses and serve customers more effectively online
» Webinar participants can revisit the virtual academy to replay sessions and view additional materials

Provide the Best Customer Experience

We are simplifying how people interact with us—and empowering them to meet a broader range of needs on their own—through integrated, digital-first customer service channels. In 2020, we shifted approximately 50% of all customer interactions online. Digital self-service tools enabled us to resolve issues quickly and maintain high levels of customer satisfaction while most of our stores remained closed for much of the year. Our e-care platforms helped manage a jump in customer interactions, freeing Tigo call center representatives to focus on more complex issues such as collections and network outages.

We also continued implementing nine new customer service interaction evaluations to help us better understand customer needs and experiences across our various touchpoints. We use these insights in mapping ideal customer journeys in all of our product and service categories, from B2B to mobile to in-home broadband.

Our Net Promoter Score (NPS)—a measurement of customers' willingness to recommend Tigo products and services—increased by 4 points in 2020. This change reflects the acceleration of the use of our digital channels, which we constantly improved, adding new features, increased reliance on customers trusted neighborhood points of sales and positive feedback from our home installation teams who continued to provide service throughout the year.

Monetize Mobile Data

Although consumer demand for our mobile data and content offerings initially declined in early 2020 as people spent more time at home, we saw 4G network usage rebound through the end of the year. Tigo mobile penetration surpassed 41 million Latam customers in 2020, including a record 2.2 million net additions in Q4. We continued expanding Tigo customers' access to premium content from Amazon Prime, Netflix, YouTube, Google Android TV and other providers.

In October 2020, we became the first mobile operator in Latin America to introduce Amazon Prime Video Mobile Edition. Designed exclusively for mobile devices, the service enables customers to access the entire Prime Video catalog through their prepaid plan or pay as they go. Tigo debuted this service in Guatemala and has continued rolling it out to our other operations in Latin America. We also launched a new WiFi 360 app that provides greater parental control over content streaming on home set-up boxes, computers and mobile devices.

[1] *OECD et al. (2020), Latin American Economic Outlook 2020: Digital Transformation for Building Back Better, OECD Publishing, Paris, https://www.oecd-ilibrary.org/development/latin-american-economic-outlook-2020_e6e864fb-en*

OUR APPROACH:

How We Connect

We are intentional about the positive outcomes we seek to achieve for our company and each of our stakeholders. We set the course and activate the resources for fulfilling our purpose through the interconnected work of teams across many disciplines.

Our human resources (HR) group fosters a corporate culture in which people feel welcomed and inspired to contribute at their best. Our corporate responsibility (CR) group leads the company's efforts to improve economic, social, educational and environmental conditions wherever we operate. Our corporate governance structure instills the highest standards of integrity and ethical behavior in all areas of Millicom's operations, starting with our Board and Executive Team. Our risk management group plays a critical role in reducing uncertainty across the business and informing more successful decisions on capital and resource allocation.

Working in concert, all of these components bring substance and momentum to our vision of what Millicom should be.

Supporting Our People

Millicom's purpose comes to life through the talent, energy and dedication of our 21,000-plus employees and roughly 20,000 contractors. We rely on our people to embody Sangre Tigo—the lifeblood that fuels our business success. In turn, we strive to build a culture inside our company that rewards our employees' creativity, respects their diversity, empowers them to drive positive change and inspires them to grow personally as well as professionally. Our Sangre Tigo culture is the foundation that has guided our business and our people during tough times, and will continue to drive our future success.

Although the company was tested like never before in 2020, our support for employees—and their expression of our Sangre Tigo heartbeats—sustained us. In a year largely defined by unprecedented medical, economic and social challenges, keeping employees safe was our guiding light. Also, in that same spirit we have come together as the Tigo family that we are to show our lasting care and support to the families of our Tigo employees and contractors that lost the battle to COVID-19.

Our team responded swiftly to the COVID-19 crisis and our employees pulled together as one, enabling us to finish 2020 even more resilient and fully prepared to embrace the new world of work.

As Millicom embarks on its fourth decade, we continue to advance strategic priorities such as nurturing employees' professional development, fostering greater diversity and inclusion in our culture, and digitalizing our Human Resources processes to better support people company-wide.

"This is one of those moments in our lives when you see what people are truly made of . . . and our leadership shows how we, as a family, can overcome any obstacle. Proud to have #sangretigo!"

Yeng Young

Global Director of Business Service Delivery, following our March 2020 virtual Town Hall with CEO Mauricio Ramos

Great Place to Work®

Tigo ranked among the Top 25 Best Multinational Workplaces in Latin America in the 2020 Great Place to Work® survey—our third year of receiving this honor.

How Sangre Tigo Moves Our Business

We continued to bring our Sangre Tigo Cultural Framework to life across the company in early 2020 through interactive workshops and the efforts of nearly 200 Sangre Tigo employee ambassadors. We acknowledged and celebrated all the ways our employees embodied Sangre Tigo during the pandemic through our Tigo Heroes program (featured on page 11).

SANGRE TIGO CULTURAL FRAMEWORK

PULSES

We are ONE TIGO	TIGO runs in our veins	We make it happen the right way	We give 1,000% for our customers

BEHAVIORS

We are ONE TIGO	TIGO runs in our veins	We make it happen the right way	We give 1,000% for our customers
We have one purpose and we make an impact	We are proud of our company and our history	We lead by example and we do what we preach	Our customers are at the center of everything we do
We are inclusive and united	We are innovators	We never compromise our integrity	We are direct, honest and open
Together we win	We are fast and we go the extra mile	We are transparent and accountable	We always do it right, from the first time
We value our differences	We are passionate	We find solutions and deliver results	We make decisions based on data insights
We manage Tigo assets as if they were our own	We care for our communities	We see challenges as opportunities	We think, act and live digital

Protecting employees through COVID-19

When COVID-19 cases and ensuing business lockdowns began to snowball worldwide in early 2020, we immediately had to rethink almost every aspect of our operations to ensure we could keep our employees safe. As an essential service provider, we also knew that many of our personnel had to remain in the streets and with customers on-site while other employees needed additional support to shift into working remotely.

From day one of the pandemic, our people never hesitated in giving their all to keep Millicom customers connected and satisfied. We went all out to protect them and empower them in this uncharted territory.

In formulating our crisis response and workforce management plans, we divided Millicom's workforce into five segments: retail, office, technical/warehouse, call center and field/commercial services. This approach helped us tailor health and safety protocols to specific roles and work settings, as well as ensure compliance with country- or community-specific mandates. Cross-functional crisis management teams met daily during the first month of the pandemic, then twice a week as conditions around the region began to stabilize.

From providing masks, gloves and other personal protective equipment (PPE) for employees in the field to equipping office workers and call center representatives with laptops and broadband connectivity at home, we had most of our operations running again within two weeks of the shutdowns. Our HR teams in each country helped coordinate frequent communication and engagement with employees as they adjusted to working remotely. (See related "Our Impact" story below.)

We also launched extensive health and safety trainings in each country as well as regular audits to help ensure compliance with our protocols. Employees received frequent reminders about proper hand washing, PPE use, sanitizing their workspaces and maintaining social distance.

Health, safety and environmental management beyond COVID-19

Our attention to broader health and safety issues for our workforce also remained strong in 2020. We completed the planning process to recertify our country operations in both ISO 14001 environmental management standards and 45001 occupational health and safety standards. We are also in the process to move all of our Occupational Health & Safety training programs, risk assessments, gap analysis, and incident reporting/response documentation into a new online portal, based on Occupational Safety and Health Administration (OSHA) standards that will help support greater compliance.

OUR IMPACT:

Supporting remote employees amid coronavirus

Where: All markets

What: For many of our employees, the abrupt transition to working from home amid coronavirus restrictions added a host of new challenges in their professional and personal lives. We reached out early and often in 2020 to help them stay productive, engaged and encouraged.

How: Managers company-wide set aside time each week for virtual check-ins to learn how their team members were feeling and what additional support they might need. Our HR teams used some of this feedback to identify common issues that we could address on a broader scale, such as offering more online social activities or connecting employees with child care resources.

When employees tested positive for COVID-19 or had to quarantine because of possible exposure, local HR departments sent care packages to them with basic necessities as well as uplifting extras. We called these employees daily to provide encouragement and support. Also, the HR team distributed periodic Pulse Check surveys to gauge the value of our decisions and support on behalf of employees.

Our HR portal hosted a series of presentations on working productively from home. In addition, employees could tune in for online Zumba classes and other fitness sessions with a personal trainer. Plus, we ensured that employees who were experiencing depression and anxiety could connect with a professional counselor or mental health provider during the pandemic.

Results:

- Maintained high levels of productivity across the company
- Employees reported they felt supported and were able to stay more engaged while working from home

What our employees say

“Thank you for all the support you give us in the face of this pandemic. I thank God for belonging to this great family that is our company.”

Antonia Arias
Tigo Money Agent, San Salvador, El Salvador

“Thank you for always training us and motivating us to be a better team. This sharpens our capabilities so we can be an important resource of the company!”

Elena Monje
Tigo Money Agent, Santa Tecla, El Salvador

Shaping the Future of Work

Having persevered through the initial hardships posed by 2020, we continue to learn valued lessons and look to new ways of which to build better workplaces.

In January 2020, 99% of Tigo employees worked on-site; by April 2020, just 4 months later, 70% of employees were working remotely. Our organization and people, rapidly shifted and adjusted to the rapid change in work and we saw encouraging signs that some of our operations could be well-suited to this more flexible style. And we are not alone: According to a Gartner study[1], nearly half of employees in Latin America expect to continue working remotely after the pandemic subsides.

Led by our HR group and the Business Transformation Office, cross-functional committees in each of our countries are exploring how we can continue maximizing the benefits from our COVID-19-driven investments in work-at-home arrangements, virtual meeting platforms, online customer interactions and other changes crafted in 2020. For example, reviewing the opportunities to allow reduced travel time and costs for employees in favor of a more virtual collaboration.

We also envision a more permanent “hybrid/flexible" working model that will allow employees the opportunity to switch dynamically between home and office based dependent on their day-to-day tasks within their roles. Longer term this could reduce the amount of physical work space that we maintain and prioritizing it to individual employees or teams that most need on-site resources or in-person collaboration.

By becoming one of the first telecommunications companies in our markets to implement a hybrid approach, we believe the transformation will help us create an additional edge in attracting talent, accelerate our innovation and lead us to become a higher-performing organization.

Building a More Diverse and Inclusive Workplace

Respect for all people is at the core of our Sangre Tigo cultural framework. We recognize that the strength of our company flows from creating a supportive environment that attracts talented professionals with a broad array of backgrounds, experiences and perspectives. In a diverse and inclusive workplace where every employee feels empowered to contribute authentically, the resulting innovation helps ensure that our business, products and services reflect the full spectrum of interests in our markets.

We rely on candid feedback from Millicom employees, shareholders and customers to guide our efforts. In 2020, we approved a new corporate diversity and inclusion (D&I) strategy and continued progressing on a two-year initiative to instill the essential components of D&I in Sangre Tigo culture.

Using insights gathered in a 2019 company-wide survey of how employees experience D&I in the workplace, our newly formed Global D&I Council and country-specific councils defined three key areas of focus within the strategy:

» **We lead by example.** Millicom strives to empower all Millicom employees to lead by example in building a more inclusive and respectful culture. We expect our people to embrace inclusion, actively seek out differences and encourage others to do the same. We will hold our people managers and senior leaders to high standards of accountability in their support for D&I progress.

» **We ensure growth opportunities for all.** Millicom is committed to building a diverse work culture that attracts, hires, promotes and develops talent based on equality. We are examining our organization to identify processes that could be perceived as biased or unfair by employees as well as our customers and other stakeholders. Focal points in 2020

[1] *“9 Predictions for the Post-COVID Future of Work,” Gartner, May 14, 2020, https://www.gartner.com/document/3985163ref=solrResearch&refval=276847906*

included how we recruit and select candidates for various positions and in different markets. Also, we continue to look for opportunities to inspire greater D&I through our processes.

» **We listen to every voice.** Our company endeavors to be a safe space in which employees feel encouraged to be authentically themselves, express their viewpoints and use their insights to drive positive change. We are reaching out to our many diverse groups of employees to better understand the barriers they encounter, give them a stronger voice in our company-wide D&I efforts and provide more meaningful support to them in the workplace.

Across all of these areas, our D&I approach centers on raising awareness, listening to our people and using what we learn to refine our strategy. In 2020, we began rolling out a comprehensive communication and education program to help all employees put the company's D&I values into practice. We are also working to ensure our D&I councils represent the full spectrum of employee backgrounds and perspectives that shape Millicom so we can continue to accurately measure our progress.

Fostering Talent, Leadership and Career Growth

Throughout Millicom's operations, we consistently see that the company excels when our employees feel empowered and motivated to perform at their best. Especially during tough times such as the COVID-19 crisis, our ability to innovate and stay competitive hinges on attracting, retaining and developing the best talent in our markets. We accomplish this by continually seeking new ways to inspire our people and nurture their professional growth.

We continued to hone our leadership and talent development programs in 2020 with a focus on giving team-oriented, committed employees the chance to take on greater responsibilities. As part of our Organizational Talent Review process, we identify people with strong leadership potential and invest in opportunities for them to expand their skills through on-the-job experiences in different areas of our company.

Along with rewarding people for their commitment and supporting their long-term career growth, our promote-from-within approach also helps us reduce costly and disruptive turnover. During 2020, we retained 91% of our employees compared with 88% in 2019 and 86% in 2018.

Digitalizing Our HR Processes

Even before the pandemic, we set a priority to streamline and enhance our HR resources for employees wherever they may be working. As a result, we finished 2020 on course to implement a single integrated HR information system (HRIS) across all of Millicom that better supports our business strategy, delivers consistently exceptional experiences for employees from wherever they work and empowers company managers to make better-informed decisions. The cloud-based technology behind our HR transformation will support:

» Faster access to more digital self-service tools for employees

» Greater visibility of our talent company-wide to support strategic decision making

» Enhanced security and compliance support

» Simplified, standardized and automated processes for greater efficiency

Transactional HR processes such as payroll, benefits and performance management are scheduled to go live in the second half of 2021, with remaining modules launched by early 2022. Once complete, our single HRIS will replace more than 15 current software platforms and reduce HR teams' data management and reporting workload by nearly fourfold.

We finished 2020 on course to implement a single integrated HR information system (HRIS) across all of Millicom that better supports our business strategy.

15+

Software platforms across Millicom that will be replaced by one integrated HR information system in 2021

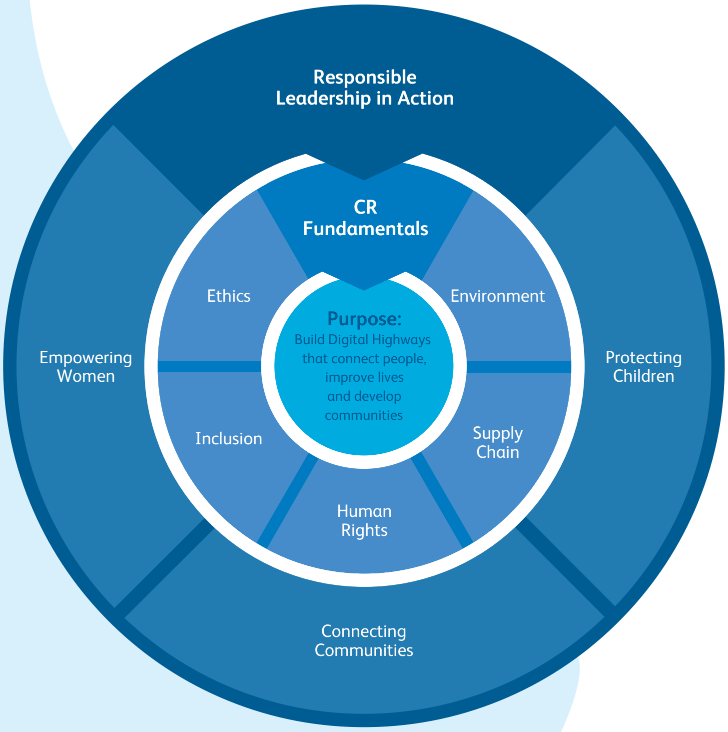
Our Corporate Responsibility

Millicom's business purpose is at the core of our corporate responsibility (CR) actions, and always has been. As our market leadership grows through the adoption of digital technologies, so does our ability to fuel even greater economic, social and educational opportunities.

This entwining of Millicom's business purpose and corporate responsibility (CR) actions resonated even more powerfully in 2020 as COVID-19 magnified the significant barriers that exist in our markets. As our company rose to meet the challenges of a global pandemic, we found opportunities to amplify our deeply held CR values at virtually every turn and to position ourselves for new business opportunities when the crisis subsides.

Our CR Framework and Five-Year Plan

We partner with regional and local organizations on channeling Millicom products, services, financial resources and employees' talents to make the greatest possible social and community impact. Anchored by Millicom's core purpose, our CR Framework spans five CR Fundamentals within our business and three pillars of our Responsible Leadership in Action to benefit children, women and communities. Across each of these areas, we have set a Five-Year Plan with specific goals for measuring our progress.



REASSESSING OUR CR STRATEGY THROUGH COVID-19 LENS

Along with responding to the challenges raised by the coronavirus pandemic, we also sought to learn from this unprecedented experience and to understand whether we should adjust our CR framework, targets or disclosures. Our CR team spearheaded a COVID-19 Materiality Assessment that involved in-depth conversations with over 40 Millicom business leaders from every major operational segment and external stakeholders. The assessment also included an online survey that received more than 4,000 responses from B2C and B2B customers and diverse community organizations.

We found that our CR framework provided a sound compass to help navigate through the disruption. While all of our current areas of focus remain of interest to our stakeholders, some topics, such as Digital Divide, Employee and Contractor health and Wellness and climate change increased in importance. Our main conclusions were that Millicom has an opportunity to more clearly link its CR goals with the company business objectives and to better communicate that alignment to all of our stakeholder groups.

For a more detailed overview of the process and updated materiality graphic, click here.

OUR PROGRESS ON CR GOALS

Millicom's strategic decision to prioritize community and employee needs during the coronavirus pandemic shifted our focus away from some of our shorter-term CR goals for the year. However, we remain committed to hitting our long-range CR goals within our Five Year Plan, set for 2023. During 2020 and continuing this year, we've adjusted some of our specific environmental, social, and governance (ESG) performance benchmarks to reflect the ways COVID-19 has affected our incremental progress.

Detailed statistics about Millicom's CR performance, including how our work aligns with the United Nations Sustainable Development Goals (SDGs), can be found in the tables starting on page 47.

Virtual Outreach During An Unprecedented Crisis

When the 2020 coronavirus pandemic triggered widespread economic shutdowns and economic contraction across Latin America, we focused on tailoring the flagship programs within our CR Framework to continue to meet the most pressing needs among people in our communities.

Our immediate responses included expanding access to remote education resources to help keep children safe as they spent more hours online for school and entertainment when countries restricted mobility to help keep the coronavirus from spreading. In addition, we shifted our digital inclusion and economic empowerment support for women from in-person to virtual channels. We also connected thousands of teachers in nine Latin American countries with digital curricula and skills training to help them deliver more effective online education. Related stories on each of these initiatives are included within this section.

Lastly, Millicom also provided direct aid during this crisis, including monetary and in-kind donations as well as free or discounted access to Tigo products and services at shelters, medical centers and other facilities serving those affected by the coronavirus pandemic.

→ OUR IMPACT:

Financing tied to ESG targets

Where: All markets

What: We believe our actions, such as sustainable investments linked to socio-economic and environmental targets, move communities forward while sustaining our own future success. Building upon the steps our company took in 2019 with the issuance of a $200 million Sustainability Bond, we secured even deeper financial support last year based on the strength of our ESG work. This is another powerful way that our commitment to operating sustainably and being an agent of positive change in society also drives Millicom's business success.

How: A five-year, $600 million ESG-linked revolving credit facility—or line of credit—that we established in October 2020 includes provisions that incentivize Millicom and some of our operating subsidiaries in Latin America to meet predetermined sustainability targets. Available funds have been used to refinance Millicom's existing multi-currency revolving credit facility and for general corporate purposes.

Results:

This approach to linking financial and ESG performance targets will help to advance in objectives such as:

» Reducing our environmental footprint through customer premises equipment recovery[2]

» Training suppliers on Millicom's core values and CR practices such as health and safety, anti-corruption, compliance, human rights and eco-efficiency

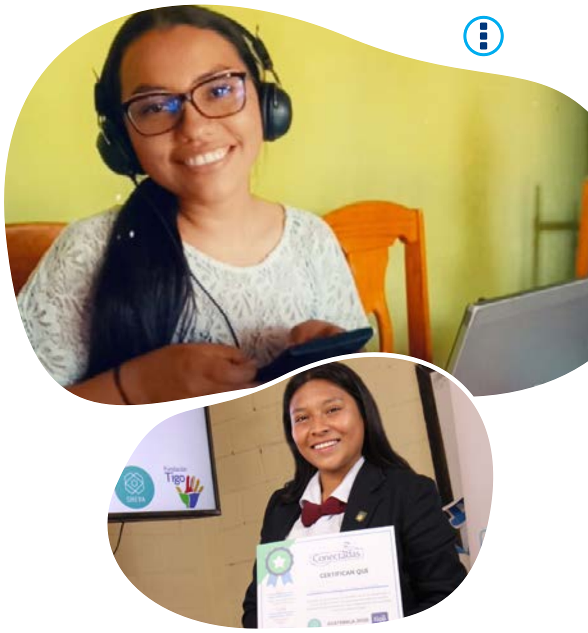
» Empowering women and reducing the gender gap by training women on digital literacy and entrepreneurship through our Conectadas program

» Training teachers, through our Maestr@s Conectad@s program, to deliver more effective online education for students

[1] *For additional details, see our Performance Tables beginning on page 47.*

Responsible Leadership in Action

Protecting children online



Young people have an almost limitless universe of learning, entertainment, and social opportunities available on the Internet. But venturing online without the tools or experience to recognize and avoid potential dangers can expose children to considerable harm.

The potential for encountering inappropriate content, online predators, cyberbullying, and online threats rose sharply during the pandemic as young people worldwide spent even more unsupervised time online. UNESCO estimated that 1 billion students and youth worldwide were affected by school closures due to the COVID-19 outbreak.[3]

Through our child online protection programs, Millicom and its partners throughout Latin America have trained more than 480,000 youth on the benefits and risks of digital technology since 2016. We teach them how to use the web safely and productively—so they can maximize the opportunities it provides for education, employment and innovation.

"One of the most significant effects of the COVID-19 crisis is the enlargement of the digital gap and its effects on education, particularly in the developing economies. Public-private partnerships like the one Tigo has with UNICEF can move online so that the digital divide does not widen even more."

Mauricio Ramos
CEO, Millicom

Partnership with UNICEF to address the Covid-19 crisis

Through our long-time partnership with UNICEF, Conéctate Segur@ is providing online access to the organization's Learning at Home ("Aprendo en Casa") program and adding modules that teach about child online protection. The Learning at Home program supports families with fun and educational activities as well as information to help keep young people safe as they explore the web.

Working with national governments, the Aprendo en Casa campaign has been shared with more than 10 million users in Central America. TIGO communication channels, such as SMS, social media, Cable TV and partner radio stations, have allowed UNICEF to reach millions of children and their families with messages on health and protection measures, especially for those who have no access to the internet.

School of Influencers in Colombia and Bolivia

With UNICEF, TIGO has developed an online safety platform for adolescents in Colombia as part of the School of Influencers program. The program is executed through our "Ciberconscientes" (Cyber-conscious) platform which contains videos and posts created by young leaders and foster peer-to-peer learning. In 2020, we trained 6,000 children and adolescents as community leaders in eight Colombian cities to develop essential skills for their safe, secure and creative use of the Internet. In all, "Ciberconscientes" has trained 8,000 influencers since 2019.

In Bolivia, the partnership is building a pioneering, scalable training module on 12 essential life skills for an initial group of 250 adolescent leaders, based on UNICEF's Conceptual Framework on Transferable Life Skills.

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[1]"Education: From disruption to recovery," UNESCO, May 25, 2020, https://en.unesco.org/covid19/educationresponse

→ OUR IMPACT:

CONÉCTATE SEGUR@

Conéctate Segur@ volunteers take on social media

Where: Latam

What: To keep our volunteers engaged and continue our educational work on child online protection while observing measures established to fight the pandemic, we developed safe ways to communicate our content digitally through social media.

How: We invited our Sangre Tigo volunteers to reach out through their personal social media to spread our Conéctate Segur@ content. Working with our colleagues in communications and other departments, we created a ripple effect by developing content and audiovisual pieces for volunteers to share. Although the pandemic prevented us from delivering these valuable tools and information in person to those who need them the most, we look forward to returning to face-to-face interactions soon.

Results:

» Strong region-wide response with over 13,700 estimated volunteering hours, including:

» 707 registered volunteers in Colombia dedicating 6,811 hours

» 568 registered volunteers in Panama, dedicating 2,142 hours

» 187 registered volunteers in El Salvador dedicating 3,416 hours

Empowering Women:

Digital Programs Expand our Reach

Difficult economic downturns such as the one brought on by the COVID-19 crisis often take the heaviest toll on women, especially those who lack access to digital tools, content and skills. The Consultative Group to Assist the Poor (CGAP) noted in August 2020 that in developing regions such as Central America, 92% of women work informally and have been disproportionately affected by the pandemic.[4]

In 2020, we reinforced our commitment to integrate more women and girls into the digital ecosystem through training on mobile technology, entrepreneurial skills and micro-finance resources. Working with our network of regional and local partners, we delivered our training through online channels so that women and girls could still participate despite the need to socially distance.

PLAN INTERNATIONAL CAMPAIGN

In commemoration of International Day of the Girl on Oct. 11, 2020, we provided support all month for Plan International's regional Connected and Safe program. This campaign helps raise awareness of online risks, such as abuse and harassment, faced by girls. We communicated about Connected and Safe through our social media. Female leaders from our corporate office also conducted sessions with girls in the program to share stories and advice.

TIGO MONEY TRAINING

Tigo Money provides women the opportunity to broaden their own financial options while also helping others in their communities to complete money transfers, pay bills and become more active in local commerce.

In El Salvador, 40 women who are independent Tigo Money sales agents, completed a customized training on entrepreneurship tools. As a result, they increased their micro-business revenues by an average of 28%.

Digital inclusion can create life-changing impacts. Women are using new skills to break the cycle of poverty, build confidence, grow more self-sufficient and even launch their own small businesses. In turn, their economic success strengthens entire communities while also growing the demand for Tigo products and services.

[4] CGAP, "Relief for Informal Workers: Falling through the Cracks in COVID-19," August 2020, https://www.cgap.org/research/covid-19-briefing/relief-informal-workers-falling-through-cracks-covid-19

"The trainings have been excellent. My Tigo Money sales have increased and so has my income. I learned a lot about financial planning, cost and salary management. At first it was very hard for me. But now I understand and know how these aspects are beneficial for my business."

Antonia Arias
Tigo Money Agent, San Salvador, El Salvador

"I was afraid of using digital tools to sell my products but the truth is, as the trainer said, we need to be decisive and use digital tools especially during the pandemic."

Elena Monje
Tigo Money Agent, Santa Tecla, El Salvador

OUR IMPACT:

CONECTADAS

Conectadas helps women and girls develop digital skills

Where: Latam

What: Our Conectadas program trains women and girls in Latin America on digital literacy and entrepreneurship as a springboard to greater opportunity.

How: Working with our partners Sheva in Guatemala, Ideas en Acción in Costa Rica and Fundemas, we continued expanding the Conectadas curriculum in 2020. We adapted content through online tools to help participants continue to acquire key skills that have become especially relevant given the challenges brought on by the coronavirus pandemic.

In the second semester of 2020, with our partner Fundemas, we launched a digital skills training platform for women in El Salvador, Nicaragua, Colombia and Paraguay.

Results:

From 2017 to 2020, more than 415,000 adolescent girls and women have been trained through the Conectadas program

» By the end of 2020, more than 2,500 women had accessed the digital skills trainings offered through Fundemas

» We distributed content on the empowerment of women through technology, advice in emergencies and other topics

Connecting Communities

We witness the life-changing power of digital connectivity throughout all aspects of Millicom's business. However, such benefits remain frustratingly out of reach for millions of people in developing areas who are on the wrong side of the digital divide because of disparities in education, income, and access to in-home or mobile technology networks.

Millicom has partnered with local and regional leaders for many years to help narrow the opportunity gaps by broadening Internet access for underserved people through schools, community centers and other institutions. These efforts became more challenging in 2020 as health precautions tied to the COVID-19 outbreak left millions of Latin Americans cut off from publicly accessible computers and other resources that they rely upon for digital connections.

COVID-19 hit teachers hard. From one day to the next, they had to adapt to a new reality. We responded by creating a new program, Maestr@s Conectad@s (Connected Teachers), to support teachers in their great vocation and train them on the use of digital tools, the Internet and educational applications which can help them continue to educate their students.

We also expanded our outreach to educators, government agencies and nonprofits that connect underserved households with technology.

In many instances, our regional offices provided Internet access at no cost to support governments and community organizations in keeping the public informed about coronavirus-related issues. Tigo services also played a central role in distributing messages on hygiene and social distancing practices along with providing Wi-Fi to critical premises like shelters, quarantine centers and hospitals. In our role as a leading provider of content, connectivity and services to these communities, we are committed to extending digital lifelines that enable greater inclusion and open more opportunities for all people to thrive.

MEETING THE CHALLENGES AHEAD

COVID-19 placed a magnifying glass on the wide gaps in access to technology. However, we recognize the opportunities that technology provides. We are committed to a sustained and coordinated effort with business, government and community leaders to bring the benefits of the digital lifestyle within reach of all people as part of our broader commitment to helping achieve the UN Sustainable Development Goals.

→ Partnership

Millicom has partnered with local and regional leaders for many years to help narrow the opportunity gaps by broadening Internet access for under-served people through schools, community centers, and other institutions.

→ OUR IMPACT:

MAESTR@S CONECTAD@S

Supporting teachers through digital training

Where: Latam

What: Teachers make an impact in the classroom that resonates throughout students' lifetimes and influences the vitality of entire communities. To help fill the urgent need for effective digital education tools and techniques in many Latin American school districts, we created Maestr@s Conectad@s (Connected Teachers) as a free online resource for teachers throughout the region.

How: Launched by Tigo Bolivia in alliance with the nonprofit organization AHYU, Maestr@s Conectad@s offers online workshops geared toward helping educators adapt the soft and technical skills required for online teaching. AHYU designed the content for Maestr@s Conectad@s, and we are working with the ministries of education in each country to introduce this program in other Latin American countries. As of December 2020, we had expanded the Maestr@s Conectad@s program to Nicaragua, Guatemala and, with UNICEF's support, to Paraguay.

Through another partnership with BIIA LAB Foundation and AHYU, we also helped organize an international online conference on delivering digital education amid the COVID-19 crisis. The event, Inzpira Online, featured 10 education experts from eight countries sharing tools and best practices to help teachers throughout Latin America navigate in this new era of online learning.

Results:

» More than 137,000 teachers completed Maestr@s Conectad@s training in 2020

» Inzpira Online drew more than 400,000 participants

"Now that face-to-face educational work has been suspended, we hope that the virtual programs we have developed and our experience in facilitating teachers, families and students will respond to the needs of this new reality and reach all levels of education."

Arlei Villegas
AYHU Director of Production

"This crisis has pushed us toward a scenario we had never experienced: education in the virtual world. The (Maestr@s Conectad@s) program helped me to continue acquiring skills in the use of new technologies."

Humberto Falcón
Maestr@s Conectad@s participant in Paraguay

Our CR Fundamentals

We work with teams across the company to reflect CR values such as environmental stewardship, integrity, inclusivity and respect for human rights in every facet of our business. These are not altruistic values to us, but rather the prerequisites for conducting our business in the right way to maximize its positive impact, manage risks, reduce costs and build lasting trust with all of our key stakeholders.

ENVIRONMENT

We recognize that minimizing our operating waste, reducing the carbon intensity of our networks and taking other ambitious steps to shrink our environmental footprint are keys to optimizing our business and delivering improved connectivity and services to our customers. We work collaboratively across business functions to address our environmental impacts and risks in ways that help us fulfill our purpose.

Our environmental management systems are based on the ISO 14001 standard and are subject to external audits to ensure consistent compliance and alignment. Within the management system, we include controls around vetting contracted services, vendors, waste management, energy initiatives and carbon reduction measures. Although the pandemic-driven demands involved in protecting our employees and maintaining service for our customers took highest priority through much of 2020, we are no less committed to fulfilling our environmental objectives.

In order to strengthen our collaborative approach and set a strong message from the top of the organization, we formalized our Environmental Leadership Steering Group (ELSG) in 2020 with involvement by our CEO and members of our Executive Team who are responsible for key environmental and climate risks. The ELSG oversees company-wide efforts to embed sustainable practices and values in our business operations. It also tracks the company's progress against our 2023 Environmental Goals in areas such as greenhouse gas emissions, electricity and fuel consumption, and e-waste recovery and recycling.

To manage our climate risks and related actions, we have used TCFD as a framework for CDP (formerly Carbon Disclosure Project) reporting and internal management since 2018. In the fourth quarter of 2020, we conducted a gap analysis with a key partner in order to assess the level of alignment of our current tools, processes and disclosures. The assessment found partial alignment in 9 out of 11 TCFD's recommended disclosures, with a clear governance structure, identification and description of climate risks and opportunities, and key metrics regularly and consistently reported.

We have developed a detailed roadmap to enhance our capabilities in all four areas of TCFD recommendations, with particular focus on fulfilling our commitment to set new emissions reduction targets. The roadmap is also a necessary step toward our comprehensive climate strategy to become an even more resilient operator that can keep our communities connected and bring low-carbon solutions to our customers and communities.

» Reverse Logistics in an atypical year: Like in many other aspects and ongoing programs, COVID-19 put the customer premise equipment (CPE) recovery to the test. In the face of the disruption and the need to be connected even for activities that previously would not have required a connection, our commercial home team made the decision to avoid service termination, providing customers unable to pay with a lifeline product.

Furthermore, especially between April and August, we faced issues, such as:

» Skewed recollection rates, pushing higher volumes to end of year or early 2021.

» Reduced lab capacity during the lockdowns due to abrupt closures and/or absenteeism.

» Limited device recollection due to circulation restrictions during quarantine.

Despite the above, we achieved a 64% recovery rate and with a higher capital expenditure avoidance than in 2019 due to new, more expensive CPE models being recovered as well as more units retrieved despite the percentage diminishing, as a result of the inclusion of our Panama operation to the program and a spike in Colombia.

This resulted in estimated:

» 1,770.3 tons of CO2 emissions avoided

» 1,098.4 tons of plastic waste diverted from landfill

» 1.2 million cubic meters of water saved

We work with teams across the company to reflect CR values such as environmental stewardship, integrity, inclusivity and respect for human rights in every facet of our business.

OUR IMPACT: →

Increasing energy efficiency of our Datacenters

Connected with: Customers, Shareholders

Where: Latam

What: We handled a 50%+ surge of Internet traffic on Tigo networks in 2020 without significantly increasing energy usage in Tigo data centers.

How: Starting with our datacenters in Honduras, we deployed new data center virtualization software in place of older, power-hungry racks of servers. The upgrades also eliminated many of the local hub sites that formerly supported our network. We also brought this technology into our Panama and Guatemala facilities in 2020, with plans to expand it to other operations in 2021.

Results:

» Increased our points of presence by 40% while our total energy costs rose just 5%

» These and other improvements will enable us to continue expanding our customer base and fulfilling increasingly sophisticated data needs while effectively shrinking the square footage required for data centers and other facilities

» The further we decouple network growth from energy consumption, the more sustainably our business can grow

Modernizing the network in our newly acquired Operations

Where: Latam

What: 2020 was the first full year with the mobile networks in Nicaragua and Panama under Millicom management. Starting in late 2019, we began network modernization projects to bring the newly acquired networks up to Millicom standards and realized the efficiencies expected from the integrations, with an investment of $40 million.

How: In Nicaragua, we have modernized over 1,100 sites and ended 2020 with 100% of the mobile network upgraded.

Results:

» 20%-25% lower electricity consumption vs the previous technology at sites in Nicaragua; 1.5 million KwH saved through the end of 2020, well above our expectations.

» 900,000 KwH saved at sites in Panama with the upgraded network.

» New network requires fewer maintenance visits, which greatly reduces our fuel consumption.

PROTECTING HUMAN RIGHTS

As one of the largest providers of digital services and content in our markets, we take seriously our responsibility to respect people's dignity and safeguard their rights, including freedom of expression (FoE) and privacy. This extends from how we handle personal and confidential data for millions of customers to the workplace standards we uphold with our employees and supply chain partners.

To help us follow through on these commitments and identify areas to improve, we regularly seek input from and share best practices with experts, investors, NGOs, other companies and the academic community.

Our Privacy Policy

Millicom's global and country-specific websites provide customers with detailed information regarding our privacy policy and practices. Visitors can readily learn how we use, process and protect customer data. We also provide transparent access to channels and contact points for customers to raise privacy concerns. Furthermore, we trained almost 12,000 employees on Data Privacy Essentials.

During the coronavirus pandemic, some governments have requested customer data from us to help in their efforts with contact tracing and other follow-up actions. We adhered to our Privacy Policy and the terms of our Law Enforcement Assistance and Major Events Guidelines in handling all such inquiries. *Learn more in the 2020 Millicom Law Enforcement Disclosure Report*.

11,955

Employees from Latam and HQ trained on Data Privacy Essentials

Information Security

We continued building out our comprehensive information security function and office in 2020. Although the COVID-19 crisis spurred a dramatic rise in cybersecurity and data privacy attacks against companies worldwide, the protective measures that we have taken in recent years enabled Millicom to deter any significant impact.

The ongoing deployment of the global Security Operation Center, along with key strategic initiatives such as Identity Management, and the Vulnerability Identification and Mitigation program continue to mitigate technology-centric risks throughout the enterprise. Also, our offices conduct annual training for employees on cybersecurity and data protection issues. In 2020, 89% of our employees participated in a 4-module Information Security Awareness training, covering key cybersecurity threats, prevention and company procedures. Click here for more information on our cybersecurity approach.

89%

Employees trained in Information Security Awareness

Implementation of GNI Principles

As part of the Global Network Initiative (GNI), Millicom contributes to solving complex situations in which people's fundamental rights to FoE and privacy come into conflict with government measures, including demands to censor content, restrict access to communications services or hand over user data.

In 2020, we continued applying the insights gained from Millicom's first-ever GNI assessment (completed the previous year) to further improve our FoE and privacy safeguards by assessing our grievance mechanisms and conducting human rights impact assessments in our markets.

HUMAN RIGHTS IMPACT ASSESSMENTS (HRIA)

Following the HRIA we conducted in our South American operations during 2019, the exceptional circumstances in 2020 led us to pursue fewer HRIAs than initially planned. As part of our Five-Year Plan benchmarks and our alignment with the UN Guiding Principles for Business and Human Rights, we prioritized one in Nicaragua due to our recently expanded presence in that market. Learn more in the 2020 Millicom Law Enforcement Disclosure Report.

INCLUSION

Building a More Diverse and Inclusive Workplace is one of our CR Fundamentals. A more detailed overview of our inclusion strategy, can be found on "Our Approach" section starting on page 22.

SUPPLY CHAIN

We do business with over 7,500 suppliers of all sizes across all markets where we operate in Latin America and in multiple procurement categories (Network, IT & Platforms, Devices, Indirect, etc.). We seek to build long-term partnerships that are mutually beneficial at Group and local level, and in accordance with all our legal and compliance obligations, to do business the right way.

We seek to work with businesses that understand and share our values and standards to promote our business purpose in every link of our supply chain. Our Supplier Code of Conduct sets core expectations in the areas of health and safety, environment, fair labor, ethics and compliance. As such, it is regularly revised to ensure its relevance. In 2020, we released an updated, streamlined version in which we simplified the language to more clearly state Millicom's expectations of suppliers and help make our standards more accessible to them.

As we help Millicom's suppliers advance their CR and sustainability practices, we are also investing directly in the strength of our own reputation, stability and operational efficiency. In the process of supporting our supply chain partners, we gain new insights that help us generate better results for customers, shareholders and communities.

Using the platform and methodology of EcoVadis, a third-party ratings provider, we evaluate suppliers in key CR areas such as environmental stewardship, labor and human rights, ethics and sustainable procurement. The results enable us to monitor supplier performance in these areas and how suppliers are progressing over time. We also conducted a Sustainability Platform Maturity Assessment with EcoVadis in 2020 to help us improve our overall supply chain programs by identifying our areas of strong performance and those which need improvement.

Due to the COVID-19 pandemic and in line with our continuous support to our suppliers, we decided to focus our 2020 efforts on supporting suppliers that had received the CR training in past years, encouraging them to work on their areas of opportunity by establishing Corrective Action Plans to increase their EcoVadis scorecards and strengthen their CR practices.

72%

of our spend on suppliers is directed to suppliers who completed the EcoVadis assessment

COMPLIANCE AND BUSINESS ETHICS

We are committed to our Sangre Tigo and are actively involved in fostering a culture of ethics and compliance from the top across all our lines of business. We believe in doing the right things in the right way, and compliance is embedded in our daily decisions and in everything we do.

Corruption in government and the private sector can raise potent risks for our business that we must counter decisively and transparently in order to protect our reputation, maintain stakeholders' trust, and sustain our long-term growth. Our Legal, Ethics and Compliance Group meets these challenges by setting the highest standards of integrity, backed by clear guidance and support for our employees in upholding our expectations. We maintain a zero tolerance for any form of corruption.

Along with our Board and Executive Team, the group provides front-line protection against legal, financial, regulatory, and reputational missteps that could interrupt our operations and jeopardize our customer relationships. We also collaborate with other companies and business leaders on ethics issues through channels such as the World Economic Forum's Partnering Against Corruption Initiative.

One of our focal points for all Millicom employees who interact with customers, suppliers and other stakeholders is how to recognize and avoid potential conflicts of interest. As a result, 99 % of our employees have now been trained on our Conflict of Interest policy, in addition to our Code of Conduct, Anti-Corruption, and AML policies.

We also want to ensure that our people feel empowered and safe to raise any ethical concerns, and that any potential concerns are addressed properly. More details can be found in Governance and Business Ethics starting on page 61.

99 %

Employees trained in our conflict of interest policy

OUR COMPLIANCE PILLARS

PREVENT: We foster a strong compliance tone from the top of our business, conduct annual training to build employees' compliance knowledge, and conduct due diligence on our third-party associates as part of the onboarding process.

DETECT: We build systems to detect corruption within our company, backed by a strong Investigation team that responds to issues and advises the Company on addressing risk. Employees can use our anonymous ethics line to report concerns, and we perform regular internal audits of all functions, including Compliance.

RESPOND: We move quickly to remove or remediate compliance issues. Our Investigation function works efficiently to provide fair counsel and remedies that the Company can implement quickly. Our Internal Audit team works with business groups in developing and executing action plans to address all of its findings.

Risk Management

COVID-19 has significantly affected the global economy and the majority of industries and businesses. Millicom's countries, communities, customers and employees have all felt the impact, with a significant part of 2020 focused on tackling the unprecedented consequences of this pandemic. However, the core elements of our strategy, and the fundamental risks and opportunities connected to the strategy, remain largely unchanged. The same holds true for the underlying characteristics of our risk landscape and our value proposition.

Our Risk Landscape

Our risk profile continues to be subject to the developing and sometimes volatile nature of the markets and economies in which we operate, predominantly in Latin America. At the same time, our businesses are an increasingly central component of digitalization and progress in our communities and countries. Our leading positions in our markets, increasingly subscription-based business, track record of customer growth, and opportunities for expansion are all evidence of our sound business model. Our digitalization initiatives in recent years—including digital sales channels, customer care and mobile financial services—prepared us well for the reduced mobility and access to traditional channels that occurred during 2020. In addition, our prudent decisions on capital allocation and cash flow management in response to the COVID-19 pandemic have protected Millicom and positioned us for a return to growth.

Our infrastructure has remained resilient and coped well with an increase in demand, particularly related to data. However, many uncertainties remain, including barriers to returning to normal life for our customers and the communities we serve.

Our Risk Appetite

Millicom operates its business in emerging markets with potentially volatile political and economic environments and a higher inherent level of risk compared to mobile and cable businesses in more mature markets.

Our broad geographical portfolio, varied customer access points (at home, at work and on the move), as well as a suite of products and services encompassing communication, information, education, entertainment, financial services and other areas, reduce our exposure to any individual country, product or service. Our governance and oversight structure, internal control environment, risk-based decision-making culture, and assurance process across all aspects of our business enables us to reduce uncertainties and contain risks in ways that many of our peers may not be able to.

Consequently, while we have a higher inherent risk appetite than many of our peers in the telecommunications and cable industry, and a wider risk profile than many international businesses, we only accept risks in our businesses and markets to the extent that opportunities for sufficient returns exist, and where we can design, implement and operate appropriate systems and controls to manage those risks.

Our leading positions in our markets, increasingly subscription-based business, track record of customer growth, and opportunities for expansion are all evidence of our sound business model.

OUR RISK MANAGEMENT APPROACH

Our enterprise-wide approach to risk has the following key goals:

» Ensure that important opportunities and related risks are identified and actively managed

» Seek the optimal balance of risk and reward to protect stakeholders and enhance value

» Reduce uncertainty and thereby enhance decision-making in areas such as strategy formulation and allocation of capital and resources to support our strategy

Our methodology includes:

» Considering the completeness and relevance of risks in central and individual country-level risk registers

» Aligning risk ownership and responsibility with decision-making responsibility—extending from the Board and Executive Team to country General Managers and heads of functions across the organization

» Aligning risk appetite with strategic and operational goals

» Quantifying target risk levels

» Determining key risks based on their likelihood or occurrence and their importance to the business, as measured by financial and non-financial criteria that include the potential operational, financial, reputational and human impact of the risk

» Monitoring actual risk levels against targets

» Setting clear, specific and owned actions that target the potential impact or likely occurrence of risks

WE CLASSIFY RISKS INTO SIX BROAD CATEGORIES:

Evolution of Risk in 2020

Key events of the past year had a significant impact on our risk profile. During the second quarter of the year, we performed a specific risk reassessment to address threats and opportunities raised by the pandemic and measure them against our risk appetite. Early on, we put mitigating actions and plans in place to protect customers and employees, maintain customer service and care, preserve cash flow and enhance the use of digital channels.

The challenges we faced in 2020 tested the resilience and agility of our people and networks. Having successfully navigated these uncertain times, we continue to execute our operational strategy and investor proposition plan.

Macro-economic conditions in our markets became a greater source of uncertainty during the year. By taking a number of actions to preserve liquidity and reduce operating expenses, we successfully met our highest priorities of protecting employees, maintaining uninterrupted service to customers and assisting hard-hit communities with recovery. We are closely watching the projections for recovery and the lower GDP growth forecasts in Latin America to shape our financial structure, capital expenditures and debt management approach in the coming year.

Government interventions in response to the pandemic had a considerable impact on our operating and business model over the past year. Amid certain new regulations that precluded telecommunications providers from disconnecting non-paying households, we adapted and introduced new products to support our customers and continue providing service. At the same time, government and community requests for charitable support rose significantly, which increased our attention toward compliance matters. We also expect additional taxation and regulation in 2021.

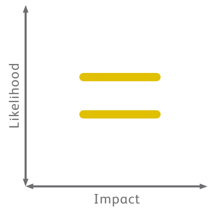
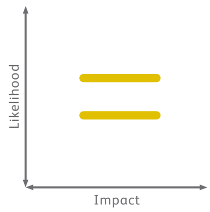
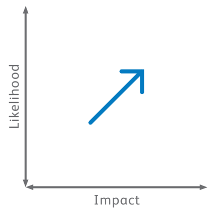
We dealt with increased risks around information and network access security amid the pandemic, such as more attacks on customer data and privacy. But our proactive investments over the past two years helped prevent cybersecurity threats from disrupting Millicom operations in 2020.

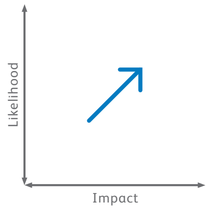
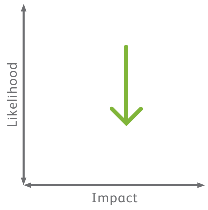
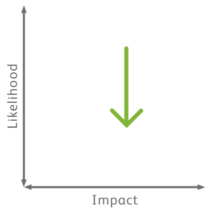
In addition to these and other details provided throughout this report, we have highlighted key areas of risk and our mitigating actions during 2020 in a table on the pages that follow. More details can also be found in Governance and Business Ethics section, starting on page 61 and in our most recent 20F filing with the SEC.

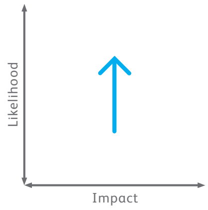
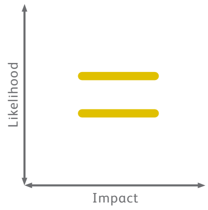
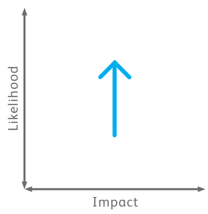
Our senior leadership team and Board remained largely unchanged during 2020. That stability helped enable our agile response to the coronavirus pandemic and drive our progress on both short-term and longer-term initiatives in areas such as our purpose, culture and crisis management.

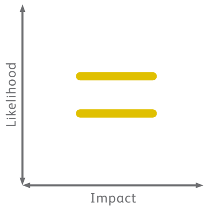
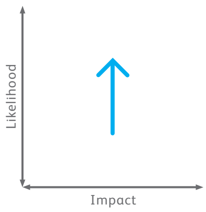
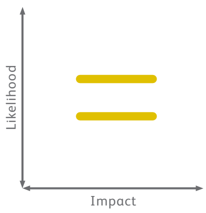
While we manage and monitor many more risks within the Millicom risk universe, we have highlighted below the areas of risk that were a key focus in 2020.

The challenges we faced in 2020 tested the resilience and agility of our people and networks. Having successfully navigated these uncertain times, we continue to execute our operational strategy and investor proposition plan.

Risk	Mitigation and actions	Evolution in 2020 (likelihood and impact of the risk materializing)	Board Perspective
1. Strategy and strategic direction: Uncertainty in the formulation and governance of an appropriate and executable strategy and strategic direction that supports the vision of the company. Inadequate processes for gathering and analyzing information in formulation of the strategy.	*Our strategy is based on our vision of building digital highways that connect people and communities in our target markets. The events of 2020 have reinforced these needs and our purpose. We have a relentless focus on the six key pillars of our strategy, and monitor execution of the strategy with relevant financial and operational KPIs as well as external factors such as macro, political and key demographics in our markets.* *Our Board oversees and approves our strategy and any refinements that may be required.* *Our strategy is set out starting on page 19.*		*While the events of 2020 have resulted in disruption across many industries and geographies, Millicom's strategy and strategic direction remain firmly focused on serving customers and communities today and building further for the future.* *The Company delivered on its purpose more in 2020 than any prior year, despite restrictions and controls that were in place in many of its markets. The company continued to expand its geographic footprint, build its digital capabilities, support its customers and grow customer numbers in its key mobile and home segments.*
2. Portfolio management and capital allocation: Acquisition or retention of businesses that are poorly aligned to strategy, are overpriced, and/or that generate lower-than-required return on investment. Investment and capital management that enable the company to meet its strategic objectives within its financial and operational capabilities.	*We carefully consider opportunities to acquire, merge, or divest businesses based on market dynamics, portfolio balance and opportunities for long-term value creation.* *We are focused on LATAM where we see the best opportunities for future growth and value creation. During 2020 we successfully completed the integration of Cable Onda in Panama and the Telefonica mobile businesses in Panama and Nicaragua.* *We also divested certain of our non-core investments in Helios Towers and Jumia.* *See page 7 for more on our market leadership.*		*Building convergent enabled businesses in growth economies in Latin America is a key strategic focus.* *The focus of 2020 was integration of the acquisitions made in Central America in the last two year years; and continuing roll-out, expansion and upgrade of mobile and fixed data networks.* *The Board closely monitors capital allocation against the organizations' strategic goals and financial capacity.*
3. Macro-economic conditions: Volatility or uncertainty in macroeconomic conditions (e.g., but not limited to: currency, inflation, remittances); underlying drivers impacting our markets and the disposable income of consumers; and the currencies in which we generate and remit cash flows.	*The events of 2020 have impacted exposure toward macro-economic risks in many of our markets, particularly Colombia where changes in the value of the Peso correlate with oil prices.* *Uncertainty remains around longer term macro impact on our markets and populations, and how this affects affordability and competition for mobile and fixed services. However, demand for our services continues to increase, as demonstrated by the sequential growth in the second half of the year.* *We consider currency volatility in our budgeting, forecasting, tax and treasury management processes.* *See page 13 for a review of the financial performance in 2020.*		*Currency fluctuations are a key risk inherent to Millicom's business and, while impacting reporting and earnings in USD, do not impact competitiveness or strategic aspects of managing our local businesses.* *Many of the countries in which Millicom operate in LATAM experienced significant economic decline in 2020. However, this region remains on track for long-term GDP growth, rising disposable income and levels of prosperity.* *The Board oversees management's processes and controls governing financial and macroeconomic risk against pre-determined levels of risk appetite.*

Risk	Mitigation and actions	Evolution in 2020 (likelihood and impact of the risk materializing)	Board Perspective
4. Political, civil and regulatory environments: Instability, unrest, or lack of predictability in regulation or rule of law in the countries in which we conduct business. Uncertainty in regulatory and tax rulings, including indirect taxation and regulatory pressure through tariffs, taxes and service penalties.	*We have both local and central teams monitoring elections in the countries where we operate and review potential changes in regulations on an ongoing basis.* *We implement efficiency programs in all aspects of our business to offset the impact of newly introduced or expected changes in taxes and regulations. For example, in 2020 we introduced our lifeline product in many countries in support of our customers and communities and in response to government mandated service requirements.* *There has been no repeat of the civil unrest seen in Bolivia at the end of 2019 in any of our markets despite unprecedented hardship caused by the pandemic.*		*Political and regulatory risks for Millicom's businesses remain relatively high in many of the countries in our footprint.* *We expect this trend to continue as a consequence of COVID-19 with governments seeking to increase sources and levels of income to combat declining economic activity and the increase in government spending.* *The Board oversees Millicom's interaction with key governmental and regulatory agencies, and promotes transparency and predictability in regulation.*
5. Technical transformation and convergence Failure to identify / anticipate drivers of technological change together with adaptability and resource to implement change. Threat of cross-industry convergence and further commoditization of existing products and services. Strategic risk of 'betting on the wrong technology' or 'missing the technology of the future'.	*With fixed and mobile businesses in each of our strategic markets, we now have the necessary building blocks for fixed / mobile convergence, and in future 5G.* *In 2020 we deployed nearly $1 billion in expanding, developing and modernizing our networks and infrastructure, and strategic partnerships to enable customer growth and enhance customer experience.* *To learn more about our business strategy and convergence goals see section starting on page 19.*		*Advancements in technology, and increasing demand for more data and higher quality services, are trends that continue to define the telecommunications and media industries. In 2020, mobility restrictions accelerated these trends, highlighting the importance of digital offerings and resilient networks.* *Millicom's strategy seeks to balance its short-term operating and financial goals with key technological and transformational investments that will ensure the business remains strong and prepared for the medium and long term.*
6. Competition and customer experience: Market structure, market position, actions taken by competitors, and customer experience have a significant impact on attracting and retaining customers. Lack of attention to market and customer needs or poor customer experience negatively impact the subscriber base, and operator reputation. Competition for mobile and home subscribers continues to increase, while prepaid customers remain a large and important contributor to revenue. Quality of service, innovation and converged offerings as key differentiating factors.	*With a focus on home penetration and 4G subscriptions, Millicom also has partnerships with key content and service providers such as Netflix and Amazon, as well as exclusive broadcast rights including football in many of our markets.* *In recent years we have implemented processes and tools to continuously track customer satisfaction across all our markets and services, and use this data to refine and enhance our customers' experiences. These operational KPIs now form a fundamental part of our performance management and employee reward programs.* *See section starting on page 19 to learn more about tools, partnerships and processes we have invested in to improve customer experience and gain insights. See page 7 for a summary of the competitive landscape in our markets and our position.*		*In a world where demand for content, access to information and communication services is increasingly critical in enhancing and improving lives, positive customer experience is a vital attribute. This has been further evidenced in 2020 with disruptions in physical movement and interactions.* *"Best Customer Experience" is one of the key pillars of Millicom's strategy and a key differentiator in customer choice of operator.* *Millicom's comprehensive customer satisfaction program in place facilitates a continuous cycle of improvement across all facets of customer experience in all operating markets.*

Risk	Mitigation and actions	Evolution in 2020 (likelihood and impact of the risk materializing)	Board Perspective
7. Financial structure and capacity Millicom may be at a disadvantage compared to competitors in access and cost of capital. Risk that financial limitations such as debt covenants, debt service requirements and credit ratings could negatively impact ability to execute the organic and inorganic growth strategy.	*We carefully manage our sources and uses of capital to enable us to responsibly meet the operating, investing and financing needs of the business.* *We manage our debt maturity and monitor opportunities for lowering our cost of debt and increasing our debt efficiency on an ongoing basis. We diligently monitor and manage headroom against our key covenants and key aspects related to our credit rating.* *In 2020 we successfully refinanced a number of our long-term bonds reducing our average cost of debt and extending maturities. We reduced our underlying net debt by approximately $0.5 billion.*		*Millicom's financial structure is both a key facilitator and inhibitor of its ability to grow its business and create value.* *The recent acquisitions in Central America combined with decline in economic activity in 2020 have resulted in leverage being above long-term target levels, but well within the tolerance levels set by the Board, and aligned with the overall strategy.* *The Board closely monitors balance sheet structure and the sources and uses of funds in the business. Operating and equity free cash flow, leverage, and shareholder remuneration are key areas of focus of the Board in approving the strategy, annual budgets and monitoring results.*
8. Networks and infrastructure resilience: Disruptions to service, or compromised ability to restore services to customers in acceptable time frames, can cause loss of revenue, increase expenses and have a negative impact on customer experience.	*Our network resilience controls and mitigating activities include ongoing vulnerability assessments, simulation exercises and business continuity management plans, which are tested on a regular basis. This includes physical risk resulting from the effects of climate change in the form of natural disasters, such as extreme weather events. Risk surveys are performed in each country every three years on a rotational basis. Internally, the infrastructure is assessed annually.* *We develop our investment programs with consideration of elements including outage risks, external dependencies, and network redundancy.* *During 2020 our networks proved their resiliency and capability to manage a significant increase in data traffic. Our network and infrastructure support teams, through their hard work and commitment in the face of adversity, worked tirelessly to ensure our customers lives and their communities were always connected, especially during the toughest times.*		*Millicom's vision of building digital highways that connect people, improving lives and developing our communities, relies heavily on the quality and availability of its networks and infrastructure.* *Capital allocation in expanding, modernizing, maintaining and protecting networks are vital in the successful execution of Millicom's strategy.* *The Board encourages acceleration or increased investment in networks in pursuit of opportunities. For example, in 2020 the Board approved accelerated capital expenditure in mobile coverage opportunities.*
9. Cybersecurity and data protection: Intrusion into systems or networks and inappropriate access to sensitive data could have significant operational, regulatory, legal and reputational implications. Failure to implement systems and processes to prevent, detect and respond to information security threats, and properly manage data requests (e.g., from governments and regulatory authorities).	*Our Global Information Security Office and Global Security Operations Center centrally manages and coordinates risk mitigation related to cybersecurity and data protection. We have implemented processes to regularly assess threats and test vulnerabilities to security breaches, and training programs in place to raise awareness and control consciousness of employees. Learn more on page 37 about the initiatives we implemented in 2020 to improve protection of critical systems, and ensure compliance with relevant data protection rules.*		*Cybersecurity attacks have emerged as a significant threat to the successful operation of any organization, particular those that rely on information systems to collect, process and manage data. These threats have exacerbated during 2020. Innovation, technological advancements and ever increasingly regulatory requirements to capture and process data, heighten risks in this area. Millicom has responded by dedicating resources and allocating capital to strengthen and continually improve its cyber control environment.*

Risk	Mitigation and actions	Evolution in 2020 (likelihood and impact of the risk materializing)	Board Perspective
10. Licenses and spectrum: The availability of licenses and spectrum is limited, closely regulated, and increasingly expensive. Inability to obtain the required quantity or band of spectrum from regulators or third parties at a price we deem to be commercially acceptable, could have significant negative consequences for the operation of our businesses.	*We have a carefully formulated spectrum and license strategy and management plan for each of our markets.* *We actively monitor and engage with government and regulatory bodies on spectrum and license related matters.* *We often negotiate renewals/retention in the initial allocation contracts and we carefully consider opportunities to acquire new spectrum based on spectrum quality, fit with network needs, and customer demand.* *During 2020, we successfully obtained and renewed the spectrum we need to continue to operate our businesses, including acquiring new spectrum in Colombia and El Salvador.*		*The landscape related to spectrum and licenses to operate is constantly changing, particularly in our markets as governments seek higher financial and consumer benefits from spectrum auctions, competition for lower spectrum bands, and industry consolidation.* *The Board oversees Millicom spectrum strategy and is responsible for reviewing business cases for all significant spectrum and license purchases.* *Millicom actively engages with regulators and governments, and promotes fair and transparent allocation and pricing of spectrum and licenses.*
11. People, workplace and well-being: Our geographical footprint sometimes exposes our employees and contractors to situations which may subject them to physical, psychological or emotional harm.	*We manage the health, safety and well-being of staff based on international standards, industry best practices, and advice and support from local authorities. We have rolled out a comprehensive proactive diversity and inclusion program that promotes and celebrates Sangre Tigo culture.* *In 2020 employee, as well as customer health and well-being was at the forefront of everything we have done, and continue to do as we navigate through the pandemic. We have adapted working environments and 'gone' digital and virtual in many business areas to protect our people and support efforts to contain and eliminate COVID-19 from our communities.* *Learn more about our approach to employee health, safety, and security starting on page 22.*		*It is our people that bring our vision to life. Every day, thousands of Millicom employees and contractors work toward building the digital highways and providing the services that benefit our customers and their communities. In 2020 they have continued to do so, in challenging times, in particular our front-line "Tigo Heroes" who have continued to keep our customers and communities connected in times of need.* *We recognize the importance of ensuring that Millicom is a place where our people can feel safe, protected and supported in ways that enable them to do well, and that enhance their lives and the lives of those around them.*
12. Conduct: Actions and behaviors of our employees, business partners and other stakeholders impact the Company's reputation, compliance with rules and regulations and may impact our ability to operate our businesses.	*Through clear policies, training and monitoring activities, we ensure that all our staff remain aware of the risks to them as individuals and to the company and know how to act if faced with risk in these areas.* *In 2020 we have continued to roll-out and strengthen our compliance culture programs and initiatives.* *See page 39 for more business ethics action items in 2020.*		*Doing business in the right way is a fundamental driver embodied in the tone from the top through the organization.* *The Board's Compliance and Business Conduct Committee maintains oversight of Millicom's Compliance program and initiatives that strengthen controls and enhance the culture of compliance in its business and with its business partners.*

Corporate Responsibility Performance Tables

We report our progress against the [Millicom CR Framework and Five-Year CR plan], which were built on our 2018 Materiality Assessment and adjusted as per our ongoing engagements with internal and external stakeholders. Goals that have been revised due to the pandemic are flagged in the tables on the following pages.

SUSTAINABLE DEVELOPMENT GOALS

Our Support for the UN Sustainable Development Goals

Millicom supports the United Nations Sustainable Development Goals (SDGs) as part of our commitment to a business strategy that is aligned with the objective of shared and sustainable growth. Our CR framework prioritizes and helps us focus on the SDGs that intersect most directly with Millicom's resources, expertise and ability to add the greatest value in addressing societal needs. The performance tables on the following pages indicate how our efforts connect with, and help advance, specific UN SDGs.[1]

[1] This corporate responsibility report includes the Honduras and Guatemala joint ventures as if fully consolidated in accordance with our management reporting. Our acquired Telefonica operations in Nicaragua and Panama are included in the CR performance Tables for the first time in this report. Reported indicators exclude Emtelco. Additional exclusions, where applicable, are detailed in footnotes. The majority of our performance data beginning on page 47 is for the period from October 1, 2019 to September 30, 2020, except where noted.

CR FUNDAMENTALS OVERVIEW

	Our Goals	5-Y	What we did in 2020	Our performance	SDG relevance	COVID-19 Revision
Ethics	Build a strong corporate culture that seeks compliance excellence; build an ethical business culture in which employees at all levels are committed to doing what is right and upholding the Company's values and standards.	100% of GMs and executive teams with compliance KPI built into remuneration package by 2020.	This is the third year we have tied the GM Compliance objectives with their bonuses. We want to create the right incentives where integrity is recognized, rewarded and encouraged. Heatmap and KPIs scorecards have been presented to the Board of Directors as a way to assess progress towards Compliance objectives.	100% of GMs have compliance KPIs built into remuneration package.[1]		
		100% of the above group plus their direct reports with compliance KPI built into remuneration package by 2021.				
		95% of Compliance & Ethics training for active employees yearly.	All operations and HQ employees deployed the annual mandatory training on Code of Conduct.	99% of active employees completed the Ethics & Compliance Training.		
		Respond within 3 business days to each Ethics Line allegation submitted through hotline.	Responded within 3 business days to each Ethics Line allegations submitted through hotline.	The current mechanism allows for visibility to the date an allegation is submitted to the hotline and the date on which a response is logged. Our current average response time to Ethics Line allegations is within 3 business days of being submitted through the hotline.		
		Provide corrective action recommendations for each Ethics Line case substantiated through the investigation process.	Provided corrective action recommendations for each Ethics Line case substantiated through the investigation process.	Where a concern or allegation is substantiated, investigation findings and recommendations for corrective action are provided to the appropriate review committee.		
	Have a Compliance & Ethics Program that is central to business strategy; effectively embedded in the business processes and procedures; and focused on the actual impact the company's program has in the countries where it operates as well as on our employees, customers, stakeholders and communities.	100% of operations with online platform deployed and functional for a high-quality program that integrates preventive measures, key controls, reporting mechanisms and due diligence processes capable of detecting and correcting misconduct and wrongdoing.	This year we designed the automation of the Sponsorships, Donations, and Government Official Interaction forms for HQ. We have a Third Party Due Diligence platform that serves both as a repository as well as a process management tool to vet vendors before being onboarded. This tool also runs background checks on existing vendors, based on automated watch lists, adverse media, and law enforcement searches.	Both the forms and the Third Party Due Diligence tool are standardized and accessible for our Operations.		

[1]*This calculation considers Tigo Tanzania and Zantel as two different operations.*

	Our Goals	5-Y	What we did in 2020	Our performance	SDG relevance	COVID-19 Revision
Supply Chain	Extend related training to procurement team.	Train 100% of procurement staff in responsible supply chain management issues related to our core risks by 2023.	The responsible supply chain management training was delivered in the form of e-learning during the month of December, being available to all corporate offices Procurement employees.	83% of our Latam and HQ Procurement teams received Responsible Supply Chain training in 2020.		
	Enhance due diligence processes by including sustainable procurement criteria for Global strategic suppliers.	Vet all Global strategic suppliers through our sustainable procurement platform.	We refreshed our Strategic Supplier lists in March 2020. Moreover, we postponed all new assessments in consideration of our suppliers' priorities during COVID-19. Because of the above reasons, the percentage of vetted suppliers has gone down. We will be incorporating new suppliers to the platform as 2021 progresses.	39% of the strategic suppliers in our updated list have been vetted on our sustainable procurement platform.		
		Ensure that 100% of Global strategic suppliers obtain sustainability assessment scores of 45 or greater by 2023.		29% of suppliers with scores 45 or higher.		
	Train all suppliers with Group spend >$1.0m by 2023, and measure their progress on corrective action plans through sustainable procurement platform and audits.	Train all suppliers with Group spend >$1.0m by 2023, and measure their progress on corrective action plans through sustainable procurement platform and audits.	We suspended the 2020 Supplier Training program due to challenges, and travel and local mobility restrictions related to COVID-19.	We conducted a Maturity Assessment of our Sustainable Procurement Platform which yielded opportunities for enhanced external reporting on our program.		2021 Program will be assessed under health and safety COVID-19 guidelines.

	Our Goals	5-Y	What we did in 2020	Our performance	SDG relevance	COVID-19 Revision
Environment	Environmental impact assessments of all operations executed by 2021, including issue prioritization and remediation plans.	Environmental impact assessments executed, reviewed, revised, standardized and with action plans consolidated for regional execution by January 2021.	With the certifications of Bolivia and Nicaragua during 2020, we achieved ISO 14001 standard certification in all our corporate offices as well as our operations. As part of the standard's requirements, environmental issues and aspects were identified, along with action plans to close identified gaps.	While the regional action plan is delayed, gaps are identified and action plans to close them are in place in all our operations.	13	
	Develop and implement a comprehensive strategy for climate change mitigation and resilience for Tigo operations and customers.	Design one pilot project for emissions reduction and one for offsetting / carbon pricing by 2020.	In 2020 a 3-year Power Purchase Agreement ("PPA") was negotiated for our Panama operation to provide partial supply of renewable energy for both the mobile and fixed networks, avoiding the emission of more than 1,200 tonnes of CO_2 per year.		13	
		Comprehensive strategy for climate change mitigation and resilience for Tigo operations and customers approved and announced by Q2 2022.	During 2020 we took the following steps: Trained over 90 key subject- matter experts from technical, regulatory and commercial areas in corporate offices and Latam operations. Conducted a TCFD gap assessment and set a roadmap to address key findings.	For the second year in a row, we achieved a CDP score of B.	13	
	Enhance data quality and standardization of calculation and reporting of baselines and targets to reduce carbon footprint and achieve costs savings and reduce carbon footprint.	2018 energy consumption, Scope 1 and Scope 2 baselines identified and published by 2019.	Baselines have been identified for energy consumption and scope 1 and scope 2 emissions, against which we are initiating the target-setting process.	Completed.	13	
		Fossil fuel consumption and energy consumption reduction targets set by 2021.	Target-setting process is underway. We worked across the organization to develop a plan and presented recommendations to the ELSG for target-setting work in 2021. More details can be found in Our CR Fundamentals, starting on page 35.	We are on track to meeting this commitment.	13	
	Manage and measure waste streams, and reuse and recycling of consumer devices.	Reach 78% of Consumer Premise Equipment (CPE) end to end recovery by 2023.[1]	The CPE recovery efforts were temporarily on hold to meet commercial goal of maintaining equipment in homes and customer locations to provide lifeline products with 24/7 connectivity despite non-payment. Moreover, the COVID-19 restrictions on mobility precluded the retrieval of CPE. The inclusion of Panama to the program along with a spike in Colombia compensated the temporary slowdown.	We achieved an average of 64% CPE E2E recovery in the Latam region. Operations like Costa Rica, Bolivia and Colombia are today above 72%. This is equivalent to 2.8 M recovered devices.	12	Target of 78% modified to 76% by 2024. That said, the revised percentage is on a larger base and therefore the number of retrieved devices will be higher in absolute terms
		Conduct an inventory of all waste generated at operations and publish related targets by 2020.	Work has been done company-wide in line with ISO 14001. However, data standardization and target-setting efforts were slowed down due to the urgency of the pandemic.		12	2021 Program will be assessed under health and safety COVID-19 guidelines.

[1]*End-to-end recovery excludes obsolete equipment that cannot be reinserted.*

	Our Goals	5-Y	What we did in 2020	Our performance	SDG relevance	COVID-19 Revision
Human Rights	Consolidate and enhance human rights policies and practices covering privacy, freedom of expression, supply chain and vulnerable groups to meet standards of United Nations Guiding Principles on Business and Human Rights.	Conduct Corporate and operations Gap Assessment by Q3 2019.	Corporate and operations Gap Assessment of operations policies and processes against UNGPs conducted by Q3 2019. Furthermore, we participated in inaugural World Benchmarking Alliance assessment of our policies and practices relative to Privacy, Cybersecurity and Digital Inclusion.	Completed Ranked 17 out of 100 ICT companies which included 39 of the Fortune 500 companies by World Benchmarking Alliance.		
		Develop remediation plan to cover gaps by Q4 2020 for implementation under 5-year plan.	Developed remediation plan to cover gaps by Q4 2020 for implementation under five-year plan.	Our human rights policies and practices, particularly those related to Privacy, Freedom of Expression, Supply Chain and vulnerable groups are aligned with the United Nations Guiding Principles on Business and Human Rights. Plan to cover gap related to the implementation of Human Rights Impact Assessments established.		
	Roll out training on human rights in all Latam markets by 2020.	Human rights training to CR Team by Q4 2019 and extended to designated business teams by Q4 2020.	Human rights training to CR Team completed in 2019. During 2020 conducted online privacy trainings in to raise employees' awareness about the importance of data privacy and the risks of not following data protection guidelines and policies.	We trained 11,955 employees in our organization on Privacy.		Trainings that were deferred will be set according to COVID-19 health and safety guidance.
	Develop and deploy Human Rights Impact Assessment (HRIA) toolkit in all Latam markets.	Training on HRIA toolkit conducted in all operations by Q4 2019.	Training deferred to meet business priorities due to COVID-19 and to travel restrictions.			
		Conduct HRIAs in all operations by Q4 2020.	Completed HRIA in CO, PY and BO with associated report. Conducted virtual HRIA in Nicaragua in Q4. HRIAs for GT, PA, CR and SV deferred due to COVID-19 and travel restrictions.	We are in the process of evaluating results of the HRIA conducted in Nicaragua.		HRIAs for GT, PA, CR and SV will be set according to COVID-19 health and safety guidance.
		Develop remediation plan to cover findings of HRIAs by Q2 2021.	No material issues were raised in the CO, PY and BO HRIAs which required a remediation plan.			
	Protect customer rights to privacy and freedom of expression in accordance with Global Network Initiative's (GNI) Principles and obtain positive assessments of our policies and practices.	Develop Grievance Mechanisms for customer privacy or freedom of expression issues by Q4 2019.	Framework for grievance mechanisms for HQ and Operations levels completed.			
		Develop web-based, one-stop Privacy Center for customers on company policies, terms and conditions, and practices relative to privacy and freedom of expression by Q4 2019.	We centralized our Global Privacy Policy, which provides information on customer rights and how to access company representatives on a single site for more convenient access.			

	Our Goals	5-Y	What we did in 2020	Our performance	SDG relevance	COVID-19 Revision
Inclusion	Build an inclusive work environment that is representative of our workforce, the markets where we operate and the customers who we serve.	Track progress on inclusive work environment by our employee engagement survey and Tigo culture diagnostic. Increase employee participation in positive work environment trainings and programs.	We approved the new corporate D&I Strategy, building on research and benchmarking conducted in 2019, putting in place the governance structure and training key positions to continue the roll-out in 2021. The Executive Team is responsible for definition and alignment of the strategy and, in turn, country managers have local implementation of the D&I plan among their performance goals, with status and progress to be reported to the Board of Directors. During 2020 we focused on creating and implementing a communication strategy to create awareness of D&I as part of our culture. The leaders of the organization had a central role sharing this message with employees across the region. Furthermore, we reviewed our recruiting and selection processes with the goal of minimizing possible biases and bring a more diverse workforce in the organization.	During 2020, in addition to the D&I survey conducted the previous year, we conducted a Great Place to Work and a Culture Survey in HQ and country operations to continue enhancing and refining our D&I actions. 250 leaders from all our operations, along with all Latam and HQ recruiting and selection teams received D&I training. The plan will continue in 2021. D&I Councils are being created in HQ and Latam operations.		
	Promote a culture of inclusion through policies, procedures and regular training; and through activities that foster employee collaboration.					
	Enhance employee wellness and growth through policies, programs and practices designed to support their aspirations professional and personal development.					

RESPONSIBLE LEADERSHIP OVERVIEW

	Our Goals	Our targets	What we did in 2020	Our performance	SDG relevance	COVID-19 Revision
Protecting Children	Continue our Child Online Protection education program to reach more children, adolescents, parents, teachers and caregivers.	By 2023 reach through our COP programs:	Lockdowns in our countries prevented our continuing training programs as schools were closed in all our operations. We worked to transition our trainings to online modules with our volunteers and started a pilot in Colombia with the intention to replicate in other countries until schools reopen in 2021. Leveraged our partnership with UNICEF to reach families and children on lockdown on personal and online health and safety during COVID-19.	Our efforts were focused on a new program – Connected Teachers – which seeks to close the digital gap in education by training teachers on how to provide meaningful and effective online and digital education to their students. This is reflected in the total number of trained teachers below.		Trainings in schools will be set according to COVID-19 health and safety guidance.
		70,000 teachers		137,019 teachers		
		200,000 parents and caregivers		28,122 parents and caregivers		
		700,000 children and adolescents		62,779 children and adolescents		
	Expand Child Online Protection training program for our employee volunteer program by creating online training platform in all our operations.	Online training platform live in all our operations by 2020.	Our in-person training conducted by volunteers was suspended due to school closures and restrictions on mobility resulting from COVID-19 lockdown orders. However, volunteers took on to social media to disseminate COP content.			
		By 2023 reach 120,000 volunteering hours from COP-related programs.		13,400 virtual volunteering hours from COP-related activities		
	Conduct research programs in each market on the use of technology by children and adolescents to tailor content and adapt Child Online Protection training based on results and insights.	All countries complete research on use of technology by children and adolescents by Q4 2020.	Based on our Colombia study, desktop research and stakeholder engagement on current and emerging trends, work with UNICEF is currently in progress to advance effective and innovative content, and outreach mechanisms in lieu of research programs in each market.	The inaugural World Benchmarking Alliance (WBA) assessment of our policies and practices relative to Digital Inclusion recognized Millicom as "a leader in child protection initiatives."		
		All countries implement action plans based on results of the research by 2020.				
	Continue our efforts to prevent access to online Child Sexual Abuse Material through our networks by continuously implementing blocking mechanisms region-wide and advancing industry initiatives.	All operations implement CSAM blocking mechanism by 2020.	We initiated the migration to a new platform to block CSAM; however, progress attained was lower than expected due to resource constraints resulting from the pandemic.	4 out of our 9 Latam operations currently have new systems in place that incorporated the blocking of CSAM sites. Migration to new system is underway for all operations.		Project is delayed but we aim at meeting this target.
Empowering Women	Conduct assessments in Latam markets on socio-economic conditions and technological capabilities of women and girls who are the beneficiaries of our programs to measure benefits achieved through trainings.	All operations conduct assessments focused on socioeconomic conditions and technological capabilities of women and girls by 2023.	As we continue the expansion of the Conectadas program, we assess the socioeconomic and educational profile of participants to further optimize our program, gathering the information from all operations and conducting desktop research regarding our markets.	The WBA Assessment recognized Millicom as "top ranked" in digital skills development for women, girls and children and a "leading example of support for digital inclusivity".		
	Continue our programs to reduce the gender gap in the use of mobile technology.	Close the digital gap in our Latam operations by 2020 in line with the acquired commitments through GSMA´s Connected Women initiative.	GSMA extended the Connected Women initiative until 2023, Millicom as the only operator in Latam to have signed to commitment agreed to the extension in November 2019.	Completed.		
	Implement regional strategy to advance digital literacy with educational programs on basic and advanced digital knowledge and entrepreneurial skills.	400,000 women trained through our digital inclusion program by 2023.	Because of COVID-19, in-person trainings were not possible. We transitioned our program to online and digital platforms to train participants in most of our markets.	91,340 women trained for a cumulative total of 415,699 since 2017.		

	Our Goals	Our targets	What we did in 2020	Our performance	SDG relevance	COVID-19 Revision
Connecting Communities	Measure impacts of connectivity in communities targeted by our programs to assess improvements in socioeconomic conditions of beneficiaries, and optimize program content and resource allocation.	Design and roll out to operations a regional impact measurement methodology by 2020.	We conducted a pilot program in Paraguay to create an impact measurement methodology for our computer centers in schools. The study conducted with the pilot demonstrated that students who had access to computer centers with skilled instructors gained measurable increases in their technological skills compared to the control group in schools without computer centers.			We will revise this target and the need for adjustments in the face of the post-covid emerging scenarios.
		All countries implement an impact measurement methodology related to connectivity and digital inclusion by 2022.				
	Continue bringing internet connections to schools and public institutions in vulnerable communities throughout Latin America through collaborative partnerships with local government and NGOs.	Train 84,000 teachers through our Maestr@s Conectad@s program from 2021-2023.	Our new program – Connected Teachers – seeks to close the digital gap in education by training teachers on how to provide meaningful and effective online and digital education to their students.	137019 teachers completed the training in 2020.		New Target
		Provide internet to 1300 schools and public institutions by 2023 reaching our set commitment with the OAS ICT Alliance.	Operations have ongoing programs that include provision of internet access to public institutions and schools, having already surpassed the OAS 2030 goal.	2163 schools and 583 public institutions connected in our Latam operations.		
		Provide with digital platforms and empowerment programs through the use of technology to 1000 public institutions and community development institutions by 2023.	We worked with UNICEF to expand our digital platform and empowerment programs for adolescents who served as ambassadors for the responsible and productive use of technology. The robotics program was on hold in 2020 due to COVID-19.			

OUR PERFORMANCE

1. Human Rights

KPI	2018	2019	2020
Total number of law enforcement requests (Latam)[1]	45,666	40,132	37,007
Number of major events	20	10	15
Law enforcement requests per type			
Interception	2,116	2,121	2,304
Customer metadata	33,868	37,497	34,203
Mobile Financial Services ("MFS")	523	514	500
Content Takedown	0	0	0

Overview of Major Events by Type[2]

KPI	2018	2019	2020
Shutdown or restriction of services	7	8	8
Proposals for significant changes in local laws	5	1	2
Proposals for significant changes in technical or operational procedures	2	1	0
Disproportionate interception or customer data requests	2	0	3
Politically motivated messages	1	0	0
Other	3	0	2

2. Ethics[3]

KPI	2017	2018	2019	2020
% of employees who acknowledged the Code of Conduct	96	91	96	99
% of employees who have completed the Code training	96	90	94	99
% of procurement staff trained on Anti-Corruption[4]	96	97	94	93[5]
% of senior managers trained on Anti-Corruption	98	99	93	99[6]
% of employees who filled and signed the conflict of interest declaration form	90	92	94	98
% revenue from MFS represented by operations audited for AML controls	27	97	95	97
% of operations (where) we conducted a compliance risk assessment or audit	45	30	90	100
Turnover of procurement staff (%)	17	28	13	6[7]

[1] *We classify law enforcement requests into three categories: interception, customer metadata, and customer financial data (related to the mobile money services or MFS services we provide). These three categories encompass the vast majority of requests we receive. We report all other requests outside of the definitions as major events.*

[2] *Data reported for calendar year.*

[3] *Ethics metrics are reported on calendar year basis, with the exception of "Turnover of procurement staff"*

[4] *Formerly ABAC.*

[5] *This percentage does not include the Costa Rica, Tanzania and Zantel operations.*

[6] *This percentage does not include the Tanzania and Zantel operations.*

[7] *This percentage does not include the Costa Rica operation.*

3. Environment

e-waste recycled through responsible waste management program (tonnes)

KPI	2017	2018	2019	2020[1]
Bolivia	474	8	5,586	0
Colombia	77	587	431	1,373
Costa Rica	45	310	118	0
El Salvador	162	147	123	118
Guatemala	1,037	400	1,303	181
Honduras	4	0	10	162
Nicaragua	Not included in 2017	Not included in 2018	Not included in 2019	0
Paraguay	236	105	0.2	75
Panama	Not included in 2017	Not included in 2018	138	527
Tanzania	462	400	8,800	0

Energy use[2]

Total Energy Consumption / Sources of energy by asset type

	2017	2018	2019	2020
Base station and fixed network sites				
Fuel (000 l)	14,732	10,435	4,247	4,680
Energy from fuel (MWh)	147,073	104,456	42,685	46,721
Electricity (MWh)	354,949	450,131	441,336	459,496
Our fleet				
Fuel (000 l)	6,335	4,064	3,257	5,696
Energy from fuel (MWh)	60,756	38,609	31,230	53,630
Data centers and offices[3]				
Fuel (000 l)	988	450	293	323
Energy from fuel (MWh)	24,082	4,490	2,926	3,220
Electricity (MWh)	55,885	89,688	74,598	124,808
Shops				
Fuel (000 l)	332	23	72	63
Energy from fuel (MWh)	3,312	234	717	626
Electricity (MWh)	15,509	16,811	11,618	16,538

[1]Due to COVID-19 related mobility restrictions, some operations saw their normal e-waste functioning slowed down or interrupted.
[2]Zantel omitted from the following energy metrics: Fuel for Offices and Datacenters, Energy from Fuel for Offices and Datacenters, Fuel, Energy from Fuel and Electricity for Shops.
[3]Many of our datacenters are co-located with our offices. Therefore, they often do not have separate meters to enable us to report on datacenter consumption separately.

Total Energy Consumption (MWh)				
Electricity (MWh)	416,343	553,330	527,553	600,304
Fuel (000 L)	22,387	14,922	7,869	10,765
Energy from fuel (MWh)	235,223	147,789	77,557	104,229
Total Energy Consumption (MWh)	711,566	701,119	605,111	704,533
Emissions and e-waste overview				
Total weight of e-waste recycled through our responsible e-waste management program (tonnes)	2,496	1,957	16,509	2,436
Scope 1 emissions (Tonnes of CO2e)[1]	58,787	39,181	20,553	27,339
Scope 2 emissions (Tonnes of CO2e)[2]	114,883	140,605	137,754	165,197
Scope 3 emissions (Tonnes of CO2e)[3]	N/A	N/A	3,994	258
% of operations set up on global responsible e-waste recycling program	91	91	100	100
Tonnes of CO2e emissions per $1,000 of revenue	0.029	0.03	0.026	0.03

4. Diversity and Inclusion

KPI	2017	2018	2019	2020
% of women in senior management positions[4]	33	28	36	38
% of women across our employee base	40	41	37	38

5. Supply Chain

KPI	2017	2018	2019	2020[5]
% of strategic suppliers who signed the supplier code[6]	89	89	90	79
% of all suppliers who have signed the supplier code	61	65	68	46[7]
% of spend represented by suppliers who completed assessments on EcoVadis to date	47	42	59	72
% of procurement teams trained on responsible supply chain management	96	81	88	75
Number of suppliers trained on Millicom's CR strategy and requirements	121	108	117	0[8]

[1]*Emissions from fuel are calculated using World Resources Institute (2015) GHG Protocol tool for stationary combustion, version 4.1. For Scope 1 emissions we consider gasoline and diesel consumption.*

[2]*Emissions from electricity are calculated using Electricity Emission Factors from IEA, version 2016, except in the case of Paraguay and, in 2017 and 2018, Chad, where other official sources were used. Because our energy supply has come largely from the local grid, we do not currently subtract the emissions avoided by the use of renewables, as their weight has been considered immaterial. This is also true for 2020, despite the existing PPA in Panama. We are revising our GHG accounting methodologies for 2021.*

[3]*Where reported, we only consider air travel for Scope 3 emissions. As we standardize and build up our scope 3 calculation and reporting capabilities, we will expand this scope accordingly.*

[4]*This metric is reported on a calendar year basis.*

[5]*Costa Rica omitted for the following Supply Chain metrics: Strategic Suppliers who signed the CoC, Suppliers who signed the COC and Procurement Staff trained in Responsible Supply Chain management.*

[6]*A supplier is considered strategic if they follow one or more of the following: significant spend, multi-year relationship in place or expected, products and services in a strategic spend category, direct impact on delivery capability, potential impact on brand and reputation and difficulty of switching to alternative suppliers.*

[7]*As of 2020, we are incorporating Tigo Nicaragua and Telefónica Panama to the CR reporting scope. Given that the latter is still in the process of integration, a significant proportion of their local supplier base has not yer transitioned to Millicom's Supplier Code of Conduct, hence the decrease in this metric.*

[8]*Supplier Training Program put on hold due to the COVID-19 pandemic.*

6. Protecting Children

KPI	2017	2018	2019	2020
% of operations with child risk impact assessments conducted to date	57	100	87	78[1]
Volunteering hours from COP-related programs	New KPI for 2019	New KPI for 2019	18,542	13,710
Number of children reached by COP training (´000)	189	360	480	543
% of operations in Latam blocking child sexual abuse content	71	71	75	44[2]

7. Empowering Women

KPI	2017	2018	2019	2020
Women enrolled in digital inclusion programs[3]	New KPI for 2018	117,340	207,019	91,340

8. Connecting Communities

KPI	2017	2018 (NOTE: Latam only)	2019	2020
Monetary value of employee volunteering	170,000	235,000	405,503	346,863
Total cash contributions ($th)	3,203	3,776	2,686	1,754
In-kind giving (at cost) ($th)	6,399	6,737	6,139	7,286
Schools and public institutions connected to the Internet	1,259	1,361	1,416	2,745
Teachers who completed 100% of Maestr@s Conectad@s program			New KPI for 2020	137,019
Number of volunteering hours	14,841	24,732	51,425	30,323[4]

9. Health & Safety

KPI	2017	2018	2019	2020
% of operations certified against ISO 45001	New KPI for 2019	New KPI for 2019	100	100
Number of employee fatalities	1	0	0	1[5]
Number of contractor fatalities	9	2	6	2
Number of H&S incidents reported	387	369	460	**49**[6]
Lost-time injury rate per 1000 workers	2.6	0.54	1.77	**1.55**[7]
Absentee rate[8]	0.8	1.29	1.34	**1.45**

[1] *The percentage has decreased in the past two reporting cycles as two additional operations were added to the reporting scope where, due to COVID-19 restrictions, it has not yet been possible to conduct the assessments.*

[2] *Percentage decreased due to new platform being rolled out.*

[3] *Latam only*

[4] *Total volunteering hours. From 2019 onwards this includes the hours from COP-related programs as reported on above.*

[5] *Unfortunately an employee fatality occurred in Q4 2019 and therefore not included in the previous AR. It was, however, reported in our Q4 2019 earnings release and footnoted in our 2019 Annual Report (see 2019 Annual Report, p 63).*

[6] *In 2020 we presented a significant reduction in incidents since over 50% of our employees working from home.*

[7] *The increase in this rate as of 2019 is due to the addition of Panama to the scope. In this country, the legal incident classification considers a broader definition of the incidents that require time off.*

[8] *The absentee rate is the number of unplanned absences versus the average number of workdays in in the reporting period, expressed as a percentage.*

Independent Assurance Statement to Millicom International Cellular S.A

ERM Certification and Verification Services (ERM CVS) was engaged by Millicom International Cellular S.A (further 'Millicom') to provide limited assurance in relation to specified information in the section 'Corporate Responsibility Performance Tables' pages 55–58 within Millicom's 2020 Integrated Annual Report and on Millicom's website as set out below.

Engagement summary	
Scope of our assurance engagement	Whether the following 2020 disclosures are fairly presented in all material respects, with the reporting criteria: **Materiality and stakeholder engagement disclosures** found at https://millicom.com/2020annualreport/ourcrreporting **Human Rights** Number of law enforcement requests (Group) Number of major events **Ethics** % of employees who signed or acknowledged the Code of Conduct % of employees who have completed the Code learning % of procurement staff trained on Anti-Corruption % of employees who have signed the conflict of interest declaration form % of turnover of procurement staff **Inclusion** % of women in senior management positions **Environment** Total electricity consumption [MWh] Total fuel consumption [liters] Total energy consumption [MWh] Scope 1 emissions [metric tonnes CO_2e] Scope 2 emissions [metric tonnes CO_2e] **Supply Chain** % of strategic suppliers who have signed the Supplier Code % of all suppliers who have signed the Supplier Code % of procurement teams trained on responsible supply chain management **Taking Care of Our People** Number of H&S incidents reported Number of employee fatalities Number of contractor fatalities Lost-time injury rate per 1,000 workers Absentee rate
Reporting criteria	Millicom's Reporting Guidelines, as specified in footnotes on Performance Tables.
Assurance standard	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
Assurance level	Limited assurance.
Respective responsibilities	Millicom is responsible for preparing the data and for its correct presentation in reporting to third parties, including disclosure of the reporting criteria and boundary. ERM CVS's ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

Emphasis of Matter

Without affecting our conclusion, which is not modified, we draw attention to the footnotes provided by Millicom relating to the data in the "Our Performance" section on pages 55-58 of the Report, in particular the footnotes related to the boundary exclusions for supply chain and ethics data.

Our conclusions

Based on our activities, nothing has come to our attention to indicate that Millicom's 2020 disclosures, as listed above, are not fairly presented, in all material respects, with the reporting criteria.

Our assurance activities

Our objective was to assess whether the selected data are reported in accordance with the principles of completeness, comparability (across the organisation) and accuracy (including calculations, use of appropriate conversion factors and consolidation). We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions.

A multi-disciplinary team of EHS and assurance specialists performed the following activities:

- Virtual interviews with relevant staff to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting the selected data;
- A review of the internal indicator definitions and conversion factors;
- A review of the inputs of the 2020 Materiality Assessment refresher and stakeholder engagement activities in relation to disclosures on the ongoing Five-Year CR plan;
- Virtual visits to two markets (Colombia and Panama) to review local reporting processes and consistency of reported annual data with selected underlying source data for each indicator. We interviewed relevant staff, reviewed market data capture and reporting methods, checked calculations and assessed the local internal quality and assurance processes;
- An analytical review of the data from all markets and a check on the completeness and accuracy of the corporate data consolidation;
- Year-end assurance activities at corporate level including the results of internal review procedures and the accuracy of the consolidation of the data for the selected indicators from the market data;
- A review of samples of documentary evidence, including internal and external documents, to support key assertions related to assured indicators; and,
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Our observations

We have provided Millicom with a separate management report with our detailed (non-material) findings and recommendations. Without affecting the conclusions presented above, we have the following key observation:

- Millicom would benefit from improving corporate-level review and revision processes for market-level data.

Force Majeure – COVID-19
Due to travel restrictions as a result of COVID-19, our assurance work for the 2020 reporting period was conducted using a combination of desk-based reviews of information and data, and virtual interviews and meetings with the Millicom corporate reporting team and the markets selected for virtual visits. We did not undertake any in-person visits to Millicom operations.

Beth C.B. Wyke

ERMCVS
Informed Assured

Beth Wyke
Partner, Head of Corporate Assurance
10 Mar 2021

ERM Certification and Verification Services, London
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ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the ERM staff that have undertaken this engagement work have provided no consultancy related services to Millicom in any respect.

Governance:

Governance and Business Ethics

Governance: Managing through adversity and building for the future.

Chairman's Report

Millicom's Board of Directors ("the Board") and its committees dealt with many significant strategic, operational and compliance matters in 2020. These included:

- Analysis and oversight of responses to the impacts and consequences of COVID-19, including financial structure, shareholder remuneration, and cash flow preservation
- Responses to government requests including relief efforts to transmit public health and safety messages, as well as maintaining customer connectivity
- Review and confirmation of strategic direction, and related risks and opportunities
- Employee retention in times of uncertainty
- Overseeing the management of cybersecurity threats and control environment improvements
- Consideration of sustainability issues and responses

Introduction

The Board is responsible for approving Millicom's strategy, financial objectives and operating plans as well as overseeing risk, compliance and governance matters. The Board also plans for CEO succession and reviews plans for other senior management positions.

I would like to thank all of our Board members for their commitment, dedication and significant contributions in serving Millicom in 2020.

Board Changes

In June, following election at the annual general meeting of the Company, we welcomed Mr. Mauricio Ramos to the Board as an Executive Director. The appointment of Mr. Ramos further aligned our governance structure as we continue Millicom's transformation as a U.S.-listed company. This appointment also recognizes the strategic and operational importance of the CEO role.

I would like to thank Ms. Janet Davidson, who stepped down in 2020, for her service and significant work on the Board. Ms. Davidson formerly served as Chair of the Compliance and Business Conduct Committee and was a member of the Board since 2016.

Tigo Heroes: commitment to excellence in times of adversity

The Board and I would like to pay special tribute and appreciation to the front-line employees and contractors who went above and beyond the call of duty in 2020. These special people across all our operating countries were there for our customers and communities during difficult times. We are truly thankful for their dedication and commitment during these times.

Diversity and Inclusion

The diverse people in our operating countries, offices and headquarters comprise a key strength for Millicom. We encourage and promote different perspectives, the sharing of alternate viewpoints and equal opportunity. These remain core elements that contribute to our Sangre Tigo corporate culture.

We are proud of our success in fostering strong workplace environments and of the accolades that Millicom has received in this respect.

Compliance and Business Ethics

During 2020, we continued developing and expanding our compliance program. Led by our Executive Team, our Legal, Ethics and Compliance team, and our culture of doing the right things in the right way, compliance is embedded in our daily decisions and in everything we do. Our Board believes this culture is a vital strength that contributes to the success of our business and meets the expectations of all our key stakeholder groups. We are proud to be a leader on ethics and compliance in our markets.

In our 30th year, we thank you for being part of Millicom's success story and look forward to continuing this journey with you.

José Antonio Ríos García
Chairman of the Board of Directors

Corporate Governance Framework

Background

Millicom International Cellular S.A. ("Millicom" or the "Company") is a public limited liability company (société anonyme) governed by the Luxembourg law of August 10, 1915 on Commercial Companies (as amended). The Company was incorporated on June 16, 1992, and registered with the Luxembourg Trade and Companies' Register (Registre du Commerce et des Sociétés de Luxembourg) under number B 40 630. The Millicom Group comprises Millicom and its subsidiaries, joint ventures and associates.

Millicom's shares are listed on Nasdaq Stockholm, in the form of Swedish Depository Receipts; and on the Nasdaq Stock Market in the U.S. since January 9, 2019, where Millicom is registered as a foreign private issuer.

Millicom's Corporate Governance Framework is primarily based on the following legislation, principles and regulations:

Publication	Authority	Philosophy
Swedish Code of Corporate Governance	Guiding Principles	Comply or Explain
Luxembourg Law	Legislation	Comply
EU Directives and Regulations	Legislation	Comply
Nasdaq Stockholm Issuer Rule Book	Regulation	Comply
Nasdaq Stock Market Rules	Regulation	Comply
U.S. Securities Laws	Regulation	Comply
Good Stock Market Practice	Guiding Principles	Corporate Citizenship

Within these frameworks, Millicom's Board develops and continuously evaluates internal guidelines and procedures, as further described below, to ensure the quality and transparency of Millicom's corporate governance practices.

Swedish Corporate Governance Code

The Swedish Corporate Governance Code ("Swedish Code") promotes positive development of corporate governance. The Code complements laws and regulations and sets voluntary good practices which go beyond regulatory requirements. The Swedish Corporate Governance Board states that self-regulation is often preferable to mandatory legislation and therefore allows companies to choose among recommendations that are are fit-for-purpose, following a "comply or explain" philosophy.

Compliance with Applicable Stock Exchange Rules

Neither Nasdaq Stockholm's disciplinary committee, the Swedish Securities Council, nor the Nasdaq Stock Market reported any infringement of applicable stock exchange rules or breach of good practice on the securities market by Millicom in 2020.

1. Shareholders and shareholders' meeting

The shareholders' meeting is Millicom's highest decision-making body and a forum for shareholders to exercise influence. Each shareholder has the right to participate in the shareholders' meeting and to vote according to the number of shares owned. Shareholders unable to attend in person may exercise their rights by proxy or vote in writing (by way of voting bulletins).

Millicom's Articles of Association (as amended on January 7, 2019, and available on our website www.millicom.com/governance/) set the Annual General Meeting of Shareholders ("AGM") to be held in Luxembourg within six months of the close of the financial year.

Unless otherwise required under Luxembourg law, an extraordinary general meeting (EGM) must be convened to amend the Articles of Association.

At the 2020 AGM, held virtually on June 25, 2020, shareholders decided the following key items:

- Approval of the 2019 Consolidated Financial Statements
- To discharge the Directors for the performance of their mandates during the year 2019
- Election and re-election of the Directors until the date of the 2021 AGM and approval of Director remuneration
- Reappointment of Ernst & Young (EY) as the external auditor and setting of remuneration
- Determination of the instruction of the Nomination Committee
- Approval of guidelines and policy for senior management remuneration
- Approval of the share-based incentive plans for Millicom employees
- Approval of a Share Repurchase Plan

Millicom governance deviated in 2020 in relation to the Swedish Code in the following areas:

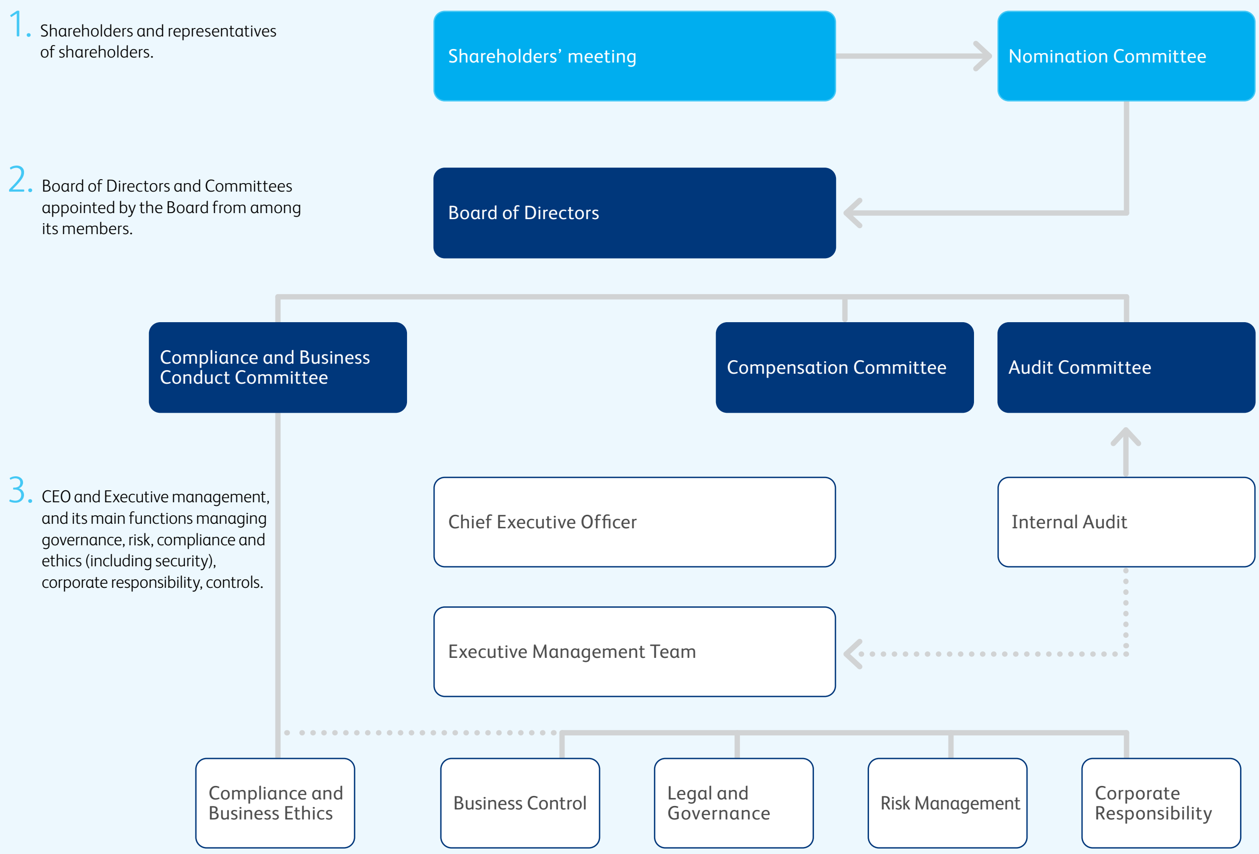
Code requirement	Millicom practice	Explanation
1.4–A shareholder, or a proxy representative of a shareholder, who is neither a member of the board nor an employee of the company is to be appointed to verify and sign the minutes of the shareholders' meeting.	Minutes are signed by the chairman of the shareholders' meeting (who is not a member of the Board or an employee of the Company), the meeting Secretary and an appointed Scrutineer.	While this represents a deviation from the Swedish Code, Millicom follows Luxembourg law in connection with procedures and rules for its shareholders' meetings.
9.7–Vesting of share-related incentive programs to be no less than three years.	The past performance deferred share incentive plans (DSPs) contain vesting of 16.5–30 % of granted shares after one year, 16.5–30 % after two years and 40–67 % after three years.	The Company believes that this vesting schedule improves alignment between the interests of the Company's shareholders and its employees.

Share Repurchase Plans

During the period from February 28, 2020 to April 3, 2020, Millicom repurchased an aggregate amount of 350,000 shares (in the form of Swedish Depository receipts) under the share repurchase plan approved at the 2019 AGM. No shares have been repurchased under the share repurchase plan approved at the 2020 AGM.

Corporate Governance Structure

Millicom's Corporate Governance structure comprises the following three levels:



Nomination Committee

From January through October 2020, Millicom's Nomination Committee comprised:

Member	On behalf of:	Position
Mr. John Hernander	Nordea Investment Funds	Chairman
Mr. Dan Sievers	Fiduciary Management Ltd	Member
Mr. Peter Guve	AMF Pensionsförsäkring AB	Member
Ms. Juanjuan Niska	Wellington Management	Member

Since October 2020, Millicom's Nomination Committee comprises:

Member	On behalf of:	Position
Mr. John Hernander	Nordea Investment Funds	Chairman
Mr. Jan Andersson	Swedbank Robur	Member
Mr. Staley Cates	Southeastern Asset Management	Member
Mr. Peter Guve	AMF Pensionsförsäkring AB	Member
Mr. José Antonio Ríos García	Appointed by shareholders at the 2020 AGM	Member

The Nomination Committee is appointed by the major shareholders of Millicom. It is not a committee of the Board. Its role is to propose decisions to the shareholders' meeting in a manner that promotes all shareholders' common interests. Nomination Committee members' term of office typically begins at the time of the announcement of the interim report (covering the period from January to September of each year) and ends when a new Nomination Committee is formed.

Under the terms of the Nomination Committee procedure, the committee consists of at least three members appointed by the larger shareholders of the Company who choose to appoint a member, and the Chairman of the Board of the Company.

At the January 7, 2019 EGM, shareholders resolved that the articles of association of the company be amended to stipulate that the Nomination Committee rules and procedures of the Swedish Code of Corporate Governance shall be applied for the election of Directors to the Board of Directors of the Company, as long as such compliance does not conflict with applicable mandatory law, with applicable regulation or with the mandatory rules of any stock exchange on which the Company's shares are listed.

Nomination Committee proposals to the AGM include:

- Election and remuneration of Directors of the Board and the Chairman of the Board
- Appointment and remuneration of the external auditor
- Proposal of the Chairman of the AGM

Additional information on the procedure for appointment and role of the Nomination Committee is available on Millicom's website at https://www.millicom.com/our-company/governance/nomination-committee/.

The table below sets out beneficial ownership of Millicom common shares, par value $1.50 each, by each person who beneficially owns more than 5% of Millicom common stock at December 31, 2020.

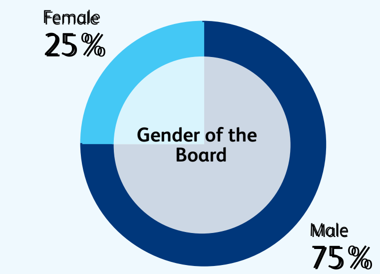
Shareholder	Number of shares	% Shareholding
Swedbank Robur Fonder AB	9,954,857	9.8

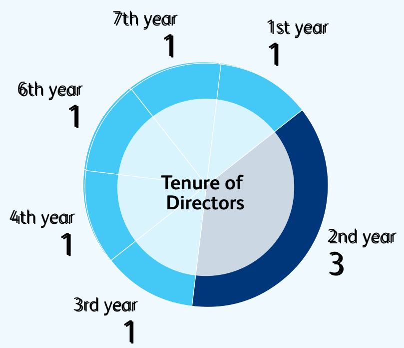
Footnote: Except as otherwise indicated, the holders listed above ("holders") have sole voting and investment power with respect to all shares beneficially owned by them. The holders have the same voting rights as all other holders of Millicom common stock. For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares, as of a given date, which such person or group of persons has the right to acquire within 60 days after such date. For purposes of computing the percentage of outstanding shares held by the holders on a given date, any security which such holder has the right to acquire within 60 days after such date (including shares which may be acquired upon exercise of vested portions of share options) is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

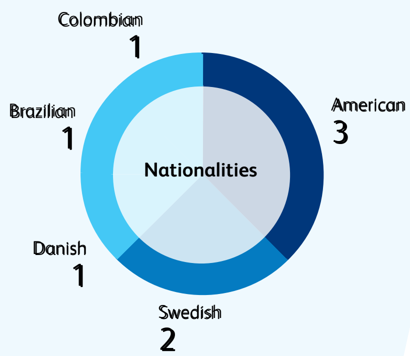
Promoting Board Diversity

Millicom's Nomination Committee recognizes the importance of diversity for promoting strong corporate governance, competitive advantage and effective decision-making. The Nomination Committee is responsible for periodically determining the appropriate skills, perspectives, experiences and characteristics required of Board candidates based on the Company's needs and the current Board composition. This determination will include knowledge, experience and skills in areas that are critical to understanding the Company and its business; richness of views brought by different personal attributes such as gender, race, age and nationality; other personal characteristics, such as integrity and judgment; and candidates' commitment to the boards of other publicly held companies.

In its work, the Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy.







2. Board of Directors and Board committees

The Chairman convenes the Board and leads its work. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the CEO. Meeting agendas are set with the CEO, and the Chairman communicates Board decisions where appropriate.

Role of the Board

The Board is responsible for approving Millicom's strategy, financial objectives and operating plans, and for oversight of governance. The Board also plans for succession of the CEO and reviews other senior management positions.

As set forth in the Company's Articles of Association, the Board must be composed of at least six members. The 2020 AGM set the number of Directors at eight, comprising a Chairman, a Deputy Chairman and six members (one of whom is an Executive Director).

The Board selects the CEO, who is charged with daily management of the Company and its business. The CEO is responsible for recruiting the senior management of the Company. The Board reviews plans for key senior management positions; supervises, supports and empowers the senior management team; and monitors senior managers' performance. In accordance with the Swedish Code, the division of work between the Board and the CEO is set out in "The Rules of Procedure, Instructions to the CEO, and Reporting Instructions."

Further details on the roles and activities of the various committees, as well as their responsibilities and activities, appear later in this section.

Powers and Limitations of the Board

Borrowing powers: The Board has unrestricted borrowing powers on behalf of, and for the benefit of Millicom.

Time and age limit: No age limit exists for being a Director of Millicom. Directors can be elected for a maximum of six years before either being re-elected or ending their service. Directors are typically elected annually. There are no restrictions on the maximum continuous period that a Director can serve. Directors hold office until a successor is elected.

Restrictions on voting: No contract or other transaction between the Company and any other person shall be affected or invalidated by the fact that any Director, officer or employee of the Company has a personal interest in—or is a director, officer, or employee of—such other person. However, the following conditions apply:

- The contract or transaction must be negotiated on an arm's-length basis on terms no less favorable to the Company than could have been obtained from an unrelated third party; and, in the case of a Director, he or she shall inform the Chairman or his or her conflict of interst and abstain from deliberating and voting on any matters that pertain to such contract or transaction at any meeting of the Board.
- Any such personal interest shall be fully disclosed to the Company by the relevant Director, officer or employee and to the extent a Director is involved, to the next general meeting of shareholders.

Share Ownership Requirements

Directors are not required to be shareholders of the Company. Share ownership of Directors is included in the Director biographies set out on the following pages.

Roles

Chairman of the Board

The Chairman is elected by the AGM. If the Chairman relinquishes the position during the mandate period, the Board elects a new Chairman from among its members to serve until the end of the next AGM.

Deputy Chairman of the Board

If elected by the Board, the Deputy Chairman acts as a sounding board and provides support for the Chairman. The Deputy Chairman convenes Board meetings in accordance with the Company's Articles of Association and leads the Board's work in the event the Chairman is unavailable or is excused from a Board meeting. The Deputy Chairman may act as an intermediary in any conflicts among Board members or between the Chairman and the CEO. The Board can designate additional roles and responsibilities of the Deputy Chairman.

Corporate Secretary

The Corporate Secretary is appointed by the Board to ensure that Board members have the proper advice and resources for performing their duties. The Corporate Secretary is also responsible for organizing and coordinating Board and Committee meetings and ensuring that the minutes of those meetings reflect the proper exercising of Board duties.

The Corporate Secretary is also a confidante and resource to the Board and senior management, providing advice and counsel on Board responsibilities and logistics.

Chief Executive Officer

Together with the management team, the CEO leads the development and execution of the Company's strategy with a view to creating shareholder value and enacting the Company's purpose. The CEO is responsible for day-to-day activities and management decisions, both operating and financial. The CEO is a liaison between the Board and management and communicates to the Board on behalf of management.

The CEO also leads Millicom's communications with shareholders, employees, government authorities, other stakeholders and the public.

Board Membership, Balance and Independence

The Nomination Committee and the Board periodically review the size and balance of the Board to determine whether any changes are appropriate.

At the AGM, held annually within six months of the end of the financial year, or at any other general meeting, shareholders may vote for or against the Directors proposed by the Nomination Committee. Shareholders also may elect different Directors.

The Board has adopted the qualification guidelines of an "independent director" as defined by the Swedish Code, and with consideration of the specific independence requirements within the Nasdaq Stock Market rules. A director's independence is determined by a general assessment of all factors that may give cause to question the individual Director's independence from the Company or its Executive Management.

Such factors include whether the individual:

- Is or has been the CEO of the Company or a closely related company within the past five years
- Is or has been employed by the Company or a closely related company within the past three years
- Receives a not-insignificant remuneration for advice or other services (beyond the remit of the Board position) from the Company, a closely related company or a person in the executive management of the Company
- Has been in a significant business relationship or had other significant financial dealings with the Company or a closely related company within the past year—as a client, supplier or partner; either individually or as a member of the executive management team; or as a member of the Board or a major shareholder in a company with such a business relationship with the Company
- Is or has within the last three years been a partner at, or has, as an employee, participated in an audit of the Company conducted by the Company's or a closely related company's current or then auditor
- Is a member of the executive management of another company, if a member of the board of that company is a member of the executive management of the Company
- Has a close family relationship with a person in the executive management of the Company, or with another person named in the points above, if that person's direct or indirect business with the Company is of such magnitude or significance as to justify the opinion that the Board member is not to be regarded as independent

In accordance with the Swedish Code:

- The majority of Millicom's Board must be independent from the Company and its executive management team. (Seven of Millicom's Directors meet this criterion.)
- At least two of those independent Directors must also be independent from the Company's major shareholders. (All of Millicom's Directors meet this criterion.)
- Not more than one member of the Board may be part of the executive management team of the Company or any of its subsidiaries. (The CEO is also a member of the Board.)
- The majority of the members of the Audit Committee are to be independent in relation to the Company and its executive management. At least one of the members who is independent in relation to the Company and its executive management is also to be independent in relation to the Company's major shareholders (all of Millicom's Audit Committee members meet this criterion).
- The Chairman of the board may chair the Compensation Committee. The other members of the committee are to be independent of the Company and its executive management (all of Millicom's Compensation Committee members meet this criterion).

In addition, in accordance with Nasdaq Stock Market rules:

- The Audit Committee must have at least three members, all of whom meet Nasdaq Stock Market and U.S. Securities and Exchange Commission definitions of independence. (The four members of Millicom's Audit Committee all meet this criterion.)

Independence of the Board

Board of Directors	Chairman, Deputy Chairman and six members
Non-Executive Directors Independent from the Company and its Executive Management	88% José Antonio Ríos García Pernille Erenbjerg Odilon Almeida Tomas Eliasson Mercedes Johnson Lars-Åke Norling James Thompson
Executive Director	12% Mauricio Ramos

Board Profile: Skills and Experience

Mr. José Antonio Ríos García

(American, Spanish and Venezuelan)

Chairman, Non-Executive Director

(FIRST APPOINTED: MAY 2017)

Mr. José Antonio Ríos García was re-elected as Chairman of the Board in June 2020.

Mr. Ríos (1945), a U.S. citizen, is a proven global business executive with over 30 years of sustained leadership at key multinational companies such as Millicom, Global Crossing (Lumen Technologies), Telefonica S.A., Hughes Electronics, DirecTV and the Cisneros Group of Companies. Until September 2020, he was Chairman and CEO of Celistics Holdings, a leading mobile payment platform and cellular top-up distribution business providing intelligent solutions for the consumer technology industry across Latin America. Prior to joining Celistics, Mr. Rios was the International President and Corporate VP of Global Crossing, later acquired by Level 3 Communications and then merged with Lumen Technologies.

Between 1999 and 2001, Mr. Ríos served on the Global Management Committee of Telefónica and as President and CEO of Telefónica Media. Prior to joining Telefónica he served as Vice President of Hughes Electronics Corporation, was the founding President and CEO of Galaxy Latin America (DirecTV Latin America), and served as Chief Operating Officer and Corporate Vice President at the Cisneros Group of Companies for 14 years.

Mr. Ríos brings to the Board his significant experience and reputation at the forefront of the telecommunications and electronics industries in media, content and leading consumer technology businesses.

INDEPENDENT from the Company, its Executive Management and its major shareholders.

MILLICOM SHAREHOLDING, INCLUDING HOLDINGS BY CLOSELY RELATED PERSONS AT JANUARY 31, 2021: 13,427 shares.

Mr. Odilon Almeida

(Brazilian)

Non-Executive Director

(FIRST APPOINTED: MAY 2015)

Mr. Odilon Almeida was re-elected to the Board in June 2020. He is Chairman of the Compliance and Business Conduct Committee.

Mr. Almeida (1961), a citizen of Brazil, is President and Chief Executive Officer of ACI Worldwide Inc., a global leader in electronic payment systems.

Until September 2019, Mr. Almeida served as President of Western Union Global Money Transfer, where he led Western Union's global consumer omni-channel business across more than 200 countries and territories. His global business leadership and board experience at Western Union, Millicom, BankBoston (now Bank of America), The Coca-Cola Company and Colgate-Palmolive give him deep knowledge of corporate governance, general management, technology platforms, regulatory and compliance issues, and consumer insights in developed and emerging nations.

Mr. Almeida holds a Bachelor of Civil Engineering degree from the Maua Engineering School in São Paulo, Brazil, a Bachelor of Business Administration degree from the University of São Paulo and an MBA with specialization in Marketing from the Getulio Vargas Foundation in São Paulo. He further advanced his education at IMD Lausanne, The Wharton School and Harvard Business School.

Mr. Almeida strengthens the Millicom Board with decades of experience in the financial services and fintech sectors, and a leadership style anchored in growth acceleration and business turnarounds involving retail and digital transformation, organic growth and successful M&A.

INDEPENDENT from the Company, its Executive Management and its major shareholders.

MILLICOM SHAREHOLDING, INCLUDING HOLDINGS BY CLOSELY RELATED PERSONS AT JANUARY 31, 2021: 8,893 shares.

Board Profile: Skills and Experience—*continued*

Mr. Tomas Eliasson
(Swedish)
Non-Executive Director

(FIRST APPOINTED: MAY 2014)
Mr. Tomas Eliasson was re-elected to the Board in June 2020. He is the Chairman of the Audit Committee.

Mr. Eliasson (1962), a Swedish citizen, is Executive Vice President and Chief Financial Officer at Sandvik, a multinational engineering group in mining and rock excavation, metal-cutting and materials technology.

Previously, Mr. Eliasson served as Chief Financial Officer and Senior Vice-President at Electrolux, a Swedish appliances manufacturer. Mr. Eliasson has also held various management positions in Sweden and abroad, including at ABB Group, Seco Tools AB and Assa Abloy AB.

He holds a Bachelor of Science degree in Business Administration and Economics from the University of Uppsala.

Mr. Eliasson brings to the Millicom Board his significant experience as a CFO for multinational and global Swedish companies in roles that span governance and oversight over financial reporting, internal control, and risk management processes and procedures within global finance functions.

INDEPENDENT from the Company, its Executive Management and its major shareholders.

MILLICOM SHAREHOLDING, INCLUDING HOLDINGS BY CLOSELY RELATED PERSONS
AT JANUARY 31, 2021: 9,510 shares.

Ms. Pernille Erenbjerg
(Danish)
Deputy Chair, Non-Executive Director

(FIRST APPOINTED: JANUARY 2019)
Ms. Pernille Erenbjerg was re-elected as Deputy Chair of the Board in June 2020. She is Chair of the Compensation Committee and a member of the Audit Committee.

Ms. Erenbjerg (1967) is a Danish citizen. Until December 2018, she served as President and Group Chief Executive Officer of TDC, the leading provider of integrated communications and entertainment solutions in Denmark and Norway. Previously, she served as TDC's Chief Financial Officer and as Executive Vice President of Corporate Finance. Ms. Erenbjerg also serves on the Boards of Nordea, the largest financial services group in the Nordic region, and Genmab, a Danish international biotechnology company. She holds an MSc in Business Economics and Auditing from Copenhagen Business School.

Ms. Erenbjerg brings years of experience from operating a converged provider of communication and entertainment services as well as from driving transformational processes in complex organizations, both organically and through M&A.

INDEPENDENT from the Company, its Executive Management and its major shareholders.

MILLICOM SHAREHOLDING, INCLUDING HOLDINGS BY CLOSELY RELATED PERSONS
AT JANUARY 31, 2021: 9,030 shares.

Ms. Mercedes Johnson
(American)
Non-Executive Director

(FIRST APPOINTED: MAY 2019)
Ms. Mercedes Johnson was re-elected to the Board in June 2020. She is a member of the Audit Committee and a member of the Compliance and Business Conduct Committee.

Ms. Johnson (1954) is a U.S. citizen and currently serves on the Boards of three other Nasdaq or NYSE listed technology companies: Synopsys, a provider of solutions for designing and verifying advanced silicon chips; Teradyne, a developer and supplier of automated semiconductor test equipment; and Maxim Integrated Products, an integrated circuits designer and producer.

Previously, she served as Chief Financial Officer of Avago Technologies (now Broadcom) and Chief Financial Officer at LAM Research Corporation. Ms. Johnson holds a degree in Accounting from the University of Buenos Aires.

She brings to the Millicom Board years of experience at technology-oriented multinational U.S. listed companies in various capacities.

INDEPENDENT from the Company, its Executive Management and its major shareholders.

MILLICOM SHAREHOLDING, INCLUDING HOLDINGS BY CLOSELY RELATED PERSONS
AT JANUARY 31, 2021: 5,555 shares.

Mr. Lars-Åke Norling

(Swedish)

Non-Executive Director

(FIRST APPOINTED: MAY 2018)

Mr. Lars-Åke Norling was re-elected to the Board in June 2020. He is a member of the Compensation Committee and the Compliance and Business Conduct Committee.

Mr. Norling (1968), a Swedish citizen, became CEO of Nordnet in September 2019 and previously served as an Investment Director and Sector Head of TMT at Kinnevik. Prior to that, Mr. Norling was CEO of Total Access Communications (dtac) in Thailand, where he executed a digital transformation and led a turnaround of the company's financial performance. He also served as EVP of Developed Asia at Telenor, CEO of DigiTelecommunications Malaysia and CEO of Telenor Sweden. Mr. Norling also serves as a member of the Board of Tele2 AB.

Mr. Norling holds an MBA from Gothenburg School of Economics, an MSc in Engineering Physics from Uppsala University and an MSc in Systems Engineering from Case Western Reserve University.

He brings to Millicom's Board his extensive experience in leading telecommunications and media businesses and digital transformation in emerging markets.

INDEPENDENT from the Company, its Executive Management and its major shareholders.

MILLICOM SHAREHOLDING, INCLUDING HOLDINGS BY CLOSELY RELATED PERSONS
AT JANUARY 31, 2021: 6,643 shares.

Mr. Mauricio Ramos

(Colombian, American)

Executive Director

(FIRST APPOINTED: June 2020)

Mr. Mauricio Ramos was elected to the Board in June 2020 and has been the CEO of Milicom since April 2015.

Before joining Millicom, he was President of Liberty Global's Latin American division, a position he held from 2006 until February 2015. During his career at Liberty Global, Mauricio held several leadership roles, including positions as Chairman and CEO of VTR in Chile, Chief Financial Officer of Liberty's Latin American division, and President of Liberty Puerto Rico.

Mr. Ramos is also a Member of the Board of Directors of Charter Communications (U.S.), and is the Chairman of the U.S. - Colombia Business Council.

He is a dual Colombian and U.S. citizen who received a degree in Economics, a degree in Law and a postgraduate degree in Financial Law from Universidad de Los Andes in Bogota.

NOT INDEPENDENT from the Company and its Executive Management. INDEPENDENT from the Company's major shareholders.

MILLICOM SHAREHOLDING, INCLUDING HOLDINGS BY CLOSELY RELATED PERSONS
AT JANUARY 31, 2021: 194,432 shares.

Mr. James Thompson

(American)

Non-Executive Director

(FIRST APPOINTED: JANUARY 2019)

Mr. James Thompson was re-elected to the Board in June 2020. He is a member of the Audit Committee and the Compensation Committee.

Mr. Thompson (1961), a U.S. citizen, is a Managing Principal at Kingfisher Family Office, where he manages a portfolio focused on value-oriented investment strategies. He is also a Non-Executive Director at C&C Group plc and serves on its Audit Committee. Previously, he was a Managing Principal at Southeastern Asset Management, where he was responsible for the operations of the firm and was a senior member of the team responsible for firm-wide investment decisions. Between 2001 and 2006, Mr. Thompson opened and managed Southeastern Asset Management's London research office. He holds an MBA from Darden School at the University of Virginia and a Bachelor's degree in Business Administration from the University of North Carolina.

Mr. Thompson brings extensive investment management experience to the Millicom Board and contributes significantly to the Board's discussions of Millicom's long-term strategy and capital allocation.

INDEPENDENT from the Company, its Executive Management and its major shareholders.

MILLICOM SHAREHOLDING, INCLUDING HOLDINGS BY CLOSELY RELATED PERSONS
AT JANUARY 31, 2021: 12,962 shares.

Board Program

The Board's annual program includes:

1 Company strategy and strategic direction	2 Operating and financial performance review	3 Governance and compliance matters
4 External affairs	5 Corporate culture	6 External financial reporting
7 Risk management	8 Shareholder remuneration policy	9 Acquisitions and divestments
10 Evaluation of CEO and self-evaluation	11 Human Resource matters, including compensation, health, safety and well-being	12 Sustainability and other ESG-related matters

Summary of Board Activities in 2020

The Board of Directors has an annual program consisting of specific areas of focus on which the Board has a role to oversee and advise the Company.

Specific projects and topics arise in the normal course of business and are added to the program of the Board, some of these are handled by specific Board committees.

Summary of Areas of Focus in 2020

Activity/issues covered	Board actions
Reports of committees	• Regularly reviewed reports from its Audit, Compliance and Business Conduct Committee and Compensation Committee on recent activities • Discussed Nomination Committee Director appointment proposals
Operational review	• Discussed priorities and challenges for each of the Latin American and African businesses, including development of cable and mobile data businesses, efficiency measures and capital expenditure allocation • Discussed challenges, threats, opportunities and other consequences of the coronavirus pandemic on the business and strategy • Discussed and approved the 2021 budget • Reviewed and approved spectrum acquisition
Strategic review	• Discussed, reviewed and approved the strategy • Discussed with the Executive Team industry and geographic trends and the operational and financial strategy for each region, including the portfolio strategy
Organizational structure and culture	• Participated in performance reviews of the Executive Team and of the management, organizational and reporting structures • Participated in recruitment processes and oversight of changes in the Executive Team • Reviewed cultural initiatives including Sangre Tigo
Review and approval of capital structure and dividend	• Approved refinancing of group and local bonds to extend maturity and lower average cost of debt • Recommended changes to the shareholder remuneration policy
Review and approval of corporate governance	• Revisions to governance documents (including Board and Committee charters) • Updated the Procedural Rules and Instructions to the CEO as well as the authority matrix • Elected the Deputy Chair and Committee Chairs and members
Mergers, acquisitions, disposals and joint ventures	• Discussed acquisition and disposal developments across the Group, including approval of transactions such as sale of stakes in non-core investments
Review and approval of financial reports	• 2019 Annual Report and 20-F, including the 2019 Consolidated Financial Statements of the Group • Standalone 2019 financial statements of Millicom International Cellular S.A. (the parent company) • Quarterly earnings releases and 2020 interim consolidated financial statements
Risk management	• Participated in the annual risk reassessment and reviewed the key risks facing the Group and its approach to managing risks • Set the risk appetite of the Group
External affairs	• Reviewed the external affairs strategic framework and implementation activities • Periodically reviewed the political situation by market with a specific focus on election periods and advice on related risk management requirements • Reviewed regulatory and engagement challenges • Reviewed the state of government relations in our markets and internationally
Non-financial performance	• Reviewed the main non-financial performance and trends, including corporate responsibility and sustainability issues and risks
	• Recommendations for non-financial focus areas including operational KPIs

Induction and Training

Millicom provides incoming Board members with information on their roles and responsibilities, the Board's operating procedures, and Millicom's business and industry. We provide access to governance documents, policies and procedures; meeting materials; and Company information through a secure online tool, in meetings set with the Executive Management Team, and through ongoing dissemination of information.

Millicom provides training on topics such as anti-bribery and corruption, ethics, independence and insider trading. In addition, in Q4 2020, the full Board received an Ethics and Compliance training. The Board regularly receives detailed reports on specific areas that support Directors' understanding of Millicom's business and operating environment.

Directors typically participate in at least one annual visit to Millicom's operations to learn about the characteristics of the local market, see aspects of the business in operation, participate in social and corporate responsibility projects, and interact with local management. Due to the coronavirus pandemic, market visits planned in 2020 have been postponed to 2021.

Board Effectiveness

The Board conducts an annual performance review process, wherein each Board member's personal performance is also reviewed. This involves assessing Board and committee actions and activities against the Board's mandate, as determined in the Board Charter, and the mandates of its various committees.

In 2020, the Board used a questionnaire to assess its performance against the Board's key duties, its composition and processes, and the performance of individual Board members. The results of the evaluation were presented to the Nomination Committee. In addition, the Nomination Committee recruited the services of an international consultant to assist in an assessment of the composition of the Board, now and for the future.

Board Meetings/Attendance at regularly scheduled meetings of the Board in the 2020 financial year

Director	Meeting Attendance	%
Mr. José Antonio Rios Garcia	11 of 11	100
Mr. Odilon Almeida	11 of 11	100
Mr. Tomas Eliasson	10 of 11	91
Ms. Pernille Erenbjerg	10 of 11	91
Ms. Mercedes Johnson	11 of 11	100
Mr. Lars-Åke Norling	10 of 11	91
Mr. Mauricio Ramos	6 of 6	100
Mr. James Thompson	10 of 11	91
Attendance	79/83	95
Former Directors (until June 2020)		
Ms. Janet Davidson	5 of 5	100
Overall attendance	84/88	95

Board Committees

Written charters set out the objectives, limits of authority, organization, and roles and responsibilities of the Board and each of its Committees. The charters are available at www.millicom.com/our-company/governance/board-committees/. Details of Board roles and responsibilities, activities in 2020 and Directors' emoluments are set out on the following pages.

I. Audit Committee

I am pleased to present the Audit Committee's report for 2020. We convened six scheduled meetings during the financial year, with one additional unscheduled meeting that included the organization of the external audit tender process.

Following the U.S. listing in 2019, 2020 started with the Committee's review of the outcome of the first attestation of internal controls over financial reporting under the Sarbanes-Oxley Act for the 2019 financial year. The Committee was satisfied with the results, which were the culmination of management's comprehensive and intensive program of development and enhancement of the Group's internal financial control framework.

We received feedback from management about the impact of home working on finance teams and on the quality of the internal control environment. We were pleased to witness how well the Group's finance community responded and adapted to the considerable challenges presented. The Committee was conscious that the pandemic created new opportunities for cyber threats and fraud and was therefore briefed on the actions being taken by the Group's Information Security team.

Thereafter, the emergence of the COVID-19 pandemic became a key theme that ran through much of the Audit Committee's work. We responded quickly to ensure that the agenda for meetings was focused on the understanding and oversight of the impact of the pandemic and performed deep dives in key areas within the remit of the Committee.

In coordination with the engagement with the wider Board, management provided briefings on the business and commercial impact of COVID-19 across the Group and the guiding principles adopted by the management team in response. This was followed by detailed analysis for the Committee on the impact on key accounting and financial reporting topics, in particular cash collections and receivables, revenue recognition and the carrying values of assets.

The Internal Audit team was also quick to respond to the changes in the risk environment and the Audit Committee was involved in reviewing and approving a re-prioritised program of assurance activities.

The Committee also reviewed and discussed actions and activities related to the important regulatory updates and developments in financial reporting, treasury, tax, risk management and revenue assurance.

Finally, as required by EU audit regulations, the Committee led the mandatory tendering process for the selection of the external audit firm to be appointed for the integrated audit of the consolidated financial statements of the Group for the year ending December 31, 2022. The Committee recommended and the Nomination Committee accepted the reappointment of Ernst & Young in early 2021.

I would like to thank my fellow Committee members for their dedication and commitment to the activities of the Audit Committee. I look forward to continuing our mandate through to the 2021 AGM.

Mr. Tomas Eliasson
Chairman of the Audit Committee

Audit Committee membership and attendance at regularly scheduled meetings in 2020

Audit Committee	Position	First appointment	Meetings/ Attendance	%
Mr. Tomas Eliasson	Chairman*	May 2014	6 of 6	100
Ms. Pernille Erenbjerg	Member	January 2019	5 of 6	83
Ms. Mercedes Johnson	Member	May 2019	6 of 6	100
Mr. James Thompson	Member	January 2019	6 of 6	100
Overall attendance			**23 of 24**	**96**

Designated as having specific accounting competence as per the EU Directive.

In addition, the Chairman of the Board, Mr. José Antonio Rios Garcia, attended the majority of the meetings of the Audit Committee.

Appointment and role of the Audit Committee

The Audit Committee is composed solely of non-executive Directors, all of whom were independent Directors in 2020. Members are appointed to ensure there is a mixture of relevant experience in both finance and broader commercial matters. The Board is confident that the collective experience of the members enables them to act as an effective Audit Committee. The Committee is also satisfied that it has the expertise and resources available for it to fulfill its responsibilities.

The Board has delegated responsibility to the Audit Committee for overseeing the robustness, integrity and effectiveness of financial reporting, risk management, internal controls, internal audit and external audit processes, and pre-approval of certain audit and non-audit services provided by the external auditor. The Audit Committee also oversees the establishment of accounting-related policies and procedures, the procedure for dealing with certain other types of complaints or concerns, and compliance with related laws and regulations.

The Audit Committee focuses on compliance with financial requirements, accounting standards and judgments; appointment, oversight and independence of the external auditors and appointment and oversight of certain other accounting firms that may be retained from time to time; transactions with related parties (including major shareholders); the effectiveness of the Internal Audit function; the Group's approach to risk management; and ensuring an efficient and effective system of internal controls.

Ultimate responsibility for reviewing and approving Millicom's Annual Report and Accounts remains with the Board.

The Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Head of Internal Audit, Head of Business Controls, Head of Risk Management, and representatives from EY, the Company's external auditor, are invited to attend Committee meetings. The Secretary of the Committee is the Group Company Secretary.

The Audit Committee Chairman prepares the meeting agenda in conjunction with the Chief Financial Officer. Regular private sessions are held, attended only by Audit Committee members and the external auditor, to provide an opportunity for open dialogue without management present.

At each regularly scheduled meeting, the Audit Committee receives reports from the Chief Financial Officer, the External Auditor, the Head of Internal Audit and the Head of Business Controls. Additional reports come from other officers of the Company as required. The Audit Committee received the required information from the external auditor in accordance with Luxembourg regulations.

Summary of Areas of Focus and Actions in 2020

Impact of the COVID-19 pandemic	• The pandemic has affected many areas within the remit of the Audit Committee. Deep dive sessions held to review the impact on accounting, audit, internal controls, risk and cyber security.
Governance	• Reviewed and amended the Audit Committee Charter, Internal Audit Charter and Risk Management Charter.
Financial reporting	• Reviewed key accounting and reporting issues at each meeting, including those related to the COVID-19 pandemic. • Reviewed and approved each quarter's earnings release; the 2019 annual earnings release; the Annual Report and 20-F together with the consolidated financial statements; the 2020 half-year earnings release; and each quarter's interim financial statements. • Reviewed the latest accounting developments and their effect on the financial statements. • Reviewed the Alternative Performance Measures policy.
External auditor	• Received reports from the external auditor at each meeting in compliance with EU regulations covering important financial reporting, accounting and audit issues. This includes receiving updates on SEC guidelines regarding COVID-19. • Reviewed and approved all non-audit services rendered by the external auditors. • Approved the 2020 external audit strategy and fees and the proposed approach to address the challenges posed by the pandemic. • Considered the results of control testing performed by the external auditor in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. • Reviewed the performance of the external auditor and its independence, including monitoring the nature and approving the fees of non-audit services. • Led the tender for selection of the external auditor for the financial period ending December 31, 2022.
Internal audit activities	• Approved the 2021 Internal Audit plan and the re-prioritisation of work to address new and emerging risks as a result of the COVID-19 pandemic. • Reviewed Internal Audit findings arising from the delivery of the 2020 audit plan.
Financing, treasury and tax	• Reviewed the Group's tax strategy and structure and approved the tax policy. • Approved the updated Group treasury and related policies, including policies on hedging as well as on financial risk management.
Risk management	• Provided guidance and oversight over risk management processes. • Reviewed alignment of top risks with strategy and recommended risk appetite in particular the evolution of risks in light of COVID-19. • Reviewed regular risk reports and risk management remediation plans.
Business controls and SOX	• Reviewed the results of the Group's first year Sarbanes-Oxley attestation and discussed proposals for improvement. In particular, considered the Sarbanes-Oxley implementation plan for businesses in Panama and Nicaragua. • Considered the impact of home working and other changes brought about by the pandemic on the robustness of the internal control environment and reviewed the actions of the Group's Information Security team to the changing cyber risk landscape. • Received and reviewed findings and recommendations regarding the design and operating effectiveness of internal controls over financial reporting based on the cycle of management testing of internal controls.
Fraud management	• Reviewed fraud policies and quarterly fraud reports, as well as proposed actions to remediate identified cases.
Revenue assurance	• Received regular updates on revenue assurance activities. • Reviewed trends and actions taken to minimize loss and revenue leakage.
Related party transactions	• Reviewed related party transactions.

2020 Meetings

The Audit Committee held six regular meetings mainly coinciding with key dates in Millicom's external reporting.

Financial reporting

The Audit Committee reviewed earnings releases and financial statements for each quarter. Comprehensive reports from management and the external auditors highlighted the significant judgmental accounting issues for the attention of the Committee. Important reporting and disclosure topics under both EU and U.S listing requirements were addressed.

Significant issues considered by the Audit Committee in relation to the financial statements for the year ended December 31, 2020 included:

1. COVID-19 impacts

The COVID-19 outbreak and lockdown affected the Group's operations from March 2020. The Committee reviewed analysis prepared by management on the accounting and financial reporting impacts and the additional COVID-19 accounting guidance provided to finance teams across the Group.

The main impacts were on cash collections from customers and revenue recognition. This crisis also caused us to review our assets, such as goodwill and intangibles, for impairment.

a) Cash collections—Impairment of trade receivables

Collections suffered a significant decrease initially during Q2 2020 but subsequently improved in response to the quick actions taken by management. By year end bad debts were back down to pre-pandemic levels.

As of December 31, 2020, the total bad debt provisions cover close to 100% of the receivables overdue by more than 90 days.

b) Revenue recognition

Judgment is required in assessing the application of revenue recognition principles. This includes the application of revenue between multiple deliverables, such as the sale of handsets with service or managed services contracts that have complex contractual agreements.

As such, it is a topic regularly reviewed by the Committee and even more so during 2020 as COVID-19 resulted in changes to products, services and collections which required analysis against accounting standards.

The Committee reviewed the most significant impacts including the Group's policy on when to continue recognising revenue where invoices remain unpaid and the treatment of revenue in countries where governments mandated continuity of service during the pandemic.

2. Spectrum auction in Colombia—refer to note E.1.3. of the consolidated financial statements

In December 2019, Tigo Colombia acquired licenses granting the right to use a total of 40 MHz in the 700 MHz band expiring in 2040. Notional consideration was $710 million of which approximately 45% is to be met by coverage obligations implemented by 2025.

Analysis of the proposed accounting treatment and presentation in the financial statements was presented given the complexities of the payment terms and nature of coverage commitments.

The Committee reviewed and concurred with the proposed treatment following consideration of industry accounting practice.

3. Finalization of the purchase accounting of the Telefonica assets in Nicaragua and Panama—refer to note A.1.2. of the consolidated financial statements

The purchase accounting of Telefonica assets was finalized during 2020, and the aggregate remaining goodwill amounted to $619 million. The Committee reviewed and agreed with the accounting treatment proposed.

4. Equity investments in Helios Towers—refer to note C.7.3. of the consolidated financial statements

During June and November 2020, Millicom disposed of two portions of its shareholding in Helios Towers plc for $168 million, triggering a total net gain on disposal of $6 million. As of December 31, 2020, Millicom's remaining investment of 7.6% is valued at $160 million based on the prevailing share price with a corresponding loss on remeasurement of $16 million.

The Committee agreed with the accounting treatment and presentation of the transactions.

5. Ghana. Related party receivables impairment—refer to note G.5. of the consolidated financial statements

In 2017, as a result of the merger of our operations in Ghana with Bharti, the Group recognized an interest-bearing note receivable of $40 million from the merged entity. Primarily as a result of the deterioration in credit risk of AirtelTigo Ghana, Millicom concluded that the loan should be impaired in accordance with IFRS 9.

The Committee concurred with the decision to fully impair the loan totaling $45 million including accrued interest. The carrying value of the Ghana JV was already nil.

6. Impairment testing—refer to note E.1.6. of the consolidated financial statements

The Committee received detailed impairment analysis from management including sensitivities and in reviewing this was conscious of the impact on trading performance caused by the pandemic. Additional sensitivity analysis presented by the external auditor was also considered.

The results of impairment testing continue to support the existing carrying value of goodwill and other long life assets and no impairment was necessary. However, we disclosed potential impairment for our operations in El Salvador, Colombia and Nicaragua that would have to be recorded in case of certain reasonable changes in key assumptions. The Committee agreed with the conclusions.

7. Tax provisions and contingencies—refer to note G.3.2. of the consolidated financial statements

The Group operates in many countries where the tax and legal system is less mature and may be less predictable. Therefore, a number of matters relating to tax contingencies require judgment as to the likely probability of cash outflow or the potential amount of any outflow. The Audit Committee received regular reports from the Group Tax Director as to the status of each of these matters, the likely outcome, the provision required, if any, and proposed disclosure in the financial statements. The external auditor also presented an analysis of judgmental tax matters.

8. Capitalization and assets useful lives—refer to notes E.1.1. and E.2.1. of the consolidated financial statements

Considerations that require judgment include the assessment and timing of whether assets meet the capitalization criteria set out in the relevant accounting standards; the estimation of appropriate useful economic lives; the assessment of whether any impairment indicators are present, such as redundant assets; and the identification of leases.

Once a year, Management presents its conclusions to the Audit Committee.

Management Disclosure Committee

To assist with all matters related to earnings releases, financial statements and other market disclosures, Millicom has a Management Disclosure Committee comprising senior management from Finance, Legal, Compliance, Communications, Investor Relations and other functions as and when required. The Disclosure Committee identifies and considers disclosure matters in market releases, including releases that may contain material financial information.

Risk management

The Audit Committee received regular reports on the Group's risk management framework and process, from the Management Risk Committee, as well as reports on changes to significant risks at the operational and Group levels and how these risks are managed. Further information is set out in the risk management section of this Annual Report.

In addition, the Audit Committee reviewed financial risk, tax risks, policy and strategy, treasury policy and risks, and Group insurance coverage.

Internal control

Following the U.S. listing, the Group completed its first attestation of internal control over financial reporting under the Sarbanes-Oxley Act in February 2020. The Committee received the results of management's testing of key controls and the testing by the external auditors. Management concluded that the Group had maintained effective internal controls over financial reporting.

A debrief of the Sarbanes-Oxley implementation program was held. The Committee also reviewed and approved the planned scope of the 2020 program and approach to testing of key controls.

The impact of the COVID pandemic and home working protocols on internal controls were discussed. Decisive management actions and prior investments in technology to better facilitate the operation of internal controls meant that we were able to maintain a strong control environment.

The Group Head of Business Controls delivered progress reports on the Sarbanes-Oxley program, including operations in Nicaragua and Panama acquired from Telefonica, which were in scope for the first year in 2020.

The Committee reviewed regular reports on the results of management testing of key controls and the progress made to address any control gaps.

Internal Audit

Execution of the 2020 Internal Audit Plan provided the Executive Management Team and the Audit Committee with an independent view of the effectiveness of Millicom's internal control environment and governance processes. The plan was developed to ensure alignment with the strategic risks of the Millicom Group as well as consideration of the overall Group strategy, input from senior management, external audit findings and Internal Audit's knowledge of the business.

The Audit Committee approved the 2020 Internal Audit Plan, which was composed of assurance and advisory projects. The Internal Audit team moved quickly to re-prioritize work to reflect the changing risk landscape as the pandemic unfolded.

The plan was primarily executed by the in-house Internal Audit team, with support from specialists at one of the "Big 4" accounting firms. At each meeting, the Audit Committee received a report on Internal Audit activities, progress against the plan and planned updates and results of the audits completed in the period, including associated recommendations and management action plans where findings had been identified.

Information Security

As part of deep dive sessions performed in response to the COVID pandemic, the Audit Committee received analysis from the Group Chief Information Security Officer on the impact on cyber risk and the plans enacted to protect employees as they transitions to a remote working model.

Fraud risk

The Audit Committee received and reviewed quarterly fraud reports in accordance with the Group's Fraud policy.

External Audit effectiveness

The quality and effectiveness of the external audit matter greatly to the Audit Committee. A detailed audit plan outlining the key risks and proposed geographical coverage is prepared and discussed with the Audit Committee at the start of each annual audit cycle. This year the plan additionally addressed questions from the Committee regarding the external auditor's re-assessment of risks in light of the pandemic and actions taken to maintain audit quality during home working.

The Committee assessed audit quality by referring to the standard of the reports received, the caliber of senior members of the audit team and the level of challenge provided to Executive Management. Also, management feedback provided to the Audit Committee. This feedback allows the Committee to monitor and assess the performance of the external auditor as part of making a recommendation to the Board regarding the auditor's appointment. This was particularly important in 2020 given the launch of the external audit tender.

Auditor independence

The Audit Committee has policies to maintain the independence of the external auditor and to govern the provision of audit and non-audit services. The policies and approval process of non-audit services and audit-related services comply with SEC independence rules and with the latest EU and local regulations. Under these rules, the Audit Committee pre-approves a list of services that can be rendered by the audit firm. If services to be rendered are pre-approved in nature, these can be approved by management when requested (following an established authority matrix) and then presented to the Audit Committee on a quarterly basis for formal approval. If services to be rendered are not pre-approved, they should be pre-approved by the Chairman of the Audit Committee when requested and then submitted to the next full audit committee for formal approval. A schedule of all non-audit services with the external auditor is reviewed at each meeting.

For the year ended December 31, 2020, the Audit Committee approved fees for audit and audit-related services of $6.2 million, together with fees for non-audit work of $0.2 million.

In compliance with independence rules, the previous audit partner rotated off the audit in 2019 and the current audit partner will rotate off for the audit of the consolidated financial statements as of December 31, 2025, at the latest.

Audit tendering

Millicom first appointed EY as external auditor of the Company for the year ended December 31, 2012, following a competitive tender. Based on the most restrictive EU audit regulations and applicable Luxembourg law, EY would have to rotate off the audit by 2032 (20 years after initial appointment) at the latest, with a mandatory tender for the audit to occur by 2022 (ten years after initial appointment). In that respect, during the fourth quarter of 2020, the Committee led the mandatory tendering process for the selection of the external audit firm to be appointed for the integrated audit of the consolidated financial statements of the Group for the year ending December 31, 2022. The Committee has made a recommendation for consideration by Nomination Committee in early 2021.

II. Compliance and Business Conduct Committee

We started 2020 with purpose and an eye toward progressing the development of the Ethics & Compliance program, continuing to enhance its reach to better help our employees do the right thing in the right way.

As with all aspects of our business, the COVID-19 global pandemic required us to re-evaluate our priorities and risks. Ethics & Compliance is a people-focused function, and there was no question the pandemic was going to change how our people worked.

During the process of evaluation and constant monitoring, we determined that we were not facing novel risks, but rather that the most pressing risks had shifted. As a result, we found we did not need to change our main strategies or strategic initiatives, but rather used these initiatives as guideposts to pivot to the more relevant risks the pandemic presented. For example, we quickly shifted communications, training, and certain processes to directly address those risks we determined had increased. This included managing and monitoring risks emanating from third-party fraud, cybersecurity threats, and private and public sector aid requests.

Though we focused on pivoting to address the most pressing risks, we did not neglect core elements of our Compliance program, including, for example, our Annual Training for the entire company that covered, among other topics, our Code of Conduct, Anti-Bribery and Anti-Corruption, and Anti-Money Laundering.

And despite the pandemic, during 2020, we continued to build and refine our Ethics & Compliance Program. We combined the Legal and Ethics & Compliance teams, which are now under the leadership of the Chief Legal and Compliance Officer. These combined forces reinforce the mission of the Ethics & Compliance function, which is to serve as a guardian of the company, focusing on its protection from risks, exposure, and claims.

Our company leadership continued its relentless commitment to maintaining our Sangre Tigo culture, with the application of ethics and compliance in our everyday interactions. Sangre Tigo signifies high integrity, zero tolerance for any form of corruption, and a commitment to doing business the right way, even in COVID times.

On behalf of the Board, I would like to reconfirm our commitment to a culture of ethics and strong compliance that leads to success for the business and pride for our company.

We are proud to be a compliance leader in our markets and look forward to engaging with our customers as well as our stakeholders by making it happen the right way.

Mr. Odilon Almeida

Chairman of the Compliance and Business Conduct Committee

Compliance and Business Conduct Committee Membership and Attendance 2020

Committee	Position	First appointment	Meeting Attendance	%
Mr. Odilon Almeida	Chairman	November 2015	5 of 5	100
Ms. Mercedes Johnson	Member	June 2020	5 of 5	100
Mr. Lars-Åke Norling	Member	May 2018	5 of 5	100
Attendance			15 of 15	100
Ms. Janet Davidson	Former Chair	May 2016	2 of 2	100
Overall attendance			**17 of 17**	**100**

In addition, the Chairman of the Board, Mr. José Antonio Rios Garcia, attended all of the meetings of the Compliance and Business Conduct Committee.

Appointment and Role of the Compliance and Business Conduct Committee

Millicom's Compliance and Business Conduct Committee oversees the Group's Ethics & Compliance program, and reports on and makes recommendations to the full Board regarding the Group's compliance programs and standards of business conduct. More specifically, the Compliance and Business Conduct Committee:

- Monitors the Group's Compliance program, including the activities performed by the Compliance Team and its interaction with the rest of the organization
- Monitors the investigations resulting from cases brought through the Group's ethics line or otherwise
- Oversees allocation of resources and personnel to the Compliance area
- Assesses the Group's performance in the Compliance area
- Ensures that the Group maintains proper standards of business conduct

Management representatives invited to attend the Compliance and Business Conduct Committee include the Group CEO, Chief Legal and Compliance Officer, Group CFO, Chief External Affairs Officer, VP Ethics & Compliance, VP Internal Audit and Head of Risk Management.

Summary of Committee Activities in 2020

The Committee Chairman prepares the agenda in conjunction with the Chief Legal and Compliance Officer. During meetings, the Committee reviews the status of the Ethics & Compliance Program, compliance-related issues, Strategic Responses (such as investigations) to any alleged violations of law or policy, AML initiatives, and any Internal Audit Reports and remediation plans that concern the Ethics & Compliance Program.

The CEO and Executive Team are committed to our Sangre Tigo and are actively involved in fostering a culture of ethics and compliance from the top across all our lines of business.

Summary of Areas of Focus and Action Items in 2020

Program elements reviewed	• Refined third-party management through a centralized due diligence program. • Anti-corruption program policies and automated procedures, including those covering new and emerging areas of risk and strengthening of the overall program. • Revision of compliance policies and procedures, and communication to the whole organization. • Training completion rates on company compliance policies as part of select managers' KPIs. • Results of continuing review of the compliance framework by Internal Audit as well as remediation actions and status. • Improved communication campaigns on various compliance subjects. • Resources: Hired two new compliance officers. • A number of GMs were given a set of compliance KPIs to meet during the year for year-end bonus award. • Integration of compliance program in the newly acquired entities in Central America. • Incentive programs: Compliance factors were incorporated into executives' incentive programs for the third consecutive year. Bonus awards are tied to achievement of all compliance KPIs.
Reporting & Investigations	• "SpeakUp" Campaign: Continued to encourage employees to use the system to report issues of perceived non-compliance with our policies and values. • Strengthened investigations team; further developed investigations resources centrally and in the operations, as well as designed Corrective Action Framework for all operations. • Continued to align investigation procedures across the countries. • Continued effective case management, including by taking reasonable steps after detection of misconduct.
Global Anti-money laundering (AML) program	• Continued to perform enhanced AML reviews on-site in a portion of 2020 (before the pandemic). • Implementation of a new transaction monitoring has concluded in Paraguay, and Bolivia is in the final stages of the implementation of the same tool. Tigo Tanzania has implemented an enhanced version of its current transaction monitoring tool, and Tigo Ghana has also aligned the current monitoring tool to meet the operation's transaction monitoring needs. • Continuing global AML training efforts; several campaigns have been deployed, including a monthly AML Bulletin distributed globally. • Performed the fist rounds of the AML Risk Assessments in all operations, including LATAM and Africa. • A new AML Risk Control Self-Assessment has been implemented and deployed in all MFS LATAM operations. • Continued to deploy several training initiatives including the global AML Bulletin, global AML training, AML campaigns, and AML personnel targeted trainings.

III. Compensation Committee

1. Letter to shareholders from the Chair of the Compensation Committee

COVID and Engaging with Employees

In 2020 the global COVID-19 pandemic had an unprecedented impact on the world we all live in. The impact was felt in all the markets where we operate; on our customers, our investors, our partners and our employees. The Compensation Committee faced the challenge and addressed the issues of the impact created on the income, job security, engagement and retention of our employees.

Millicom is a major direct and indirect employer in almost all the markets in which we operate, and we took an early decision to preserve employment and income for our staff. During the most challenging period, we suspended all restructuring programs, and we chose not to furlough or implement redundancies. Further, we strived to maintain all our staff's basic pay, including for commission-based employees, and implemented hazard pay for customer facing teams where it was deemed necessary. We did not take any government grants or other support in any of the markets where we employ staff. Further we maintained and implemented the annual increases, which had already been agreed before the pandemic struck, for all of the staff, other than the senior leadership team. This means that for approximately 120 employees, we decided not to implement the 2020 annual salary increases that had already been communicated and were planned to become effective April 1, 2020.

Remuneration policy and link to long-term performance

The Compensation Committee has reviewed and assessed the guidelines and policy for senior management remuneration, and we believe that it maintains a strong link to Millicom's performance and is aligned with Millicom's culture. Our remuneration policy is aimed at attracting, retaining and incentivizing the best talent in our markets to the benefit of all stakeholders.

Remuneration in Millicom consists of a base salary, various benefits and pension arrangements. The policy also provides for variable elements of remuneration through an annual bonus plan (STI) and a long-term incentive plan (LTI). The variable elements of remuneration are subject to stretched performance measures (financial and operational), and are largely settled in shares, in order to promote alignment of management's interests with those of shareholders. Share units issued under both the STI and the LTI have a three-year vesting period. This year, given the unprecedented impact caused by the COVID-19 pandemic, we have also introduced a special one-off retention plan for 36 of our senior executives. This plan is described below.

To further promote alignment with shareholders, the Company continuously monitors its requirement that the Global Senior Management Team maintain a shareholding with a value of at least 50% to 400% of their annual salary.

In addition, in December the Committee put forward, and the Board of Directors approved, the voluntary adoption of a claw-back provision applicable in the case of any accounting restatement required due to material noncompliance with applicable financial reporting requirements.

2020 performance and reward outcomes

Financial performance was severely impacted by COVID-19, and as a consequence the Group missed the EBITDA target but hit the minimum threshold on the Service Revenue target, having been comfortably ahead of both targets at the end of Q1. Concerted action to preserve our cashflow ensured that the Operating Cashflow target was more than achieved. This resulted in a 66% bonus award for the financial and operational component. In addition, management business objectives typically represent a 30% of the bonus award.

The LTI awards granted in 2018 are due to vest in February 2021. This vesting will be based on achievement over the three years to 2020 of growth targets for Service Revenue (25%) Cashflow (50%) and a relative TSR (25%). The payout has been assessed at 55.97% by our independent advisers.

Remuneration changes in 2020

In 2020, the Committee made no changes to the STI performance targets, and there were no exceptions made to the Executive Team bonus calculations.

Likewise, there were no changes to the LTI plan granted in 2018 and vesting in early 2021. The Compensation Committee decided not to implement any changes or make any adjustments to our in-flight LTI plans granted in 2019 and 2020, which will vest in 2022 and 2023 respectively.

In other words, Millicom's management team and employees were not granted any allowances in respect of the impact of the COVID-19 pandemic on their 2020 compensation, reinforcing alignment with shareholders and focus on dealing with the effects of the COVID pandemic on our business.

Remuneration 2021

The Compensation Committee has reviewed the guidelines and policy for senior management remuneration. As part of this review, our advisors have supplied various analyses, including extensive benchmarking to our peers.

The Committee has reviewed and discussed benchmark analysis highlighting that a very large part of senior leadership team's compensation is variable, more so than is the case for our peers. While we think that a high level of variable pay is a good thing, we did come to the conclusion that some re-balancing was required in order to re-build a retention effect for key individuals.

With a few modifications as outlined below, we continue to believe that the remuneration structure supports our delivery of the strategy and the intended value creation.

For the 2021 STI Plan (which is subject to approval at the 2021 AGM), we have retained the same financial KPIs – service revenue, EBITDA and cash flow. These will amount to 60% of the total, while 10% is aligned to the Net Promoter Score (NPS), and the remaining 30% is based on individual performance.

For the 2021 LTI grant (which is subject to approval at the 2021 AGM), the Committee concluded that a modification was needed to reduce the overall uncertainty around the payout, while maintaining a high level of incentive towards long-term performance. The Committee decided that 35% of the 2021 LTI should be in the form of time-vested restricted share units, which will also bring us more in line with the practice applied by our peers, according to input from our independent advisors. The remaining 65% would continue to be performance-vested based on the achievement of Service Revenue (15%) and cashflow (30%) targets, as well as 20% from relative Total Shareholder Return (TSR), a distribution similar to previous LTI plans. Thus, the introduction of a time-vesting component to the LTI would reduce the overall uncertainty, increasing the perceived value by management to the benefit of retention while reducing the maximum payout. The LTI continues to be subject to a three-year cliff vesting.

Since variable pay makes up a high portion of the remuneration for our Global Senior Management, the crisis has eroded the retention effect that would be associated with the LTI programs under normal circumstances. The COVID-19 crisis is far from over, and improving our performance under these circumstances will require significant effort from all. As a result, and based on advice and benchmarking from external experts, the Committee determined that it was imperative to implement a new retention plan for our top 36 executives.

In designing a one-off retention program, the Committee carefully considered and balanced the need for retention with shareholder objectives and interests. The new one-off plan is based on Market Stock Units (MSU) whereby the payout will be determined by the share price performance. The retention awards will be granted in two tranches in Q1 2021; the first tranche will vest in 2022, and the second one will vest in 2023. For additional retention purposes, the awards are generally payable only after an additional 12-month employment period.

In addition to these actions, we continued to focus on reviewing Millicom's reward strategy to ensure that Global Senior Management's compensation closely aligns with company performance. Together with Mercer, our external consultant, we continued as well with our regular review of best practices in executive compensation and governance and revising our policies and practices when appropriate.

The value of the equity holdings of our executives have decreased during 2020, but we continue to uphold our share ownership requirements for our top 50 roles and track the status of each executive annually. This encourages our top leaders to take a longer-term view on positive business performance in alignment with company and shareholder interests.

Diversity and Inclusion

In addition to our competitive compensation plans, it is TIGO's strong sense of purpose, combined with the unique culture that enables us to hire and retain diverse talent. One of our key foundational values is building and promoting an inclusive work environment. Throughout 2020, the team has laid out a clear D&I strategy and has trained over 250 leaders. We reviewed our hiring and pay processes to identify any inequities, starting with identifying and correcting any gender pay equity gaps that may exist.

Additionally, we provided a series of wellness and growth workshops and programs to help support employees, both physically and mentally, in these difficult times.

I would like to thank my fellow members for their dedication and commitment to the activities of the Compensation Committee and look forward to continuing our mandate through to the 2021 AGM.

Ms. Pernille Erenbjerg

Chair of the Compensation Committee

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2. Compensation Committee's role

This report describes the remuneration philosophy, and related policy and guidelines, as well as the governance structures and processes in place. It also sets out the remuneration of Directors, as well as compensation of the Global Senior Management for the current and prior financial reporting years.

2.1 Role of Compensation Committee

The Compensation Committee monitors and evaluates programs for variable remuneration to the senior management, both ongoing programs and those that have ended during the year and monitors and evaluates the application of the guidelines for remuneration to the Board and senior management that the shareholders' meeting has established, as well as the current remuneration structures and levels in the Company. The Compensation Committee makes recommendations to the Board of Directors regarding the compensation of the CEO and his direct reports; approves all equity plans and grants; and manages Executive Team succession planning. Final approval of the CEO remuneration requires Board approval.

The evaluation of the CEO is conducted by the Compensation Committee. The evaluation criteria and the results of the evaluation are then discussed by the Chairman with the entire Board. In 2020 the Board considered that the CEO provided exceptional leadership for the Company in the face of the COVID-19 crisis. In evaluating his performance as "Exceeds" the Board took into account the way in which he rapidly refocused the business from revenue growth to protecting customers, employees and cashflow. Together with achievement on the financial targets discussed below, the total bonus achievement for the CEO was at 110.9% of target ($2,602,262 compared to $2,855,020 for 2019 performance). The Chairman of the Board conveyed the results of the review and evaluation to the CEO.

Guidelines and policy for senior management remuneration are approved by the shareholders at the AGM. For 2021, per the European Union Shareholders Rights Directive II, a Remuneration Report will be submitted for approval by shareholders at the AGM in May 2021.

2.2 Compensation Committee Charter

The Group's Compensation Committee charter can be found on our website under the Board Committees section and covers overall purpose/objectives; committee membership; committee authority and responsibility; and committee's performance evaluation.

2.3 Compensation Committee Membership and Attendance 2020

Committee	Position	First Appointment	Meeting Attendance	%
Ms. Pernille Erenbjerg	Chairman	January-19	6 of 6	100
Mr. Lars-Åke Norling	Member	May-19	6 of 6	100
Mr. James Thompson	Member	January-19	6 of 6	100
Overall Attendance			18 of 18	100

In addition, the Chairman of the Board, Mr. José Antonio Rios Garcia, attended all of the regularly scheduled meetings of the Compensation Committee.

2.4 Areas covered in 2020

The Compensation Committee met six times in 2020 and was primarily focussed on reward and management retention in the face of the unprecedented operating environment.

Topic	Commentary
Bonus (STI) and performance reports	• Reviewed and approved Global Senior Management Team's 2019 performance reports and Executive Team individual payouts STI/LTI (cash /equity).
	• Reviewed and approved the 2020 short-term variable compensation targets.
Compensation review	• Approved all payments for Executive Team members.
	• Reviewed executive remuneration and governance trends and developments.
	• Reviewed and approved the peer group for the Executive Team benchmarking.
	• Approved changes to CEO and Executive Team compensation elements based on market competitiveness.
Share-based incentive plans	• Approved the 2017 LTI (PSP) vesting.
	• Reviewed and approved all equity grants.
	• Reviewed and approved the 2020 share units plan (DSP and PSP) rules.
	• Reviewed and approved the 2020 long-term variable compensation targets.
	• Reviewed the replenishment of the treasury share balance reserved for share-based incentive plans.
	• Reviewed share ownership guidelines and the compliance of each covered employee.
	• Reviewed performance and projections of outstanding LTI plans (2018, 2019 and 2020).
	• Reviewed equity plans participant turnover.
Global reward strategy and executive remuneration review	• Reviewed Remuneration/C&B Philosophy & Strategy.
Variable pay design	• Discussed and approved STI/LTI design for 2021.
	• Reviewed and approved STI and LTI performance measures for 2021.
Other	• Reviewed and approved exceptional items, new hire equity grants, etc.
	• Reviewed Executive Team's severance payouts in a Change of Control.
	• Reviewed STI historical targets and achievements.
	• Reviewed new requirements under Shareholder Rights Directive II.
	• Reviewed and approved compensation actions taken under COVID-19.
	• Reviewed and approved potential solutions related retention (MSUs).
	• Reviewed and approved a Clawback policy.
Compensation Committee governance	• Reviewed and approved the Compensation Committee annual meeting cycle and calendar.
	• Reviewed the Compensation Committee Charter.
	• Updated Executive Compensation dashboard.
	• Reviewed and approved the use of an external compensation consultant.

3. Our Compensation Philosophy and Core Principles The philosophy, guidelines, objectives, and policy applicable to remuneration of the Global Senior Management Team were approved by the shareholders (item 20) of the AGM held on June 25, 2020.

3.1 Core principles.
The Compensation Committee worked using the following objectives for Global Senior Management Team's compensation.

What we strive for	What it means
Competitive and fair	Levels of pay and benefits to attract and retain the right people.
Drive the right behaviors	Reward policy and practices drive behaviors that support our Company strategy and business objectives.
Shareholder alignment	Variable compensation plans support a culture of entrepreneurship and performance, and incorporate both short-term and longer-term financial and operational metrics strongly correlated to the creation of shareholder wealth. Long-term incentives are designed to maintain commitment over the long term, and ensure the interests of our Global Senior Management Team are aligned with those of shareholders.
Pay for Performance	Total reward structured around pay in line with performance, providing the opportunity to reward strong corporate and individual performance. A significant proportion of compensation of top management is variable (at risk) and based on measures of personal and company performance directly attributable to short-term and longer-term value creation.
Transparent	Millicom is committed to expanding external transparency, including disclosure around pay for performance, linkages to value creation, etc. We are also investing in HR information systems in order to facilitate the measurement and internal communication related to incentive composition including performance metrics, pay equity, goal setting, and pay for performance relationships.
Market competitive and representative remuneration	Compensation is designed to be market competitive and representative of the seniority and importance of roles, responsibilities and geographical locations of individuals (with the majority of the Global Senior Management Team roles located in the United States).
Retention of key talent	Variable compensation plans include a significant portion of share-based compensation, pay-out of which is also conditional on future employment with the Company for three-year rolling periods, starting on the grant date.
Executive management to be "invested"	Global Senior Management Team, through Millicom's share ownership guidelines, are required to reach and maintain a significant level of personal ownership of Millicom shares.

In addition, to drive the right behaviors and ensure expectations are aligned, we communicate clearly to our employees what we do and do not do when it comes to compensation. A summary is set out in the table below:

What we do	What we don't do
Align pay and performance.	No special executive perquisites.
We have a substantial majority of executive pay at risk, based on a mix of absolute and relative financial and share price performance metrics.	No hedging of Company stock by executives.
We impose limits on maximum incentive payouts.	No dividends or dividend equivalents on unearned PSUs or RSUs.
Engage in a rigorous target-setting process for incentive metrics.	No tax gross-ups related to change in control.
Threshold in our STI is set to pay only at 95% and above levels of performance.	
We have robust share ownership guidelines for our top 50 executives.	
"Double-trigger" change in control provisions in equity awards.	
We have clawback policies that apply to our performance-based incentive plans.	
Independent compensation consultant retained by the Compensation Committee.	

3.2 Elements of Executive pay

Compensation for the Global Senior Management Team in 2020 comprised a Base Salary, a Short-Term Incentive ("STI") and a Long-Term Incentive Plan ("LTI") together with pension contributions and other benefits (e.g. healthcare)

Salary

Pay Element	Purpose	Maximum Opportunity
Purpose and link to strategy	Designed to be market competitive to attract and retain talent	No absolute maximum has been set for Executive Team salaries. The Committee considers increases on a case by case basis based on peer comparison. Pay increases usually reflect a combination of role and responsibilities, local market conditions and individual performance.
Operational Execution	Paid monthly in cash in U.S. dollars or the home currency of the Executive Reviewed by the Compensation Committee every March	The Compensation Committee aims to set salaries for the Executive Team at the median of the peer group

STI

Pay Element	Purpose	Payout Opportunity
Purpose and link to strategy	The STI links reward to key business targets (70%) and individual contribution (30%)	Below 95% achievement of business targets the award falls to 0%. The threshold achievement is 95% of target resulting in a payout of 80%. The opportunity is 200% for the achievement of 110%.
	The STI provides alignment with shareholders' interests through the provision of 50% of the payment delivered in share units deferred over three years ("DSP") for senior leadership team. The DSP is awarded upon achievement of the performance targets and with 30% paid after one year, 30% after the second year and 40% after the third year of the grant date.	The target achievement for: CEO – 200% CFO – 150%
	These plans help to incentivize and motivate to execute strategic plans in operational decision making to achieve short-term performance goals impacting performance and enhancing the value of the Company.	Maximum achievement: CEO – 400% CFO – 300%
	The financial and operational targets are; • Service Revenue	20%
	• EBITDA	20%
	• Cashflow (OFCFaL)	20%
	• Transactional Net Promoter Score (tNPS)	10%
	• Personal Performance	30%
Benchmarking	Our STI is a key component of the Millicom group culture. We benchmark to peer companies within the U.S. and Latin America	Each year the Compensation Committee determines the annual STI opportunity for the Executive Team.

LTI

Pay Element	Purpose	Payout Opportunity
Purpose and link to strategy	The LTI links an important part of overall Global Senior Management Team compensation with the interests of our shareholders	For financial metrics, below 80 % achievement the award falls to 0 %. In the event the Company achieves between 80 % and 120 % of the target, the corresponding portion of the grant will be adjusted in linear pro rata of the achievement starting at a payout of 0 % at an achievement of 80 %, up to a maximum value of 200 % if target achievement is 120 % or higher. For TSR no award is made for performance below peer group median. Achieving TSR performance at median or above of a pre-determined peer the grant will be adjusted in linear pro rata of the achievement starting at a payout of 100 %, up to a maximum value of 200 % if target achievement is 120 % or higher
	This plan serves the purpose of aligning Global Senior Management Team longer-term incentives with the longer-term interests of shareholders, encouraging long-term value creation, retention and management's focus on long-term value	
	Millicom emphasizes the One Team mentality – by maintaining unified goals and objectives in the long-term incentive program for the Global Senior Management Team with the purpose of driving the successful achievement of three-year performance goals designed to enhance long-term value of the Company.	
Operational Execution	The LTI is a performance-based share units plan ("PSP") whereby share units awards granted fully vest at the end of a three-year period, subject to achievement against performance measures and fulfillment of conditions.	The target achievement for: CEO – 480 % CFO – 175 %
	LTI payouts are typically in share units and based on company three-year cash flow, and revenue targets approved by the Compensation Committee and the Board, as well as to shareholder return.	
	Performance Share Units Plan (PSP)	The maximum achievement for: CEO – 960 % CFO – 350 %
	The PSP financial targets are: • Service Revenue 25 % • OFCFaL (Operating Free Cash Flow) 50 % • Relative TSR 25 %	
	The PSP pays out / is settled in shares at the end of 3 years. *For 2021 LTI we plan to use OCFaL (Operating Cash Flow after Leases) in lieu of OFCFaL (Operating Free Cash Flow after Leases) and include a portion of the grant as Restricted Stock Units ("RSUs") following U.S. market practice, which will also vest at the end of the corresponding three-year period.	
Benchmarking	Our LTI is a key component of the Millicom group culture.	Each year the Compensation Committee determines the annual LTI opportunity for the Executive Team.
	We benchmark to peer companies within the U.S. and Latin America	

In addition, in order to ensure continued retention of key individuals during periods of uncertainty the Board also uses retention schemes. In 2021 the Board approved a Retention Scheme for a selected group of top management including the CEO and CFO.

3.3 Other Employment terms and conditions

Notice of termination: if the employment of a member of the Millicom's Executive Team is terminated, a notice period of up to 12 months could potentially apply. The Board regularly reviews best practices in executive compensation and governance and revises policies and practices when appropriate. In 2019 Millicom revised its change in control agreements for eligible executives to include "double-trigger" provisions, which require an involuntary termination (in addition to change in control) for accelerated vesting of awards.

Deviations from the policy and guidelines: in special circumstances, the Board may deviate from the above policy and guidelines, for example additional variable remuneration in the case of exceptional performance.

3.4 Other executive compensation policies

In 2020 the Compensation Committee approved a Clawback Policy, where Millicom has adopted a policy that requires its Board of Directors' Compensation Committee to seek recovery of incentive compensation awarded or paid to those officers covered under the policy, in the event that a restatement of Millicom's audited and published financial statements is found to have resulted in the payment of compensation in excess of what would have been paid based on the restated operating and financial performance.

In addition, the Company's Insider Trading Policy prohibits any hedging or speculative transactions in the Company's shares, including the use of options and other derivatives. It also prohibits directors and employees from selling the Company's stock short.

4. Key developments for 2020

In 2020, the impact of the COVID-19 pandemic was the overriding concern of the Compensation Committee. By necessity management had to take stringent actions to protect the health of employees, customers and partners. This inevitably meant that many of the business plans for the year, on which the performance targets were set, had to be shelved. As part of the actions taken, increases in annual pay, which were planned to take effect from April 1, 2020 were cancelled for the CEO and 120 of our Top Management team, and a hiring freeze was implemented. In addition, we implemented hazard pay, which sought to give a supplemental compensation to our employees who had to carry out some work in the field exposing themselves to additional risk.

Nonetheless, the Committee did not change any of the performance measures or targets for any of the "in-flight" incentive plans. The 2018 LTI vested in February 2021, reflected the achievement of the metrics including the COVID-19 impact.

With respect to the remaining in-flight plans, the 2019 and 2020 LTI plans, the impact of COVID-19 has made the achievement of those financial targets now much more uncertain and we have therefore implemented a Retention Plan to ensure key talent is retained during this period. The Compensation Committee has not implemented any other changes or adjustments to the targets or the metrics of our 2019 and 2020 LTI inflight plans.

4.1 Key elements of 2020 CEO and CFO pay

In 2020 the key elements of the CEO and CFO compensation, in line with the Remuneration Policy, were as follows;

	Salary (USD)	Short-Term Incentive		Long-Term Incentive	Pension	Benefits
Mauricio Ramos (CEO)	$1,173,000	200% of Base Salary delivered:	50% in Cash Bonus	PSP award of 480% of salary with 3-year cliff vesting	15% of salary	Private healthcare
			50% in Share Units over 3 years vesting 30%/30%/40%			Life insurance
		Performance Measures:	60% Financial			Car Allowance
			10% Customer			
			30% Personal			
Tim Pennington (CFO)*	$669,757	150% of Base Salary delivered:	50% in Cash Bonus	PSP award of 175% of salary with 3-year cliff vesting	15% of salary	Private healthcare
			50% in Share Units over 3 years vesting 30%/30%/40%			Life insurance
		Performance Measures:	60% Financial			Car Allowance
			10% Customer			
			30% Personal			

**CFO Compensation paid in Pounds GBP and for purposes of this report converted to USD using December Closing Forex.*

4.2 Summary of total CEO/CFO compensation

The compensation for the CEO and CFO is summarized in the table below:

	Mauricio Ramos (CEO)		Tim Pennington (CFO)*	
In USD	**2020**	**2019**	**2020**	**2019**
Base Salary	1,173,000	1,167,250	669,757	654,327
Fringe Benefits**	82,225	50,463	37,600	22,725
Pension Expense	284,520	278,914	100,464	98,149
Total Fixed	1,539,745	1,496,627	807,821	775,201
Annual Bonus***	1,301,131	1,427,510	508,896	626,375
Deferred Share Units***	1,301,131	1,427,510	508,896	626,375
LTIP****	5,630,400	4,600,000	1,200,964	1,132,957
Total Variable	8,232,662	7,455,020	2,218,756	2,385,707
Total Compensation	9,772,407	8,951,647	3,026,577	3,160,908
% Fixed	15.76 %	16.72 %	26.69 %	24.52 %
% Variable	84.24 %	83.28 %	73.31 %	75.48 %

**CFO Compensation paid in Pounds GBP and for purposes of this report converted to USD using December Closing Forex for each period.*

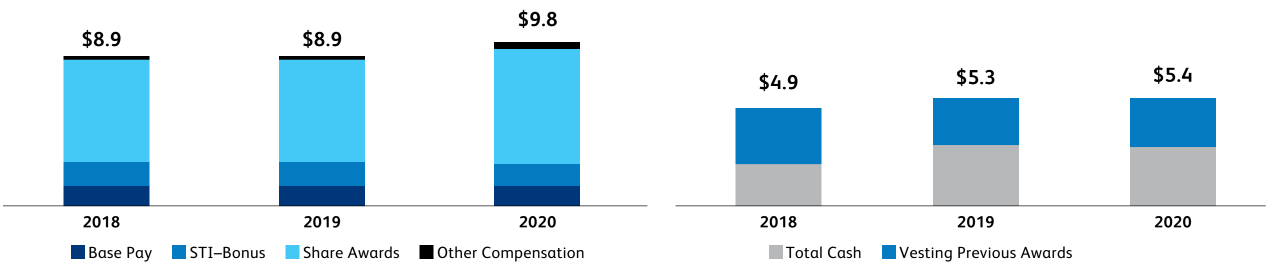
***Fringe Benefits include Car Allowance, Life and Disability Insurance, Medical and Dental Insurance.*

****The sum of Annual Bonus and Deferred Share Units is the total for the Short-Term Incentive Award for the performance period. 2020 STI to be paid and granted in Q1 2021.*

*****LTIP is Performance Share Units granted in the period granted in 2020.*

The total Short-Term award for the CEO, CFO and other senior leadership team is split 50% in cash and 50% in share units deferred over a three-year period ("DSP"). The compensation for the CEO and CFO is heavily weighted to variable compensation in the form of share units vesting over a three-year period. As a result, total compensation as shown in the previous table may differ significantly relative to the actual realized compensation in any given year. The table below compares CEO total compensation to his actual realized compensation in the last three years.

2020 CEO Compensation



Notes

-In average approximately 70% of CEO compensation is delivered in form of share

-In average realized pay has been 56% of Reported Pay

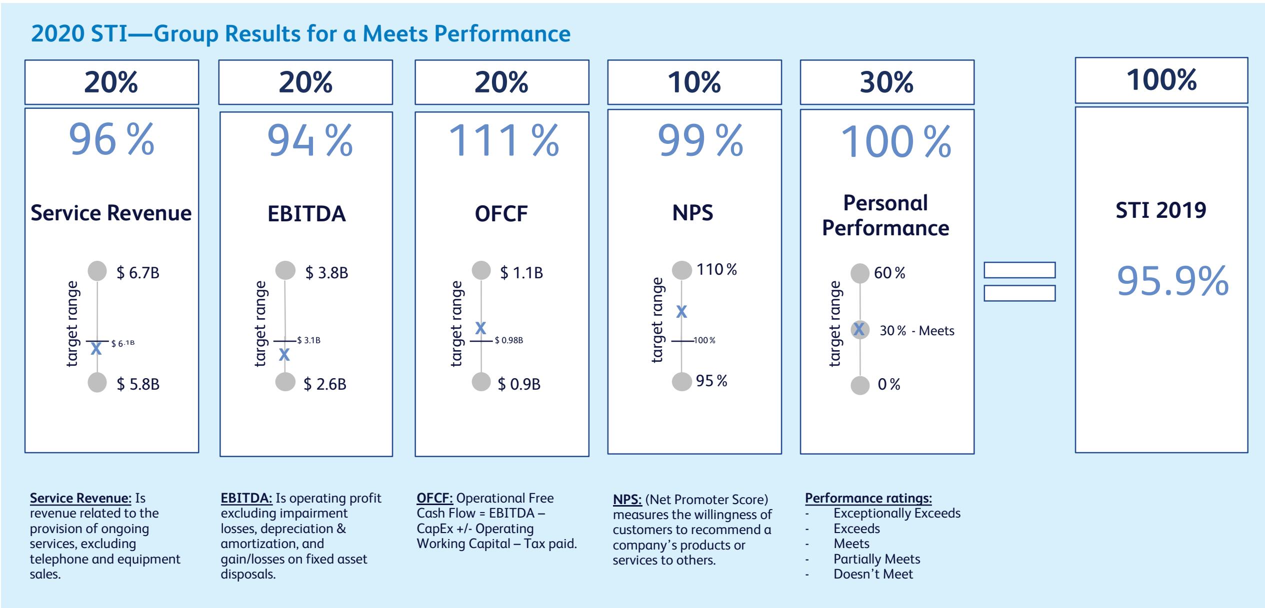
4.3 Performance on STI 2020

As in previous years, the Annual Bonus is determined by a mixture of Business Performance factors and Individual Performance factors. The Business Performance Factors included performance measures of service revenue, earnings before interest, tax, depreciation and amortization (“EBITDA”), operating free cash flow ("OFCF") and a customer satisfaction metric based on Net Promoter Score achievement. Use and relative weighting of financial performance target measures under the variable compensation rules are equal to all employees regardless of seniority or area of operation. This includes the CEO and the senior leadership team.

Base Salary x **Target Percentage** x **Business Performance Factors** x **Individual Performance Amounts** = **Annual Incentive Amount**

For the CEO and senior leadership team, a portion of the STI is paid in the form of deferred share units with a three-year pro-rated vesting, strengthening our pay for performance and retention incentives.

For 2020 the achievement of performance targets is set out in the table below:



For the CEO, the achievement of the Individual Performance is summarized below and resulted in a “Exceeds” performance rating. Naturally a number of the original personal objectives were rapidly superseded by the onset of the pandemic, but the board determined that the CEO transitioned the Group rapidly to deal with the impact of COVID which informed the decision to apply an “Exceeds” performance rating.

Target	Weighting	Measure	Outcome	Percentage achievement
Protect people	25 %	Protection of staff and customers	Outstanding response to the pandemic with universal policies and practices implemented quickly	50 %
Protect networks	25 %	Protect the networks to deliver the broadband required by the communities	Despite a 50 % increase in traffic on the fixed network and high spikes on the mobile network all networks maintained high levels of resilience and connectivity	50 %
Protect the balance sheet	25 %	Ensure liquidity and maintain the cashflows	Liquidity remained strong throughout and actions taken to sustain the business delivered higher than expected cashflow	50 %
Protect shareholders	25 %	Deliver the budget and improve the share price	The budget was not achieved and the share price fell during the year.	—%

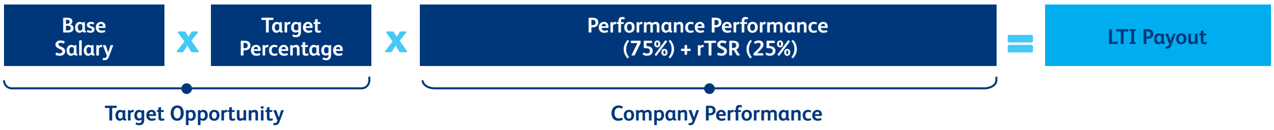
The CEO achieved 150 % of his revised personal objectives which translated into a 45 % payout in the personal performance component, taking the full STI award including the financial and operational targets to 110.9 %.

For the CEO and other eligible DSP participants, the issuance of share units under the DSP is subject to shareholder approval at Millicom’s annual general meeting of shareholders (AGM). For those employees not participating in the DSP, or to the extent that the DSP is not approved by the AGM, the STI will be implemented as a cash-only bonus program.

Under the 2020 STI, 2021 DSP share units are granted in Q1 2021 and will vest (generally subject to the participant still being employed by the Millicom group) 30 % in Q1 2022, 30 % in Q1 2023 and 40 % in Q1 2024. The vesting schedule is unchanged from the 2020 DSP.

4.4 LTI (PSP)

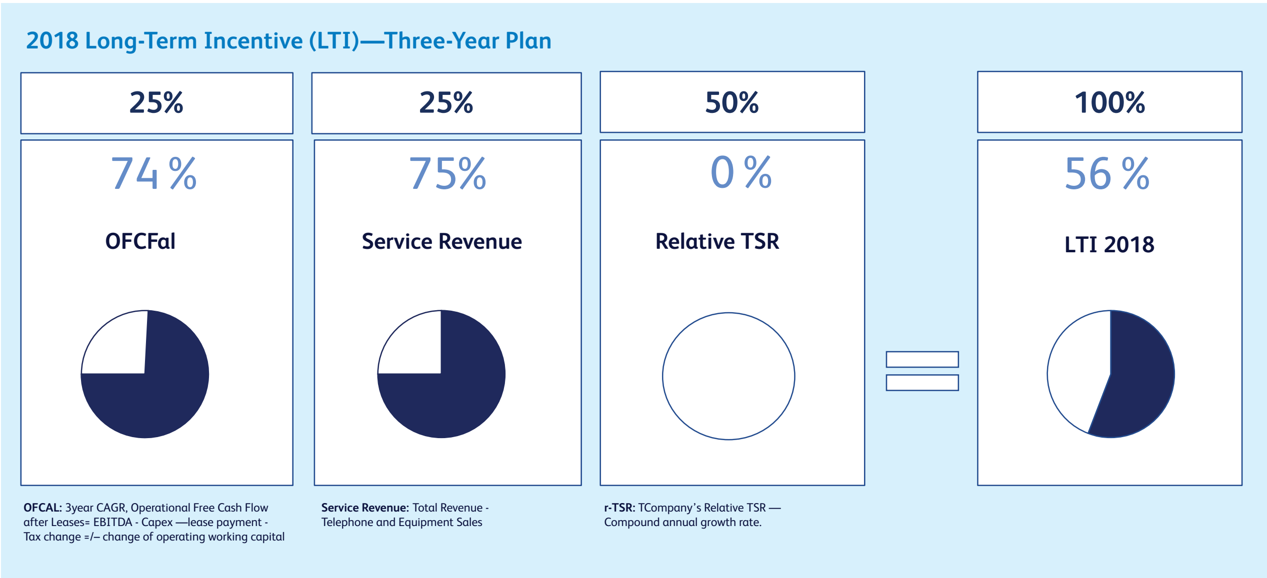
This section reviews the LTI 2018 performance which vested at the end Feb of 2021 and paid out in the first quarter of 2021 to 33 participants including the CEO and CFO. It also reviews the LTI 2020 plan granted in 2020 to 42 participants also including the CEO and CFO.



4.4.1 LTI (PSP) 2018 performance

The LTI 2018 Long-Term Incentive Plan vested in February 2021 with an achievement of 55.97% award. The outturn of LTI 2018 has been audited by Ernst & Young in respect of the Financial performance measures and by Towers Watson for the TSR.

For LTI 2018 the achievement of performance targets is set out in the table below;



Notes: Relative TSR considered the following peers: America Movil, Telefonica, TIM Brazil, TEF Brazil, Entel Chile, Lilac For the CEO and CFO the PSP 2018 resulted in the following award vesting;

Name	Type of award	Basis of award	Face value of award	Number of share units granted	End of performance period	Achievement	Number of shares vested
Mauricio Ramos (CEO)	LTI18	400% of salary	$4,600,000	69,576	Feb-21	55.97%	38,942
Tim Pennington (CFO)	LTI18	175% of salary	$1,182,832	17,890	Feb-21	55.97%	10,013

Deviations from the guidelines: In special circumstances, the Board may deviate from the above guidelines, such as additional variable remuneration in the case of exceptional performance. In these instances, the Board of Directors will explain the reason for the deviation at the following AGM. For the LTI in this review - PSP 2018, PSP 2019 and PSP 2020 - no discretion has been exercised and none of the performance or other conditions have been changed.

4.4.2 Award LTI 2020

A new plan was issued in 2020 in accordance with the Remuneration Policy guidelines, designed to drive shareholder value through a focus on service revenue growth, cashflow generation and relative total shareholder return against a relevant peer group. The PSP2020 plan was approved by shareholders at the 2020 AGM:

Metric	Weighting	Performance target	Performance measure
Service revenue	25%	Target growth	A specific 3-year CAGR target
OFCF	50%	Target growth	A specific 3-year CAGR target
TSR	25%	The Company TSR relative to a peer group between 2021 and 2023	At median - target payout; below median - nil; 20% above median - max

The peer group for the PSP 2020 is: America Movil, TIM Brazil, TEF Brazil, Entel Chile, Lilac, Telecom Argentina, Grupo Televisa, Megacable.

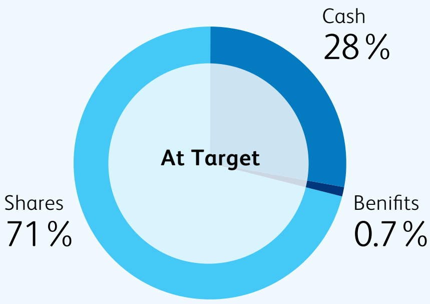
For the CEO and CFO the award of LTI 2020 is summarized below;

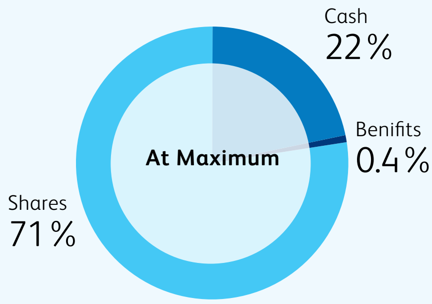
Name	Type of award	Basis of award	Face value of award	Number of share units granted	End of performance period
Mauricio Ramos (CEO)	PSU - 3 years Cliff Vesting	480% of salary	$5,630,400	122,768	February 2023
Tim Pennington (CFO)	PSU - 3 years Cliff Vesting	175% of salary	$1,200,964	26,186	February 2023

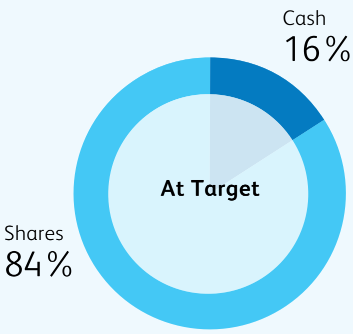
5. Remuneration approach for 2021

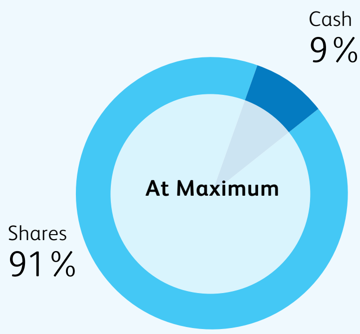
For 2021, the Board has proposed to continue with a consistent framework of STI and LTI with a few changes explained below. We also introduced of a Retention Plan for a selected group of top management.

For the CEO the On target and Maximum remuneration for 2021 is set out below:









At Target CEO Compensation is paid 71% in share units and 84% is variable compensation.

At Maximum CEO Compensation is paid 78% in share units and 91% is variable compensation.

5.1 Summary of key changes for 2021

We have made a number of changes to the 2021 remuneration plans to better focus on retention of key talent and the incentivization of a return to growth.

For the 2021 STI, in order to incentivize a fast return to financial performance we have steepened the curve on Financial Performance achievement. Financial Performance achievement is based on the budget approved by the Board with the achievement of the budget delivering 100% of the award and, at the maximum, 200%.

For the LTI 2021, the structure of the award remains consistent with 2020, although we have changed the definition of the cashflow target to Operating Cashflow after Leases. This adjusts for the impact of lease accounting to give a clearer view of the underlying operating cash generation of the business. In addition, we have removed changes in working capital and cash taxes as these have proved to have higher volatility.

Base Salary x **Target Percentage** x **Performance Performance (45%) + rTSR (20%)** x **RSUs (35%)** = **LTI Payout**

Target Opportunity (Base Salary x Target Percentage)

Company Performance (Performance Performance (45%) + rTSR (20%))

Additionally, to reflect the need for retention and to align more with U.S. practice (which is where the majority of our Global Senior Management Team are recruited) we have added time vested Restricted Stock Units ("RSU's") as a component of the LTI 2021 representing 35% of the award. The RSU's will vest at the end of three years.

We also increased the relative weighting of the rTSR from 15% to 20%, measured 10 trading days before / after December 31 of the last year of the corresponding three-year measurement period. We will measure the actual cumulative achievement against the 3-year cumulative targets for Service Revenue and Operating Cash Flow to better reflect the performance over the three-year period rather than simply the end point as is the case with a compound annual growth target.

The LTI 2021 is subject to approval by the AGM.

As noted above, the Board believed it necessary to introduce a Retention Plan in the light of the impact on future LTI awards as a consequence of the impact of COVID-19 on our business. The Retention Plan has been awarded to a selected group of executives, including the CEO and CFO. The plan is based on Market Stock Units ("MSU") and is a performance-based scheme where the outcome is dependent on the share price at the time of vesting.

The number of MSUs are determined on the basis of a share price at inception of $43.09 for Tranche 2022 and $47.00 for Tranche 2023. At the vesting date, the value of the MSU is determined by the 30-trading day average share price ending on June 30, 2022 for Tranche 2022, and the 30-trading day average share price ending on June 30, 2023 for Tranche 2023. For each Tranche, the payment is made in cash 12 months after those dates, provided the participant is still employed (subject to limited allowances for good leavers). For every participant, payment is capped at 150% of their Target MSU Award Value set up for each Tranche.

Participants of the Retention Plan are required to forfeit their awards under LTI 2019 and LTI 2020 in respect of the Financial targets, (Service Revenue Growth and Operating Cashflow), provided that the TSR component will continue to be active for these schemes.

6. Sundry

6.1 Summary of outstanding awards

							Opening Balance	During the Year			Closing Balance
Name	**Plan Type**	**Award Details - Plan Name**	**Performance Period**	**Award Grant Date**	**Vesting Date**	**Award Share Price in USD**	**Outstanding Balance as of Dec. 2019**	**Share Units Granted in 2020**	**Shares Vested in 2020**	**Forfeited in 2020**	**Outstanding Balance as of Dec. 2020**
Mauricio Ramos (CEO)	Deferred Share Plan	2017 DSP	2016	1/1/2017	1/1/2020	$43.93	18,554	—	18,554	—	—
		2018 DSP	2017	1/1/2018	1/1/2021	$66.11	10,688	—	3,527	—	7,161
		2019 DSP	2018	1/1/2019	1/1/2022	$59.65	25,011	—	7,503	—	17,508
		2020 DSP	2019	1/1/2020	1/1/2023	$45.86	—	31,126	—	—	31,126
	Performance Share Plan	2017 PSP	2017-2020	3/1/2017	3/1/2020	$43.93	45,528	—	34,146	11,382	—
		2018 PSP	2018-2021	3/1/2018	3/1/2021	$66.11	69,576	—	—	—	69,576
		2019 PSP	2019-2022	3/1/2019	3/1/2022	$59.65	77,111	—	—	—	77,111
		2020 PSP	2020-2023	3/1/2020	3/1/2023	$45.86	—	122,768	—	—	122,768
TOTAL Mauricio Ramos (CEO)							246,468	153,894	63,730	11,382	325,250
Tim Pennington (CFO)	Deferred Share Plan	2017 DSP	2016	1/1/2017	1/1/2020	$43.93	10,103	—	10,103	—	—
		2018 DSP	2017	1/1/2018	1/1/2021	$66.11	7,031	—	2,320	—	4,711
		2019 DSP	2018	1/1/2019	1/1/2022	$59.65	9,339	—	2,802	—	6,537
		2020 DSP	2019	1/1/2020	1/1/2023	$45.86	—	13,657	—	—	13,657
	Performance Share Plan	2017 PSP	2017-2020	3/1/2017	3/1/2020	$43.93	22,480	—	16,860	5,620	—
		2018 PSP	2018-2021	3/1/2018	3/1/2021	$66.11	17,890	—	—	—	17,890
		2019 PSP	2019-2022	3/1/2019	3/1/2022	$59.65	18,992	—	—	—	18,992
		2020 PSP	2020-2023	3/1/2020	3/1/2023	$45.86	—	26,186	—	—	26,186
TOTAL Tim Pennington (CFO)							85,835	39,843	32,085	5,620	87,973

6.2 Summary of shares owned vs. target

Millicom's share ownership policy sets out the Compensation Committee's requirements on the Global Senior Management Team to retain and hold a personal holding of common shares in the Company in order to align their interests with those of our shareholders. All Share Plan participants in the Global Senior Management Team are required to own Millicom shares to a value of a percentage of their respective base salary as of January 1 of each calendar year.

For that purpose we continue to uphold our share ownership requirements for our top 50 roles:

Global Senior Management Level	% of Annual Base Pay
CEO	400
CFO	200
EVPs	100
General Managers and VPs	50

For the CEO and CFO:

	Awarded unvested subject to performance conditions	Awarded unvested not subject to performance conditions	Shares required to be held as % salary	Number of shares required to be held	Number of beneficially owned shares	Shareholding requirement met
Mauricio Ramos (CEO)	269,455	55,795	400%	102,307	194,432	Yes
Tim Pennington (CFO)	63,068	24,905	200%	29,927	58,635	Yes

Unless this requirement is met each year, no vested Millicom shares can be sold by the individual.

6.3 Details of share purchase and sale activity
During 2020 Mauricio Ramos disposed of 28,546 shares in a forced liquidation.

6.4 Historic CEO & CFO pay

	2019 vs. 2018	2020 vs. 2019	Information Regarding 2020 (USD)
CEO Remuneration*	(0.6)%	9.2%	USD$M 9.77
CFO Remuneration*	0.9%	(4.2)%	USD$M 3.16
Group EBITDA	15.9%	(1.4)%	USD$M 2,487
Average remuneration on FTE basis of employees of parent company**	N/A	0.5%	USD$ 24,399

**Year-over-Year remuneration comparison compares Total Compensation column in 4.2 Summary of total CEO/CFO compensation of this report..*
***Average remuneration on a full-time equivalent basis of employees of the Millicom group other than the CEO, reported by each individual operation as of December 31st 2020.*

6.5. Board Compensation

Governance of Director Remuneration

Decisions on annual remuneration of Directors ("tantièmes") are reserved by the Articles of Association to the general meeting of shareholders. Directors are prevented from voting on their own compensation. In accordance with resolution 16 of the AGM on June 25, 2020, the Nomination Committee of Millicom was instructed to propose Director remuneration for the period from the date of the 2020 AGM to the date of the AGM in 2021.

2020 Director Remuneration

During early 2020, in proposing Director Remuneration, the Nomination Committee, received input from an external compensation advisor, including market and peer benchmarking, and considered the frequency of meetings and complexity of Millicom's business and governance structures. After consideration of these and other relevant aspects, the Nomination Committee proposed to keep the structure and amount of remuneration for each role for the Non-Executive Directors the same as the prior year.

a) Non-Executive Director Remuneration
Remuneration of the Non-Executive Directors comprises an annual fee and shares denominated in U.S. dollars . The remuneration is 100% fixed. Non-Executive Directors do not receive any fringe benefits, pensions or any form on variable remuneration. No remuneration was paid to any of the Non-Executive Directors in 2020 or 2019 from any other undertakings within the Millicom Group.

b) Executive Director Remuneration
Executive Directors do not receive any remuneration in their capacity as Directors.

Approval of 2020 Director Remuneration

The Nomination Committee's proposal for Director remuneration was approved at the AGM on June 25, 2020.

Name of Director	Year(i)	Cash-based fee ($000's)	Share-based fee(ii) ($000's)	Total ($000's)
Mr. José Antonio Rios Garcia	2020	100	200	300
Chair of the Board	2019	166	200	366
Ms. Pernille Erenbjerg [A]	2020	122.5	150	272.5
Deputy Chair of the Board Chair of the Compensation Committee	2019	200	150	350
Mr. Odilon Almeida	2020	75	100	175
Chair of the Compliance and Business Conduct	2019	73	100	173
Mr. Tomas Eliasson	2020	95	100	195
Chair of the Audit Committee	2019	111	100	211
Ms. Mercedes Johnson [A, CBE]	2020	85	100	185
	2019	73	100	173
Mr. Lars-Åke Norling [C, CBE]	2020	75	100	175
	2019	106	100	206
Mr. James Thompson [A, C]	2020	85	100	185
	2019	142	100	242
Former Director				
Ms. Janet Davidson (until June 2020)	2019	86	100	186
Mr. Roger Solé Rafols (until May 2019)	2019	16	n.a.	16
Total	**2020(iii)**	**637.5**	**850**	**1,487.50**
	2019(iv)	**973**	**950**	**1,923.00**

(i)Remuneration covers the period from June 25, 2020 to the date of the AGM in May 2021 as resolved at the shareholder meeting on June 25, 2020 (2019: for the period from May 2, 2019 to June 25, 2020).

(ii)Share-based compensation for the period from June 25, 2020 to May 2021 was based on the market value of Millicom shares on July 2, 2020 and represented a total of 32,358 shares (2019: 16,607 shares).

[A]Member of Audit Committee

[C]Member Compensation Committee

[CBE]Member Compliance and Business Ethics Committee

(iii)Total remuneration for the period from June 25, 2020 to May 2021 after deduction of applicable withholding tax at source comprised 71% in shares and 29% in cash (2019: 73% in shares and 27% in cash).

(iv)At the EGM of shareholders held on January 7, 2019, the shareholders resolved to increase the Directors remuneration following the Company's listing on the NASDAQ Stock Market in the US, and for the period from January 7, 2019 to the 2019 AGM on May 2, 2019. The increase amounted in total to $270 thousand.

6.6 2020 AGM vote

	Votes For	%	Votes Against	%	Abstentions	%
Directors Remuneration	44,672,372	99.45%	143,144	0.32%	101,749	0.23%
Senior management Remuneration Guidelines and Policy	43,435,104	96.70%	1,383,855	3.08%	98,306	0.22%

Millicom CEO and Executive Team

CEO	Position	Role and responsibilities
Mr. Mauricio Ramos	CEO	• Leading the development and execution of the Company's strategy
		• Day-to-day activities and management decisions, both operating and financial • Liaison between the Board and Management of the Company • Leading the Executive Team

Mr. Mauricio Ramos

Chief Executive Officer and Executive Director

Mauricio Ramos, born in 1968, joined Millicom in April 2015 as CEO and was elected as an Executive Director in June 2020. Previously he was President of Liberty Global's Latin American division from 2006 until February 2015.

Mauricio held several leadership roles at Liberty Global, including Chairman and CEO of VTR in Chile, Chief Financial Officer of Liberty's Latin American division and President of Liberty Puerto Rico.

Mauricio is also a Member of the Board of Directors of Charter Communications (U.S.).

He is a dual Colombian and U.S. citizen who received a degree in Economics, a degree in Law and a postgraduate degree in Financial Law from Universidad de Los Andes in Bogota.

MILLICOM SHAREHOLDING AT JANUARY 31, 2021: 194,432 shares

Millicom's Executive Team members support the CEO in the day-to-day operation and management of the Group, within their specific areas of expertise. The team meets at least monthly and more frequently when required. Millicom's Executive Team is as follows:

Executive	Team	Role Responsibilities
Mr. Tim Pennington	Chief Financial Officer	Finance and financial planning. Reporting financial performance, including external financial reporting. Budgeting and forecasting, monitoring expenditures and costs. Implementation and enhancement of related controls. Risk management. Oversight of the African business.
Mr. Esteban Iriarte	Chief Operating Officer–Latam	Operations and development of the Latin American businesses.
Mr. Xavier Rocoplan	Chief Technology and Information Officer	Networks, information technology, procurement and cybersecurity within the Group.
Mr. Karim Lesina	Chief External Affairs Officer	Government relations, regulatory affairs, corporate communications, corporate responsibility and corporate security.
Mr. Salvador Escalón	Chief Legal and Compliance Officer	Legal and corporate governance matters including oversight, identification and management of legal issues and cases of the Group; legal aspects of mergers and acquisitions and other corporate transactions. Compliance matters including ethics, anti-bribery, anti-corruption, anti-money laundering and related compliance programs.
Ms. Susy Bobenrieth	Chief Human Resources Officer	Human resources matters including talent acquisition and management, compensation, diversity and inclusion.

The profiles of the CFO and Executive Team members are provided below:

Mr. Tim Pennington

Senior Executive Vice President, Chief Financial Officer

Tim Pennington joined Millicom in June 2014 as Senior Executive Vice President and Chief Financial Officer.

Previously, he was the Chief Financial Officer at Cable and Wireless Communications plc, Group Finance Director for Cable and Wireless plc and CFO of Hutchison Telecommunications International Ltd, based in Hong Kong. Tim served as Finance Director of Hutchison 3G (UK), Hutchison Whampoa's British mobile business. He also has corporate finance experience: as a Director at Samuel Montagu & Co. Limited and as Managing Director of HSBC Investment Bank within its Corporate Finance and Advisory Department.

Tim is a Member of the Board of Directors of Euromoney Institutional Investor plc.

He is a British national and holds a BA (Honors) degree in Economics and Social Studies from the University of Manchester.

MILLICOM SHAREHOLDING AT JANUARY 31, 2021: 58,635 shares

Mr. Esteban Iriarte

Executive Vice President, Chief Operating Officer, Latin America
Esteban Iriarte was appointed as Executive Vice President and Chief Operating Officer (COO), Latin America in August 2016.

Previously, Esteban was General Manager of Millicom's Colombian businesses where, in 2014, he led the merger and integration of Tigo and the fixed-line company UNE.

Prior to leading Tigo Colombia, Esteban was head of Millicom's regional Home and B2B divisions.

From 2009 to 2011, he was CEO of Amnet, a leading service provider in Central America for broadband, cable TV, fixed line and data services, which Millicom acquired in 2008.

In 2016, Esteban joined the Board of Directors of Sura Asset Management, one of Latin America's leading financial groups.

Esteban is from Argentina. He received a degree in Business Administration from the Pontificia Universidad Catolica Argentina (Santa Maria de los Buenos Aires), and an MBA from the Universidad Austral in Buenos Aires.

MILLICOM SHAREHOLDING AT JANUARY 31, 2021: 29,744 shares

Mr. Xavier Rocoplan

Executive Vice President, Chief Technology and Information Officer
Xavier Rocoplan started at Millicom in 2000 and joined the Executive Team as Chief Technology and Information Technology Officer in December 2012.

Xavier currently leads all mobile and fixed network and IT and procurement and supply chain activities across the Group.

Xavier initially served as Millicom's CTO in Vietnam and subsequently in Southeast Asia. In 2004, he became CEO of Paktel, Millicom's subsidiary in Pakistan, where he launched Paktel's GSM operation and led the process that concluded with the disposal of the business in 2007. Xavier then served as head of Corporate Business Development, where he managed the disposal of various Millicom operations in Asia, the monetization of Millicom infrastructure assets (towers) as well as numerous spectrum acquisitions and license renewal processes in Africa and in Latin America.

Xavier is a French national. He holds a master's degree in engineering from Ecole Nationale Supérieure des Télécommunications de Paris and a master's in economics from Université Paris IX Dauphine.

MILLICOM SHAREHOLDING AT JANUARY 31, 2021: 38,623 shares

Mr. Karim Lesina

Executive Vice President, Chief External Affairs Officer
Karim joined Millicom in November 2020. Previously he held the position of Senior Vice President, International External and Regulatory Affairs at AT&T, directing the internal international and regulatory affairs teams, as well as the external and regulatory affairs teams across four international affiliates: Turner, Warner Media, AT&T Latin America and Direct TV.

Prior to his term at AT&T, Karim led the corporate affairs team at Intel as the Government Affairs Manager for Europe, Africa and the Middle East. Rounding out a strong portfolio, he acquired extensive agency experience through his work with multinational public relations and communications firms at the commencement of his career.

Born in Dakar (Senegal), Karim is an Italian-Tunisian national and has a master's degree in Economics of Development at the Catholic University of Louvain-la-Neuve.

MILLICOM SHAREHOLDING AT JANUARY 31, 2021: no shares

Mr. Salvador Escalón

Executive Vice President, Chief Legal and Compliance Officer
Salvador Escalón became Millicom's General Counsel in March 2013, Executive Vice President in July 2015 and Chief Legal and Compliance Officer in 2020. He leads Millicom's legal team and advises the Board of Directors and senior management on legal, compliance and governance matters.

Salvador joined Millicom as Associate General Counsel Latin America in April 2010. From 2006 to 2010, Salvador was Senior Counsel at Chevron Corporation, with responsibility for legal matters related to Chevron's downstream operations in Latin America. Previously, he practiced at the law firms Skadden, Morgan Lewis, and Akerman Senterfitt.

Salvador is an American national. He holds a J.D. from Columbia Law School and a B.B.A. in Finance and International Business from Florida International University.

MILLICOM SHAREHOLDING AT JANUARY 31, 2021: 42,012 shares

Ms. Susy Bobenrieth

Executive Vice President, Chief Human Resources Officer
Susy Bobenrieth, a global human resource professional, joined Millicom with over 25 years of experience in major multi-national companies that include Nike, American President Lines and IBM.

As an ex-Nike executive, she has extensive international knowledge and proven results in leading large-scale organizational transformations, driving talent-management agendas and leading teams. She is passionate about building great businesses and winning with high-performing teams.

Susy is one of eight children raised in the U.S. by Chilean immigrant parents. She possesses deep international experience, having lived and worked in Mexico, the U.S., Brazil, the Netherlands and Spain. She earned a degree from the University of Maryland, University College in 1989.

MILLICOM SHAREHOLDING AT JANUARY 31, 2021: 711 shares

Management Governance

The Group seeks to embed governance activities in the daily operations of all businesses and in its corporate functions. The role of the Group's governance functions is to set policies and procedures in accordance with our obligations and international best practices. These functions then ensure policies and procedures are embedded in our businesses and serve to monitor compliance.

Each function has clear reporting lines through to the Executive Management Team and the CEO. Functions report to the Board committees, as previously described, based on the responsibilities of each committee. For instance, the Group has a dedicated Internal Audit function to provide independent assurance over all businesses and corporate functions through a program of risk-based internal audits. Internal Audit reports to the Audit Committee of the Board with a dotted line to Executive Management. This function identifies areas for improvement, assigns management actions and monitors implementation progress.

Business Control

The Board is responsible for the Group's system of internal control, which is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. This system can only provide reasonable, but not absolute, assurance against material misstatement or loss. The concept of reasonable assurance recognizes that the cost of control procedures should not exceed the expected benefits.

Responsibility for maintaining effective internal controls is delegated to the CEO and the Executive Team with oversight provided by the Audit Committee. The Executive Team is supported by a dedicated Business Control team responsible for the Internal Control framework. Each country also has its own dedicated local Business Control team responsible for monitoring and development of the local internal control environment.

Following the completion of the first-year controls attestation under the Sarbanes-Oxley Act for the 2019 financial year, we focused in 2020 on consolidating the significant improvements made in internal controls over financial reporting and ensuring that these controls are efficient and sustainable. The updated control framework was rolled out to our operations in Nicaragua and Panama, which were acquired from Telefonica.

In order to support our Sarbanes-Oxley program, we run a Group Steering Committee comprising members of the Executive Team and other senior management. The committee oversees the program, evaluates the findings of management testing and ensures the availability of appropriate resources.

Business Control teams continue to place themselves at the heart of Group efficiency and transformation programs to ensure that robust internal controls are an integral consideration in each program.

Monitoring Systems

Aligned with our Sarbanes-Oxley program, we operate a program of management testing of key financial controls. Eight management testing cycles were run during 2020 for our largest markets, covering both business processes and IT general controls. The results, including remediation actions where required, were reported and discussed with the Executive Management Team, the Sarbanes-Oxley Steering Committee and the Audit Committee. During 2020, we invested in developing an internal Center of Excellence for control testing based in El Salvador. We plan to further develop and expand this in 2021.

We completed the roll out of our Governance, Risk and Compliance tool to manage and monitor internal control compliance and reporting. This central platform, which is used by control owners in all operations in the Group, has improved the efficiency and quality of our internal controls and proved invaluable as teams moved to working remotely during the COVID-19 pandemic.

Fraud Management and Reporting

Business Control is responsible for fraud risk management. We continued our education activities, including an awareness campaign aligned with International Fraud Awareness Week in November 2020.

Each operation prepares a quarterly fraud report and presents a summary to the Audit Committee along with a description of the key actions taken. Quantitative and qualitative thresholds govern the reporting of individual fraud incidents to the Group CFO, CEO and Audit Committee.

Internal Control over Financial Reporting

The management of Millicom is responsible for establishing and maintaining adequate internal control over financial reporting. This process is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in conformity with International Financial Reporting Standards. Due to their inherent limitations, internal controls over financial reporting may not prevent or detect misstatements.

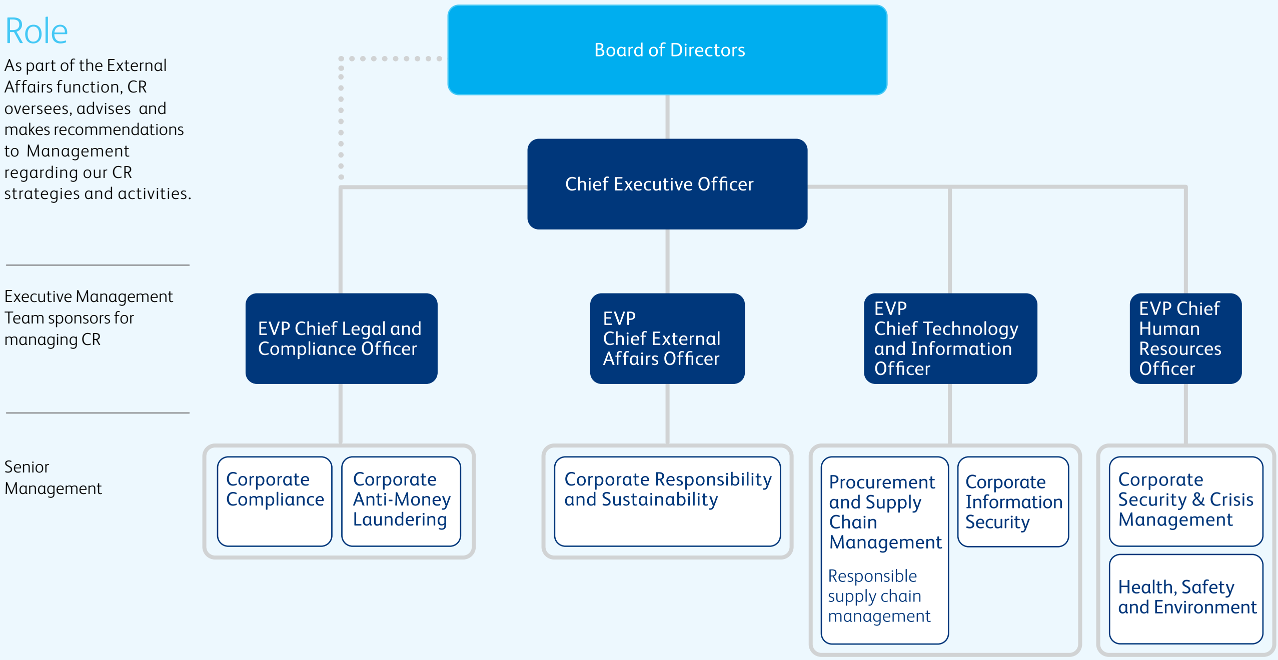
Management has assessed the effectiveness of internal control over financial reporting as of December 31, 2020 and concluded that it was effective. The foregoing assessment does not constitute and is not meant to be an assessment of Millicom's internal control over financial reporting for purposes of the U.S. Securities Exchange Act of 1934, as amended.

Risk Management

The risk function identifies, analyzes, measures and monitors Millicom's risks. The Chief Risk Officer is responsible for providing risk owners at the central functional and country levels with a methodology and tools needed to balance risk with return. A Management Risk Committee, comprising members of the Executive Team and functions responsible for key risk, meets on a regular basis to provide oversight on the evolution of risk and the approach taken to manage risk. The Chief Risk Officer also reports to the Executive Team and the Audit Committee. The Audit Committee, on behalf of the Board, oversees risk management activities.

Our risk assessment processes and the principal risks managed by the Group are set out in the Risk Management section of this annual report.

How CR is governed



Ethics and Compliance

Our Corporate Ethics & Compliance Program is central to our business strategy and is effectively embedded in the business processes and procedures. Our program integrates preventive measures, key controls, reporting mechanisms and due diligence processes with the aim of detecting and correcting misconduct and wrongdoing. We measure the actual impact of this program on our employees, customers, stakeholders and communities in the countries where we operate.

Our Ethics and Compliance function consists of global resources responsible for the Group's Corporate Compliance, Anti-Money Laundering, and Compliance Strategic Response Programs. We also have a Compliance Officer in each market.

Management and Governance of Compliance Activities

Millicom strives to build a strong corporate culture that seeks compliance excellence, and in which employees at all levels are committed to doing what is right and upholding the Company's values and standards. As we continue to evaluate progress every year, in 2020 we conducted a Compliance Survey to measure the level of compliance culture across our operations.

We enhanced Ethics and Compliance knowledge through consolidated digital training provided in English and Spanish. Employees received mandatory training on the Code of Conduct, Anti-Corruption and Anti-Bribery, and AML policies in order to reinforce the most important compliance concepts, influence employee behavior, and prevent misconduct through practical examples. We also provided targeted Face to Face Training in addition to the digital training program.

Our Compliance Communication Plan for 2020 included weekly newsletters that highlighted latest corporate enforcement actions, lessons learned, monthly campaigns on various compliance policies, and the celebration of the annual Corporate & Ethics Compliance Week in November 2020.

Aligned with our motto #IntegrityStartsWithYou, and for the third year in a row, executive financial incentives and rewards included compliance goals, and clear KPIs were built into the remuneration package of our General Managers.

We were proactive in assessing risks emanating from the COVID-19 crisis. We implemented plans to address identified risk areas, which include fraud by third parties, requests for donations, and more frequent government touchpoints as they reach out to private industry to request aid in managing the COVID-19 crisis.

We did not identify any novel risks arising from the crisis, but rather a propensity to increase certain risks we already monitor and address, such as corruption in times of economic downturn.

To manage an increased number of government and private sector requests for COVID-19 aid and other emergency actions, we reinforced our cross-functional approval process by External Affairs, Compliance, and Legal. We also centralized the COVID-19 requests to ensure these cases are handled with the same level of business conduct that characterizes us.

Speak Up Policy and Issue Management

Continuing with our compliance education program, we reinforced our Speak Up Policy, included Speak Up in our training program, and included a Speak Up campaign in our communications program. We have a team dedicated to following up on concerns that arise through Speak Up and are committed to addressing any such concerns in a fair, impartial, and efficient manner.

The Executive Team and the Compliance & Business Conduct Committee of the Board received regular updates on cases raised through the Ethics Line or other channels.

Corporate Responsibility

This is the fourth year that Millicom has integrated corporate responsibility-related performance data and information into our annual report. We do this to demonstrate how managing responsible growth and key social and environmental risks supports the successful delivery of our business strategy.

Millicom's Corporate Responsibility (CR) team sets CR strategy; drives best-in-class policies and processes for CR governance; guides and coordinates CR performance across business functions; and publishes CR-related performance data and information in the annual report. Our integrated report continues to promote transparency toward investors and other key stakeholders on CR risks and opportunities.

The CR team constantly engages with internal and external stakeholders to ensure Millicom understands and addresses CR issues that are important to our business and relevant to our stakeholders.

Stakeholder engagement occurs through a biennial materiality assessment and through ongoing interaction with our key stakeholders. This year, the CR team conducted a materiality assessment and engaged more than 40 internal and external stakeholders to evaluate the impact of the pandemic on our CR strategy and programs. The assessment yielded the need to adapt its strategy to the risks and opportunities presented by the pandemic, including tailoring our programs to help communities and schools as they move their daily tasks in the physical to the digital world. Guided by its Framework, 5-Year CR plan and associated targets, the CR function adds value by seeking responsible leadership opportunities to implement initiatives that permit the Group to make the greatest positive impact on society, the environment and our business.

Corporate Responsibility Governance

The Board oversees the Government Relations, Regulatory Affairs and CR functions, which fall under the umbrella of External Affairs. This structure signifies the depth and materiality of these topics and the importance of monitoring their interconnected risks and opportunities. The Director of Corporate Responsibility reports to the Executive Vice President (EVP) Chief External Affairs Officer, who in turn reports directly to the CEO and is accountable for delivering updates on the CR strategy to the Board. We also report progress on CR strategy implementation and issues management to the Executive Team on a monthly basis, either through the EVP Chief External Affairs Officer or directly in specific cases.

Health, Safety, Environment and Security Services

With the impact of the COVID-19 global pandemic on our operations, the number-one priority of the Health & Safety teams became protecting our employees and creating safe working environments. Our Health and Safety teams responded by developing protocols for our workforce as well as incorporating workspace cleaning, personal hygiene, personal protection equipment and social distancing recommendations from the World Health Organization and U.S. Centers for Disease Control (CDC). As all the countries in which we operate declared telecommunications as critical industries that needed to continue during the pandemic, we implemented additional safety measures to protect our employees in critical roles, our customers and our business continuity.

During the pandemic, the Health, Safety and Environment teams were able to obtain recertification of ISO 45001 health and safety standards in all countries.

The Health and Safety teams oversee the implementation of policy and Group standards in health, safety and environment as well as facilities management, fleet management, and fuel and energy resources. The Health and Safety teams responded quickly and professionally to several major incidents and events during 2020, including Hurricanes Eta and Iota, which affected Central America in November 2020. The Heatlh and Safety teams also provide effective and efficient solutions to support our Carbon Disclosure Program (CDP) and environmental energy efficiency plans.

Throughout 2020, we prevented any employee fatalities or major losses to the Group. Unfortunately, there were 4 fatalities in our contracted services.

Our Security Teams are responsible for the safety and protection of our people, facilities and assets. During this period, we implemented new initiatives focused on protecting assets and mitigating losses of material and equipment at our network locations. Successful asset protection initiatives were implemented in Bolivia, Colombia, El Salvador, Nicaragua, Panama and Paraguay. We anticipate global implementation of these initiatives by Q2 2021.

The Executive Vice President of Human Resources oversees the Health, Safety, Environment and Security functions.

Business Continuity and Crisis Management

We designed our global and operational business continuity and crisis management system to address any significant disruption that might affect critical day-to-day activities. This system continues to mature but has already responded to events such as extreme weather, civil unrest, and criminal and political activities in some of the countries where we operate.

Risk assessment is a continuous activity that starts with a business impact analysis of all critical services and processes that require a disaster recovery and business continuity plan. After performing a risk assessment on all critical assets identified in the analysis, we address every relevant operational threat in a formal risk mitigation plan.

Millicom crisis management defines the proper response to, and management of, an intense, unexpected and unstable situation that disrupts normal operations and has highly undesirable outcomes that require extraordinary measures to restore normal operations. Crisis management aims to protect the safety of our staff, our reputation, and our ability to deliver continuous and reliable service to customers, while also maintaining our contractual, legal and regulatory compliance.

In parallel, Millicom has physical security and loss-prevention standards that set minimum acceptable levels of critical site protection, as defined by industry best practices. All activities undergo monitoring and compliance activities.

Information Security

Our Global Chief Information Security Officer (CISO) manages the information security program and reports to the EVP Chief Technology and Information Officer. The CISO is responsible for identifying, managing and mitigating technology-centric risks throughout the company.

The CISO oversees regional information security teams to ensure the confidentiality, integrity and availability of all business-critical systems and assets. Other responsibilities include identifying potentially detrimental threats and risks and safeguarding proprietary and personal customer information. Additionally, the regional teams work closely with Millicom business and technology leaders to ensure compliance with corporate policies and regional information security-related regulatory requirements within the various countries where we conduct business.

The CISO meets regularly with the Compliance and Business Conduct Committee and Audit Committee to ensure appropriate risks are elevated and addressed.

In 2020 we saw a significant uptick in general attack volume with a marked increase specifically in email-based phishing attacks focused on COVID-19 messaging. The recently enhanced anti-phishing solutions worked extremely well in mitigating the attacks and we leveraged the knowledge gained during this time to increase our overall phishing awareness and training initiatives,

During 2020, the global Information Security team focused on the automation, tracking, and reporting of risk throughout the enterprise.

• Centralization of Incident Reporting: During 2020, the global team moved from the local tracking and reporting of security-related incidents to a global, centralized process. All markets now leverage a single solution to report incidents, track resolution progress, and store all associated incident documentation. This new solution has also enabled the redesigning of several corporate controls to facilitate group-level reviews of incident resolution practices to ensure all markets align with stated goals and directions.

• Global Security Operations Center expansion: During 2020, we significantly increased the visibility of the corporate Security Operations Center by over 40%, further expanding monitoring deeper into all critical networks. Additionally, the new Panama operation was fully migrated to the MIC SOC to ensure alignment to corporate polices. For 2021, the teams are focused on continuing the migration, with a goal to have all identified environments fully monitored by year end.

• Development of a Global Vulnerability Management program: Throughout 2020, the global team continues to roll out the program across all markets, significantly increasing coverage and risk reporting. Additionally, integration with the Security Operation Center enhances and expedites incident review and risk management.

Directors' Financial and Operating Report

Group Performance[1]

In 2020, total revenue for the Group was $4,171 million and gross profit was $3,000 million, a margin of 71.9%.

Operating expenses represented 36.1% of revenue, a decrease compared with the 37.0% of 2019 as a result of cost savings initiatives implemented to mitigate the impact of COVID-19 on our financial performance.

Operating profit was down 22.4%, amounting to $446 million, a 10.7% margin, which was negatively affected by increased amortization and depreciation stemming from our recent acquisitions in Nicaragua and Panama and our spectrum purchase in Colombia, as well as by an impairment of a loan receivable from the joint venture in Ghana.

Net financial expenses were $611 million, an increase of $67 million compared with last year. This change was mainly due to accrued interest on spectrum purchased in Colombia as well as one-time charges related to bond redemptions.

Loss before taxes was $271 million, reflecting the lower operating profit and higher interest expense described above, as well as other non-operating expenses of $106 million related to the mark to market of our equity investments in Jumia and Helios Towers, and foreign exchange losses.

Net tax charge was $102 million, leaving a net loss from continuing operations of $373 million for the year. The loss of $12 million from discontinued operations reflects adjustments to the sales of Chad and Senegal.

As a result, our net loss for the year was $385 million. The share of losses of non-controlling interests was $41 million, reflecting our partners' share of net results in our subsidiaries in Colombia and Panama.

The net loss for the year attributable to Millicom owners was $344 million. Loss per share was $3.40.

Share Capital

At December 31, 2020, Millicom had 101.7 million issued and paid-up common shares of par value $1.50 each, of which approximately 526,000 were held by the Company as treasury shares (2019: approximately 580,000). During the year, the Company acquired 350,000 shares through its share repurchase program, and it issued approximately 372,000 shares to management and employees under the LTIPs, and issued approximately 32,000 shares to Directors as part of their annual remuneration.

Distribution to Shareholders and Proposed Distributions

As part of its response to the pandemic, the Group prioritized the protection of employees' health and safety as well as their income. With this support, our employees ensured that customers remained connected and cared for, safely. In order to provide this invaluable support to our communities, the Group also took steps to preserve its financial strength and liquidity, including the shareholder-approved proposal from the Board of Directors not to pay a dividend in 2020 related to 2019 profits.

On February 10, 2021, the Board approved to propose to the AGM to be held on May 4, 2021 a share buyback program to replace the program approved by the shareholders at the AGM held on June 25, 2020. Under the terms of this proposed program, the number of shares that may be repurchased between May 4, 2021 and the date of the AGM to be held in 2022, would not exceed the higher of 5% of the outstanding share capital of the Company as per April 20, 2021 or 5,000,000 shares. The purpose of the repurchase program is to reduce Millicom's share capital, or to use the repurchased shares for meeting obligations arising under Millicom´s employee share based incentive programs. Payment for the shares would be made in cash.

Financial Risk Management Objectives and Policies

Millicom's financial risk management policies and objectives, together with a description of the various risks and hedging activities undertaken by the Group, are set out in Section D, financial risk management, of the consolidated financial statements.

Internal controls and risk management on the preparation of the consolidated financial statements are covered in Our Governance section starting on page 61.

Non-Financial Information

Non-financial information—such as environmental, social, human rights and the fight against corruption—are integrated throughout this report and in our Disclaimers section starting on page 107.

[1]*Presented on an IFRS basis.*

Management and Employees

In recent years, the Group has developed many key functions and improved support to local operations, including in the areas of procurement, network development, marketing, IT, HR, compliance and finance.

At December 31, 2020, the Group's headcount from continuing operations reached approximately 21,000, down from around 22,000 at December 31, 2019.

Outlook

We maintain our medium-term ambition to deliver mid-single-digit organic service revenue growth, mid-to-high single-digit organic EBITDA growth, and around 10% organic OCF growth for the Latam segment. That said, due to ongoing uncertainty around COVID-19, we expect that our financial performance in 2021 will likely remain below this medium-term ambition.

Risks and Uncertainty Factors

The Group operates in an industry and markets that are characterized by rapid change and are subject to macro-economic, competitive and political uncertainty. These conditions create opportunities as well as a degree of risk. Many of the inherent underlying risks in these markets—including regulatory change (such as tariff controls and taxation), currency fluctuations and underlying macroeconomic conditions—affect the level of disposable income as well as consumers' attitudes and demand for our products and services.

Subsequent Events

2026, 2028 and 2029 Senior Notes. On February 22, 2021, Millicom redeemed 10% of the principal outstanding of its Notes due 2026, 2028 and 2029 at a price of 103%. This redemption follows Millicom's announcement dated February 11, 2021.Total consideration of approximately $180 million was funded from cash, consistent with the company's decision to prioritize debt reduction.

Colombia bond. On February 16, 2021, Millicom's subsidiary UNE EPM Telecomunicaciones S.A ("UNE") issued, under the approved local bond program, a COP 485,680 million bond (approximately $138 million) with 3 maturities: a "Serie 7 years at 5.56% fixed rate", a "Serie 10 years at CPI plus 2.61% margin" and a "15 years at CPI plus 3.18% margin". The use of proceeds will be mainly for local USD debt refinancing, to improve UNE's natural hedge against local currency, and also to extend maturities.

José Antonio Ríos García
Chairman of the Board of Directors
Luxembourg, March 10, 2021

Management Responsibility Statement

We, Mauricio Ramos, Executive Director and Chief Executive Officer, and Tim Pennington, Chief Financial Officer, confirm to the best of our knowledge that these 2020 consolidated financial statements—which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union—give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Millicom Group and the undertakings included in the consolidation taken as a whole. We also confirm to the best of our knowledge that the Directors' report includes a fair review of the development and performance of the business; the position of the Millicom Group; and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Group faces.

Mauricio Ramos
Executive Director and Chief Executive Officer

Tim Pennington
Chief Financial Officer

Luxembourg, March 10, 2021

Disclaimers and Non-IFRS Reconciliations

Disclaimers

Forward-Looking Statements

Statements included herein that are not historical facts, including without limitation statements concerning future strategy, plans, objectives, expectations and intentions, projected financial results, liquidity, growth and prospects, are forward-looking statements. Such forward-looking statements involve a number of risks and uncertainties and are subject to change at any time. In the event such risks or uncertainties materialize, Millicom's results could be materially adversely affected. In particular, there is uncertainty about the spread of the COVID-19 virus and the impact it may have on Millicom's operations, the demand for Millicom's products and services, global supply chains and economic activity in general. The risks and uncertainties include, but are not limited to, the following:

- Global economic conditions and foreign exchange rate fluctuations as well as local economic conditions in the markets we serve
- Potential disruption due to diseases, pandemics, political events, piracy or acts by terrorists, including the impact of the recent outbreak of the COVID-19 virus and the ongoing efforts throughout the world to contain it
- Telecommunications usage levels, including traffic and customer growth
- Competitive forces, including pricing pressures, the ability to connect to other operators' networks and our ability to retain market share in the face of competition from existing and new market entrants as well as industry consolidation;
- Legal or regulatory developments and changes, or changes in governmental policy, including with respect to the availability of spectrum and licenses, the level of tariffs, tax matters, the terms of interconnection, customer access and international settlement arrangements
- Adverse legal or regulatory disputes or proceedings;
- The success of our business, operating and financing initiatives and strategies, including partnerships and capital expenditure plans
- The level and timing of the growth and profitability of new initiatives, start-up costs associated with entering new markets, and the successful deployment of new systems and applications to support new initiatives
- Relationships with key suppliers, and the costs of handsets and other equipment
- Our ability to successfully pursue acquisitions, investments or merger opportunities; integrate any acquired businesses in a timely and cost-effective manner; and achieve the expected benefits of such transactions
- The availability, terms and use of capital; the impact of regulatory and competitive developments on capital outlays; and the ability to achieve cost savings and realize productivity improvements
- Technological development and evolving industry standards, including challenges in meeting customer demand for new technology and the cost of upgrading existing infrastructure
- The capacity to upstream cash generated in operations through dividends, royalties, management fees and repayment of shareholder loans
- Other factors or trends affecting our financial condition or results of operations

A further list and description of risks, uncertainties and other matters can be found in Millicom's Registration Statement on Form 20-F, including those risks outlined in "Item 3. Key Information—D. Risk Factors," and in Millicom's subsequent U.S. Securities and Exchange Commission filings, all of which are available at www.sec.gov. To the extent COVID-19 adversely affects Millicom's business and financial results, it may also have the effect of heightening many of the risks described in Millicom's filings.

All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by this cautionary statement. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Except to the extent otherwise required by applicable law, we do not undertake any obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

Non-IFRS Measures

This report contains financial measures not prepared in accordance with IFRS. These measures are referred to as "non-IFRS" measures and include: non-IFRS service revenue, non-IFRS EBITDA and non-IFRS Capex, among others defined below. Annual growth rates for these non-IFRS measures are often expressed in organic constant currency terms to exclude the effect of changes in foreign exchange rates and the adoption of new accounting standards such as IFRS 16; and are pro forma for material changes in perimeter due to acquisitions and divestitures. The non-IFRS financial measures are presented in this report, as Millicom's management believes they provide investors with additional information for the analysis of Millicom's results of operations, particularly in evaluating performance from one period to another. Millicom's management uses non-IFRS financial measures to make operating decisions, as they facilitate additional internal comparisons of Millicom's performance to historical results and to competitors' results; and shares these non-IFRS financial measures with investors as a supplement to Millicom's reported results in order to provide additional insight into Millicom's operating performance. Millicom's Remuneration Committee uses certain non-IFRS measures when assessing the performance and compensation of employees, including Millicom's executive directors.

The non-IFRS financial measures used by Millicom may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies - refer to the section "Non-IFRS Financial Measure Descriptions" for additional information. In addition, these non-IFRS measures should not be considered in isolation as a substitute for, or as superior to, financial measures calculated in accordance with IFRS. Millicom's financial results calculated in accordance with IFRS and reconciliations to those financial statements should be carefully evaluated.

Alternative Performance Measure description

Service revenue is 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, short message services and other value-added services excluding telephone and equipment sales.

EBITDA is operating profit excluding impairment losses, depreciation and amortization, and gains/losses on fixed asset disposals.

EBITDA after Leases ('EBITDAaL') represents EBITDA excluding lease repayments.

EBITDA Margin represents EBITDA in relation to Revenue.

Proportionate EBITDA is the sum of the EBITDA in every country where Millicom operates, including its Guatemala and Honduras joint ventures, pro rata for Millicom's ownership stake in each country, less corporate costs that are not allocated to any country and inter-company eliminations.

Organic growth represents year-on-year growth excluding the impact of changes in FX rates, perimeter, and accounting. Changes in perimeter are the result of acquisitions and divestitures. Results from divested assets are immediately removed from both periods, whereas the results from acquired assets are included in both periods at the beginning (January 1) of the first full calendar year of ownership.

Net debt is Debt and financial liabilities less cash and pledged deposits.

Net financial obligations is Net debt plus lease liabilities.

Proportionate financial obligations is the sum of the net financial obligations in every country where Millicom operates, including its Guatemala and Honduras joint ventures, pro rata for Millicom's ownership stake in each country.

Leverage is the ratio of net financial obligations over LTM (last twelve month) EBITDA, proforma for acquisitions made during the last twelve months.

Leverage after leases is the ratio of net debt over LTM (Last twelve month) EBITDA after leases, proforma for acquisitions made during the last twelve months.

Proportionate leverage is the ratio of proportionate net financial obligations over LTM proportionate EBITDA, proforma for acquisitions made during the last twelve months.

Proportionate leverage after leases is the ratio of proportionate net debt over LTM (Last twelve month) EBITDA after leases, proforma for acquisitions made during the last twelve months.

Capex is balance sheet capital expenditure excluding spectrum and license costs and lease capitalizations.

Cash Capex represents the cash spent in relation to capital expenditure, excluding spectrum and licenses costs.

Operating Cash Flow (OCF) is EBITDA less Capex.

Operating Free Cash Flow (OFCF) is OCF less changes in working capital and other non-cash items and taxes paid.

Equity Free Cash Flow (EFCF) is OFCF less finance charges paid (net), less advances for dividends to non-controlling interests, plus dividends received from joint ventures.

Equity Free Cash Flow after Leases (EFCFaL) is EFCF, less lease principal repayments.

Operating Profit After Tax displays the profit generated from the operations of the company after statutory taxes.

Return on Invested Capital (ROIC) is used to assess the Group's efficiency at allocating the capital under its control to and is defined as Operating Profit After Tax, including Guatemala and Honduras as if fully consolidated, divided by the average invested Capital during the period.

Average Invested Capital is the capital invested in the company operation throughout the year and is calculated with the average of opening and closing balances of the total assets minus current liabilities (excluding debt, joint ventures, accrued interests, deferred and current tax, cash as well as investments and non-controlling interests), less assets and liabilities held for sale.

Underlying measures, such as **Underlying service revenue, Underlying EBITDA, Underlying equity free cash flow, Underlying net debt, Underlying leverage,** etc., include Guatemala and Honduras, as if fully consolidated.

Average Revenue per User per Month (ARPU) for our Mobile customers is (x) the total mobile and mobile financial services revenue (excluding revenue earned from tower rentals, call center, data and mobile virtual network operator, visitor roaming, national third parties roaming and mobile telephone equipment sales revenue) for the period, divided by (y) the average number of mobile subscribers for the period, divided by (z) the number of months in the period. We define ARPU for our Home customers in our Latin America segment as (x) the total Home revenue (excluding equipment sales, TV advertising and equipment rental) for the period, divided by (y) the average number of customer relationships for the period, divided by (z) the number of months in the period. ARPU is not subject to a standard industry definition and our definition of ARPU may be different to other industry participants.

Non-IFRS reconciliations

Reconciliation from Reported Growth to Organic Growth for the Latam segment

Latam Segment ($ millions)	Revenue		Service Revenue		EBITDA		OCF	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019*	FY 2020	FY 2019*
A- Current period	5,843	5,964	5,377	5,514	2,360	2,418	1,418	1,416
B- Prior year period	5,964	5,485	5,514	5,069	2,418	2,072	1,416	1,119
C- Reported growth (A/B)	(2.0) %	8.7 %	(2.5) %	8.8 %	(2.4) %	16.7 %	0.2 %	26.6 %
D- Accounting change impact	—	—	—	—	—	8.2 %	—	16.5 %
E- Change in Perimeter impact	3.9 %	11.0 %	4.0 %	11.6 %	3.8 %	11.9 %	5.6 %	11.3 %
F- FX impact	(3.8) %	(5.2) %	(3.9) %	(5.2) %	(3.5) %	(5.0) %	(6.0) %	(9.3) %
G- Other	—	0.1 %	(0.1) %	0.1 %	1.0 %	(0.5) %	2.1 %	(0.3) %
H- Organic Growth (C-D-E-F-G)	(2.1) %	2.8 %	(2.5) %	2.2 %	(3.7) %	2.1 %	(1.4) %	8.3 %

**Beginning in 2020 we are allocating corporate costs to each segment based on their contribution to underlying revenue. In order to facilitate comparisons, we made a $25 million and $5 million adjustment to 2019 and 2018, respectively, affecting Latam EBITDA/OCF.*

Reconciliation from Reported Growth to Organic Growth for the Africa segment

Africa Segment ($ millions)	Revenue		Service Revenue		EBITDA	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019**
A- Current period	366	382	366	382	125	117
B- Prior year period	382	399	382	398	117	98
C- Reported growth (A/B)	(4.0) %	(4.2) %	(4.0) %	(4.2) %	6.9 %	19.2 %
D- Accounting change impact	—	—	—	—	—	35.1 %
E- Change in Perimeter impact	— %	— %	— %	— %	— %	— %
F- FX impact	(0.5) %	(1.4) %	(0.5) %	(1.4) %	(0.3) %	(1.9) %
G- Other	0.2	0.1 %	0.2 %	0.1 %	5.0 %	5.9 %
H- Organic Growth (C-D-E-F-G)	(3.7) %	(2.9) %	(3.7) %	(2.9) %	2.1 %	(19.9) %

***Beginning in 2020 we are allocating corporate costs to each segment based on their contribution to underlying revenue. In order to facilitate comparisons, we made a $5 million and $4 million adjustment to 2019 and 2018, respectively, affecting Africa EBITDA.*

Reconciliation from Reported Growth to Organic Growth for the main Latam markets

Service Revenue ($ millions)	FY 2020	FY 2019	Organic	FX	Accounting	Perimeter	Other	Reported
Guatemala	1,273	1,234	3.4 %	(0.3) %	—	—	—	3.1 %
Colombia	1,258	1,432	(1.1) %	(11.1) %	—	—	—	(12.2) %
Paraguay	513	575	(3.2) %	(7.7) %	—	—	0.1 %	(10.7) %
Honduras	516	551	(6.0) %	(0.4) %	—	—	0.2 %	(6.2) %
Bolivia	575	624	(7.7) %	—	—	—	—	(7.7) %
Panama	567	468	(8.4) %	—	—	32.1 %	(2.7) %	21.1 %
El Salvador	348	348	(0.1) %	—	—	—	—	(0.1) %
Nicaragua, Costa Rica & Eliminations	328	284	—	—	—	—	—	—
Latam***	**5,377**	**5,514**	**(2.5)%**	**(3.9)%**	**—**	**4.0%**	**(0.1)%**	**(2.5)%**

**** Perimeter impact on Latam segment reflects acquisition of mobile businesses in Panama and Nicaragua during 2019.*

EBITDA ($ millions)	FY 2020	FY 2019****	Organic	FX	Accounting	Perimeter	Other	Reported
Guatemala	778	748	4.3 %	(0.3) %	—	—	—	4.0 %
Colombia	457	510	0.9 %	(11.3) %	—	—	—	(10.4) %
Paraguay	252	294	(6.7) %	(7.6) %	—	—	0.2 %	(14.0) %
Honduras	247	280	(11.6) %	(0.6) %	—	—	0.4 %	(11.8) %
Bolivia	232	257	(9.7) %	—	—	—	—	(9.7) %
Panama	256	223	(10.4) %	—	—	28.6 %	(3.0) %	15.2 %
El Salvador	137	140	(2.5) %	—	—	—	—	(2.5) %
Nicaragua, Costa Rica, Corp Costs & Eliminations	—	(33)	—	—	—	—	—	—
Latam*****	**2,360**	**2,418**	**(3.7)%**	**(3.5)%**	**—**	**3.8%**	**1.0%**	**(2.4)%**

*****Beginning in 2020 we are allocating corporate costs to each segment based on their contribution to underlying revenue. In order to facilitate comparisons, we made a $25 million adjustment to 2019, affecting Latam EBITDA.*

******Perimeter impact on Latam segment reflects acquisition of mobile businesses in Panama and Nicaragua during 2019.*

ARPU reconciliations

Latam Segment - Mobile ARPU Reconciliation	2020	2019
Mobile service revenue ($m)	3,220	3,258
Mobile Service revenue ($m) from non Tigo customers ($m) *	(36)	(65)
Mobile Service revenue ($m) from Tigo customers (A)	3,185	3,192
Mobile customers - end of period (000)	41,734	39,846
Mobile customers - average (000) (B) **	39,658	36,636
Mobile ARPU (USD/Month) (A/B/number of months)	6.7	7.3

**Refers to TV advertising, production services, MVNO, DVNO, equipment rental revenue, call center revenue, national roaming, equipment sales, visitor roaming, tower rental, DVNE, and other non-customer driven revenue.*
***Average of the last five quarters.*

Latam Segment - Home ARPU Reconciliation	2020	2019
Home service revenue ($m)	1,509	1,530
Home service revenue ($m) from non Tigo customers ($m) *	(33)	(40)
Home service revenue ($m) from Tigo customers (A)	1,477	1,490
Customer Relationships - end of period (000) **	4,545	4,341
Customer Relationships - average (000) (B) ***	4,405	4,242
Home ARPU (USD/Month) (A/B/number of months)	27.9	29.3

**TV advertising, production services, equipment rental revenue, call center revenue, equipment sales and other non customer driven revenue.*
***Represented by homes connected all technologies (HFC + Other Technologies + DTH & Wimax RGUs).*
****Average of the last five quarters.*

Foreign Exchange rates used to support FX impact calculations in the above Organic Growth reconciliations

		Average FX rate (vs. USD)			End of period FX rate (vs. USD)		
		2020	2019	YoY	2020	2019	YoY
Bolivia	BOB	6.91	6.91	—	6.91	6.91	—
Colombia	COP	3,695	3,296	(10.8) %	3,433	3,277	(4.5) %
Costa Rica	CRC	590	588	(0.3) %	617	576	(6.6) %
Guatemala	GTQ	7.73	7.71	(0.3) %	7.79	7.70	(1.2) %
Honduras	HNL	24.65	24.59	(0.2) %	24.20	24.72	2.2 %
Nicaragua	NIO	34.34	33.12	(3.6) %	34.82	33.84	(2.8) %
Paraguay	PYG	6,758	6,232	(7.8) %	6,900	6,453	(6.5) %
Ghana	GHS	5.75	5.33	(7.3) %	5.87	5.73	(2.3) %
Tanzania	TZS	2,312	2,304	(0.3) %	2,319	2,299	(0.9) %

Reconciliation Net financial obligations to EBITDA to Proportionate net financial obligations to EBITDA as of December 31, 2020 and December 31, 2019

Debt Information - December 31, 2020	Financial obligations				
$ millions	Gross	Cash	Net	EBITDA	Leverage
Millicom Group (IFRS)	6,711	875	5,837	1,495	3.90x
Plus: Guatemala	642	187	455	778	
Plus: Honduras	400	60	339	247	
Less: Corporate Costs	—	—	—	(33)	
Underlying Millicom Group (Non-IFRS)	7,753	1,122	6,631	2,487	2.67x
Less: 50% Minority Stake in Colombia	565	106	459	228	
Less: 45% Minority Stake in Guatemala	289	85	204	350	
Less: 33% Minority Stake in Honduras	133	20	113	82	
Less: 20% Minority Stake in Panama	195	17	178	51	
Less: 1.5% Minority Stake in Tanzania	6	—	6	2	
Proportionate Millicom Group (Non-IFRS)	6,565	894	5,670	1,773	3.20x

Net Underlying Financial obligations of Millicom Group (Non-IFRS) includes $1,312 of leases, as of December 31, 2020.

December 31, 2019	Financial obligations			EBITDA	Proforma		
$ millions	Gross	Cash	Net		Adjustments*	EBITDA	Leverage
Millicom Group (IFRS)	7,068	1,166	5,903	1,530	—	—	—
Plus: Guatemala	1,172	189	983	748	—	—	—
Plus: Honduras	423	40	383	280	—	—	—
Less: Corporate Costs	—	—	—	(36)	—	—	—
Underlying Millicom Group (Non-IFRS)	8,664	1,395	7,269	2,522	95	2,617	2.78x
Less: 50% Minority Stake in Colombia	606	107	499	255	—	—	—
Less: 45% Minority Stake in Guatemala	528	85	442	337	—	—	—
Less: 33% Minority Stake in Honduras	141	13	128	93	—	—	—
Less: 20% Minority Stake in Panama	208	12	196	45	13	—	—
Less: 1.5% Minority Stake in Tanzania	6	—	6	2	—	—	—
Proportionate Millicom Group (Non-IFRS)	7,175	1,177	5,998	1,791	82	1,873	3.20x

** Proforma adjusted EBITDA related to mobile acquisitions in Panama and Nicaragua.*

Net Underlying Financial obligations of Millicom Group (Non-IFRS) includes $1,408 of leases, as of December 31, 2019.

CAPEX Reconciliation

Capex Reconciliation	FY 2020	FY 2019
Consolidated:		
Additions to property, plant and equipment	649	719
Additions to licenses and other intangibles	520	202
Of which spectrum and license costs	421	101
Total consolidated additions	1,169	921
Of which capital expenditures related to corporate offices	7	13

Latin America Segment	FY 2020	FY 2019
Additions to property, plant and equipment	816	879
Additions to licenses and other intangibles	629	240
Of which spectrum and license costs	504	117
Latin America Segment total additions (Underlying)	1,445	1,119
Capex excluding spectrum and license costs	941	1,002

Africa Segment	FY 2020	FY 2019
Additions to property, plant and equipment	41	42
Additions to licenses and other intangibles	—	12
Of which spectrum and license costs	—	12
Africa Segment total additions	41	54
Capex excluding spectrum and license costs	41	42

Underlying	FY 2020	FY 2019
Latam capex excluding spectrum and license cost	941	1,002
Africa capex excluding spectrum and license cost	41	42
Capital expenditures related to corporate offices	7	13
Underlying capex excluding spectrum and license costs	989	1,056

Operating Free Cash Flow Reconciliation

Cash Flow Data	FY 2020	FY 2019
Net cash provided by operating activities	**821**	**801**
Purchase of property, plant and equipment	(622)	(736)
Proceeds from sale of property, plant and equipment	9	24
Purchase of intangible assets and licenses	(202)	(171)
Proceeds from sale of intangible assets	—	—
Net purchase/proceeds for property, plant and equipment and intangible assets	(815)	(882)
(Less) Proceeds from sale of towers part of tower sale and leaseback transactions	—	(22)
(Less) Purchase of spectrum and licenses	101	59
(Less) Finance charges paid, net	551	470
Operating free cash flow	**657**	**425**

Equity Free Cash Flow Reconciliation

Cash Flow Data	FY 2020	FY 2019
Net cash provided by operating activities	**821**	**801**
Purchase of property, plant and equipment	(622)	(736)
Proceeds from sale of property, plant and equipment	9	24
Proceeds from sale of towers part of tower sale and leaseback transactions	—	(22)
Purchase of intangible assets	(202)	(171)
Proceeds from sale of intangible assets	—	—
Purchase of spectrum and licenses	101	59
Finance charges paid, net	551	470
Operating free cash flow	657	425
Interest (paid), net	(551)	(470)
Free cash flow	106	(45)
Dividends received from joint ventures (Guatemala and Honduras)	71	237
Dividends paid to non-controlling interests	(5)	(13)
Equity free cash flow	172	179
Lease Principal Repayments	(116)	(107)
Equity free cash flow after leases	56	73

OCF (EBITDA- Capex) Reconciliation

Latam OCF Underlying	FY 2020	FY 2019
Latam EBITDA	2,360	2,418
(-) Capex (Ex. Spectrum)	941	1,002
Latam OCF	**1,418**	**1,416**

Africa OCF	FY 2020	FY 2019
Africa EBITDA	125	117
(-) Capex (Ex. Spectrum)	41	42
Africa OCF	**84**	**75**

Corporate OCF	FY 2020	FY 2019
Corporate EBITDA	2	(13)
(-) Capex (Ex. Spectrum)	7	13
Corporate OCF	**(5)**	**(25)**

Underlying OCF	FY 2020	FY 2019
Underlying EBITDA	2,487	2,522
(-) Capex (Ex. Spectrum)	989	1,056
Underlying OCF	**1,497**	**1,466**

Guatemala and Honduras Financial Information (unaudited)

Until 2015, Millicom group results included Guatemala and Honduras on a 100% consolidation basis. Since 2016, these businesses are treated as joint ventures and are consolidated using the equity method. To aid investors to better track the evolution of the company's performance over time, we provide the following indicative unaudited financial statement data for the Millicom group as if our Guatemala and Honduras joint ventures had been fully consolidated.

Income statement data FY 2020 ($millions)	**Millicom (IFRS)**	**Guatemala and Honduras JVs**	**Eliminations**	**Underlying (non-IFRS)**
Revenue	4,171	2,035	—	6,206
Cost of sales	(1,171)	(483)	—	(1,654)
Gross profit	3,000	1,552	—	4,552
Operating expenses	(1,505)	(560)	—	(2,065)
EBITDA	1,495	992	—	2,487
EBITDA margin	35.8%	48.7%	—	40.1%
Depreciation & amortization	(1,208)	(453)	—	(1,661)
Share of net profit in joint ventures	171	—	(171)	—
Other operating income (expenses), net	(12)	(3)	(4)	(18)
Operating profit	446	536	(175)	807
Net financial expenses	(611)	(119)	—	(730)
Other non-operating income (expenses), net	(106)	(3)	—	(109)
Gains (losses) from associates	(1)	—	—	(1)
Profit (loss) before tax	(271)	413	(175)	(33)
Net tax credit (charge)	(102)	(102)	—	(204)
Profit (loss) for the period	(373)	311	(175)	(237)
Non-controlling interests	41	(140)	—	(99)
Profit (loss) from discontinued operations	(12)	—	—	(12)
Net profit (loss) for the period	(344)	171	(175)	(348)

Balance Sheet data

($millions)

	Millicom IFRS	Guatemala and Honduras JVs	Underlying (non-IFRS)
Assets			
Intangible assets, net	3,403	2,837	6,240
Property, plant and equipment, net	2,755	874	3,629
Right of Use Assets	895	272	1,167
Investments in joint ventures and associates	2,665	(2,642)	24
Other non-current assets	396	(35)	361
Total non-current assets	**10,114**	**1,307**	**11,421**
Inventories, net	37	35	72
Trade receivables, net	351	91	442
Other current assets	845	145	990
Restricted cash	199	19	219
Cash and cash equivalents	875	247	1,122
Total current assets	**2,307**	**537**	**2,844**
Assets held for sale	1	—	1
Total assets	**12,422**	**1,844**	**14,266**
Equity and liabilities			
Equity attributable to owners of the Company	2,059	(54)	2,005
Non-controlling interests	215	482	697
Total equity	**2,274**	**428**	**2,703**
Debt and financing	6,475	1,008	7,483
Other non-current liabilities	1,065	159	1,224
Total non-current liabilities	**7,540**	**1,167**	**8,707**
Debt and financing	236	34	270
Other current liabilities	2,371	215	2,586
Total current liabilities	**2,608**	**249**	**2,856**
Liabilities directly associated with assets held for sale	—	—	—
Total liabilities	**10,148**	**1,416**	**11,563**
Total equity and liabilities	**12,422**	**1,844**	**14,266**

Cash Flow Data

($millions)

	Millicom IFRS	Guatemala and Honduras JVs	Underlying (non-IFRS)
Profit (loss) before taxes from continuing operations	(271)	238	(33)
Profit (loss) for the period from discontinued operations	(12)	—	(12)
Profit (loss) before taxes	(283)	238	(45)
Net cash provided by operating activities (incl. discontinued ops)	**821**	**764**	**1,585**
Net cash used in investing activities (incl. discontinued ops)	(495)	(451)	(945)
Net cash from (used by) financing activities (incl. discontinued ops)	(598)	(294)	(891)
Exchange impact on cash and cash equivalents, net	(17)	(2)	(19)
Net (decrease) increase in cash and cash equivalents	**(289)**	**18**	**(271)**
Cash and cash equivalents at the beginning of the period	1,164	229	1,393
Effect of cash in disposal group held for sale	—	—	—
Cash and cash equivalents at the end of the period	**875**	**247**	**1,122**

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Independent auditor's report

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Millicom International Cellular S.A. ("the Group") included on page126 to page 213, which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Millicom International Cellular S.A. as at December 31, 2020, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation Nº 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Risk Identified

The Group's revenue consists of mobile and data telephony services, corporate solutions, fixed-line broadband, fixed-line telephone, cable TV and mobile financial services to retail and business customers. Revenue from these services is considered a significant risk due to both the bundling of these services and the complexity of the Group's systems and processes used to record revenue. Also, the application of revenue recognition accounting standards is complex and involves a number of key judgments and estimates, especially in the light of the IFRS 15 application.

Our answer

Our audit procedures over revenue included, among others:

- We obtained an understanding of and evaluating the design and tested the operating effectiveness of controls over the accounting for bundled offers (including identification of separate performance obligations and allocation of the transaction price to those obligations) and Principal vs. Agent considerations.
- We assessed the overall IT control environment and the IT controls in place, assisted by our information technology professionals.
- We evaluated the design and tested the operating effectiveness of controls around access rights, system development, program changes and IT dependent business controls to establish that changes to the system were appropriately authorized, developed, and implemented including those over: set-up of customer accounts, pricing data, segregation of duties and the linkage to usage data that drives revenue recognition.
- We tested the end-to-end reconciliation from the billing systems to the general ledger.
- We tested journal entries processed between the billing systems and general ledger.
- We assessed the assumptions used by management to determine the allocation of the transaction price, after consideration of these credits and discounts, to telecom services and handsets and tested the stand-alone selling prices.
- We obtained a sample of customer contracts, including modifications to the contracts, and compared customer contract terms to the revenue systems.
- We evaluated management's Principal vs. Agent considerations and conclusions.
- We assessed the adequacy of the Group's disclosures included in Note B.1.1. in respect to the accounting policies on revenue recognition.

2. Uncertain tax positions

Risk Identified

The Group's operations are subject to income taxes in various jurisdictions resulting in different subjective and complex interpretation of local tax laws as uncertainty prevails in the emerging market economies in which Millicom is operating. In addition, the global tax environment worldwide continues to evolve and becomes more complex. Management exercises judgment in assessing the level of provision required for taxation when such taxes are based on the interpretation of complex tax laws. The future actual outcome of the decisions concerning these tax exposures may result in materially higher or lower amounts than the accrual included in the accompanying consolidated financial statements.

Our answer

Our procedures included, amongst others:

- We obtained an understanding of and evaluating the design and testing the operating effectiveness of the Group's controls relating to uncertain tax positions.
- We tested controls over management's identification of uncertain tax positions and its application of the recognition and measurement principles, including management's review of the inputs and calculations of uncertain tax positions.
- We evaluated the assumptions the Group used to develop its uncertain tax positions and related unrecognized income tax benefit amounts by jurisdiction.
- We compared the estimated liabilities for unrecognized tax positions to similar positions in prior periods and assessed management's consideration of current tax treatments and litigation and trends in similar positions challenged by tax authorities.
- We assessed the historical accuracy of management's estimates of its unrecognized tax positions by comparing the estimates with the resolution of those positions.
- We involved our tax professionals to assist us in evaluating the application of relevant tax laws and the Group's interpretation of such laws in its recognition determination
- We tested the completeness and accuracy of the underlying data used by the Group to calculate its uncertain tax positions.
- We evaluated the adequacy of the Group's disclosures included in Note G.3.2. in relation to these tax matters.

3. Impairment testing of Goodwill

Risk Identified

Under EU-IFRSs, the Group is required to annually test the amount of goodwill for impairment. This annual impairment test was significant to our audit because the balance of USD 1,659 million as of December 31, 2020 is material to the consolidated financial statements. In addition, the Group's assessment process includes significant judgments and is based on assumptions derived from the Group's business plans, which are affected by expected future market or economic conditions. The impairment testing was especially challenging in the light of the current uncertainty resulting from the coronavirus pandemic and involved complex auditor judgment due to the significant assumptions used to determine the recoverable values of each of the Group's cash-generating units

Our answer

Our audit procedures included, amongst others:

- We obtained an understanding of and evaluating the design and testing the operating effectiveness of the Group's controls over its impairment testing.
- We tested controls over management's evaluation of the significant assumptions used in the discounted cash flows to develop the recoverable values of each of the Group's cash-generating units.
- We inspected the business plans and evaluating the methodology used.
- We involved our valuation specialists to assist with our audit procedures to test the discounted cash flows and management's valuation methodologies and assumptions discussed above which were used to determine the recoverable values of the Group's cash-generating units.
- We asked our valuation specialists to assist us in assessing whether the underlying assumptions used by management were consistent with publicly available information and external market data.
- We assessed the completeness and accuracy of the underlying data through our inspection of and comparison to historical information.
- We evaluated the adequacy of the Group's disclosures included in Note E.1.5. in relation to goodwill.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report on page 105 and the accompanying corporate governance statement on pages 61 to 104 but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and of those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” by the General Meeting of the Shareholders on June 25, 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 9 years.

The consolidated management report on page 105 is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The accompanying corporate governance statement on pages 61 to 104 is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Other matter

The corporate governance statement includes the information required by article 68ter paragraph (1) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Bruno di Bartolomeo

Luxembourg, 10 March 2021

Consolidated statement of income for the years ended December 31, 2020, 2019 and 2018

	Notes	2020	2019	2018 (i)
			(US$ millions)	
Revenue	B.1.	4,171	4,336	3,946
Cost of sales	B.2.	(1,171)	(1,201)	(1,117)
Gross profit		**3,000**	**3,135**	**2,829**
Operating expenses	B.2.	(1,505)	(1,604)	(1,616)
Depreciation	E.2.2., E.3.	(890)	(825)	(662)
Amortization	E.1.3.	(318)	(275)	(140)
Share of profit in the joint ventures in Guatemala and Honduras	A.2.	171	179	154
Other operating income (expenses), net	B.2.	(12)	(34)	75
Operating profit	**B.3.**	**446**	**575**	**640**
Interest and other financial expenses	C.3.3., E.3.	(624)	(564)	(367)
Interest and other financial income		13	20	21
Other non-operating (expenses) income, net	B.5., C.7.3.	(106)	227	(39)
Profit (loss) from other joint ventures and associates, net	A.3.	(1)	(40)	(136)
Profit (loss) before taxes from continuing operations		**(271)**	**218**	**119**
Tax (charge) credit, net	B.6.	(102)	(120)	(112)
Profit (loss) from continuing operations		**(373)**	**97**	**7**
Profit (loss) from discontinued operations, net of tax	E.4.2.	(12)	57	(33)
Net profit (loss) for the period		**(385)**	**154**	**(26)**
Attributable to:				
Owners of the Company		(344)	149	(10)
Non-controlling interests	A.1.4.	(41)	5	(16)
Earnings (loss) per common share for profit (loss) attributable to the owners of the Company:				
Basic and diluted (US$ per common share) (ii)				
— from continuing operations		(3.28)	0.92	0.23
— from discontinued operations		(0.12)	0.56	(0.33)
— Total	**B.7.**	**(3.40)**	**1.48**	**(0.10)**

(i) 2018 was not restated for the application of IFRS 16, as the Group elected the modified retrospective approach.

(ii) There are no dilutive potential ordinary shares

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

Consolidated statement of comprehensive income for the years ended December 31, 2020, 2019 and 2018

	2020	2019	2018 (i)
		(US$ millions)	
Net profit (loss) for the year	(385)	154	(26)
Other comprehensive income (to be reclassified to statement of income in subsequent periods), net of tax:			
Exchange differences on translating foreign operations	(19)	(4)	(81)
Change in value of cash flow hedges, net of tax effects	(1)	(16)	(1)
Other comprehensive income (not to be reclassified to the statement of income in subsequent periods), net of tax:			
Remeasurements of post-employment benefit obligations, net of tax effects	(2)	—	—
Total comprehensive income (loss) for the period	**(407)**	**133**	**(108)**
Attributable to			
Owners of the Company	(360)	131	(78)
Non-controlling interests	(48)	3	(30)
Total comprehensive income for the period arises from:			
Continuing operations	(395)	76	(102)
Discontinued operations	(12)	57	(7)

(i) 2018 was not restated for the application of IFRS 16, as the Group elected the modified retrospective approach.

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

Consolidated statement of financial position at December 31, 2020 and 2019

	Notes	December 31, 2020	December 31, 2019 (i)
		(US$ millions)	
ASSETS			
NON-CURRENT ASSETS			
Intangible assets, net	E.1.	3,403	3,195
Property, plant and equipment, net	E.2.	2,755	2,899
Right of use assets	E.3.	895	1,012
Investments in joint ventures	A.2.	2,642	2,797
Investments in associates	A.3.	24	25
Contract costs, net	F.5.	5	5
Deferred tax assets	B.6.	197	200
Derivative financial instruments	D.1.2.	27	—
Amounts due from non-controlling interests, associates and joint ventures	G.5.	90	39
Other non-current assets		77	66
TOTAL NON-CURRENT ASSETS		**10,114**	**10,238**
CURRENT ASSETS			
Inventories	F.2.	37	32
Trade receivables, net	F.1.	351	371
Contract assets, net	F.5.	31	41
Amounts due from non-controlling interests, associates and joint ventures	G.5.	206	29
Prepayments and accrued income		149	156
Current income tax assets		96	119
Supplier advances for capital expenditure		21	22
Equity investments	C.7.3.	160	371
Other current assets		181	192
Restricted cash	C.5.	199	155
Cash and cash equivalents	C.5.	875	1,164
TOTAL CURRENT ASSETS		**2,307**	**2,652**
Assets held for sale	E.4.2.	1	5
TOTAL ASSETS		**12,422**	**12,895**

(i) The consolidated statement of financial position at December 31, 2019 has been restated after finalization of the purchase accounting of our acquisitions in Nicaragua and Panama (note A.1.2.).

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

Consolidated statement of financial position at December 31, 2020 and 2019

	Notes	December 31, 2020	December 31, 2019 (i)
		(US$ millions)	
EQUITY AND LIABILITIES			
EQUITY			
Share capital and premium	C.1.	630	633
Treasury shares		(30)	(51)
Other reserves	C.1.	(562)	(544)
Retained profits		2,365	2,222
Profit (loss) for the period attributable to equity holders		(344)	149
Equity attributable to owners of the Company		**2,059**	**2,410**
Non-controlling interests	A.1.4.	215	271
TOTAL EQUITY		**2,274**	**2,680**
LIABILITIES			
NON-CURRENT LIABILITIES			
Debt and financing	C.3.	5,578	5,786
Lease liabilities	C.4.	897	988
Derivative financial instruments	D.1.2.	14	17
Amounts due to non-controlling interests, associates and joint ventures	G.5.	29	337
Payables and accruals for capital expenditure	E.1.	485	61
Provisions and other non-current liabilities	F.4.2.	328	322
Deferred tax liabilities	B.6.	209	285
TOTAL NON-CURRENT LIABILITIES		**7,540**	**7,797**
CURRENT LIABILITIES			
Debt and financing	C.3.	113	186
Lease liabilities	C.4.	123	107
Put option liability	C.7.4.	262	264
Derivative financial instruments	D.1.2.	1	—
Payables and accruals for capital expenditure		345	348
Other trade payables		334	289
Amounts due to non-controlling interests, associates and joint ventures	G.5.	311	161
Accrued interest and other expenses		445	432
Current income tax liabilities		71	75
Contract liabilities	F.5.	90	82
Provisions and other current liabilities	F.4.1.	511	474
TOTAL CURRENT LIABILITIES		**2,608**	**2,417**
Liabilities directly associated with assets held for sale	E.4.2.	—	—
TOTAL LIABILITIES		**10,148**	**10,215**
TOTAL EQUITY AND LIABILITIES		**12,422**	**12,895**

(i) The consolidated statement of financial position at December 31, 2019 has been restated after finalization of the purchase accounting of our acquisitions in Nicaragua and Panama (note A.1.2.).

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

Consolidated statement of cash flows for the years ended December 31, 2020, 2019 and 2018

	Notes	2020	2019 (US$ millions)	2018 (i)
Cash flows from operating activities (including discontinued operations)				
Profit (loss) before taxes from continuing operations		(271)	218	119
Profit (loss) before taxes from discontinued operations	E.4.2.	(12)	59	(29)
Profit (loss) before taxes		**(283)**	**276**	**91**
Adjustments to reconcile to net cash:				
Interest expense on leases		156	157	91
Interest expense on debt and other financing		468	408	282
Interest and other financial income		(13)	(20)	(21)
Adjustments for non-cash items:				
Depreciation and amortization		1,208	1,111	830
Share of net profit in Guatemala and Honduras joint ventures	A.2.	(171)	(179)	(154)
(Gain) on disposal and impairment of assets, net	B.2., E.4.2.	20	(40)	(37)
Share based compensation	C.1.	24	30	22
Transaction costs assumed by Cable Onda	A.1.2.	—	—	30
Loss from other joint ventures and associates, net	A.3.	1	40	136
Other non-cash non-operating (income) expenses, net	B.5.	106	(227)	40
Changes in working capital:				
Decrease (increase) in trade receivables, prepayments and other current assets, net		(43)	(119)	(128)
Decrease (increase) in inventories		(6)	11	2
Increase (decrease) in trade and other payables, net		40	(61)	69
Increase (decrease) in contract assets, liabilities and costs, net		8	(2)	(9)
Total changes in working capital		**(2)**	**(172)**	**(66)**
Interest paid on leases		(151)	(141)	(89)
Interest paid on debt and other financing		(411)	(344)	(229)
Interest received		11	15	20
Taxes paid		(142)	(114)	(153)
Net cash provided by operating activities		**821**	**801**	**792**
Cash flows from (used in) investing activities (including discontinued operations):				
Acquisition of subsidiaries, joint ventures and associates, net of cash acquired	A.1.	10	(1,014)	(953)
Proceeds from disposal of subsidiaries and associates, net of cash disposed		10	111	176
Purchase of intangible assets and licenses	E.1.4.	(202)	(171)	(148)
Purchase of property, plant and equipment	E.2.3.	(622)	(736)	(632)
Proceeds from sale of property, plant and equipment	E.3.	9	24	154
Proceeds from disposal of equity investments, net of costs		197	25	—
Dividends and dividend advances received from joint ventures	A.2.2.	71	237	243
Settlement of financial derivative instruments		—	—	(63)
Cash (used in) provided by other investing activities, net	D.1.2.	32	20	24
Net cash used in investing activities		**(495)**	**(1,502)**	**(1,199)**

	Notes	2020	2019	2018 (i)
Cash flows from financing activities (including discontinued operations):				
Proceeds from debt and other financing	C.6.	1,470	2,900	1,155
Repayment of debt and other financing	C.6.	(1,744)	(1,157)	(530)
Loan advance to joint venture for repayment of debt	G.5.	(193)	—	—
Lease capital repayment		(116)	(107)	(17)
Advances and dividends paid to non-controlling interests	A.1./A.2.	(5)	(13)	(2)
Share repurchase program		(10)	—	—
Dividends paid to owners of the Company	C.2.	—	(268)	(266)
Net cash provided by (used in) financing activities		**(598)**	**1,355**	**341**
Exchange impact on cash and cash equivalents, net		(17)	(8)	(33)
Net (decrease) increase in cash and cash equivalents		**(289)**	**645**	**(98)**
Cash and cash equivalents at the beginning of the year		1,164	528	619
Effect of cash in disposal group held for sale	E.4.2.	—	(9)	6
Cash and cash equivalents at the end of the year		**875**	**1,164**	**528**

(i) 2018 was not restated for the application of IFRS 16, as the Group elected the modified retrospective approach.

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

Consolidated statement of changes in equity for the years ended December 31, 2020, 2019 and 2018

	Number of shares (000's)	Number of shares held by the Group (000's)	Share capital (i)	Share premium (i)	Treasury shares	Retained profits(ii)	Other reserves (iii)	Total	Non-controlling interests	Total equity
				(US$ millions)						
Balance on January 1, 2018	**101,739**	**(1,195)**	**153**	**484**	**(106)**	**3,035**	**(472)**	**3,096**	**185**	**3,281**
Adjustment on adoption of IFRS 15 and IFRS 9 (net of tax) (viii)	—	—	—	—	—	10	—	10	(4)	6
Total comprehensive income for the year	—	—	—	—	—	(10)	(68)	(78)	(30)	(108)
Dividends (iv)	—	—	—	—	—	(266)	—	(266)	—	(266)
Dividends to non controlling interest	—	—	—	—	—	—	—	—	(13)	(13)
Purchase of treasury shares	—	(70)	—	—	(6)	—	—	(6)	—	(6)
Share based compensation (v)	—	—	—	—	—	—	22	22	—	22
Issuance of shares under share-based payment schemes	—	351	—	(2)	31	(5)	(22)	2	—	2
Effect of acquisition of Cable Onda (vii)	—	—	—	—	—	—	—	—	113	113
Put option reserve (vii)	—	—	—	—	—	(239)	—	(239)	—	(239)
Balance on December 31, 2018	**101,739**	**(914)**	**153**	**482**	**(81)**	**2,525**	**(538)**	**2,542**	**251**	**2,792**
Total comprehensive income for the year	—	—	—	—	—	149	(19)	131	3	133
Dividends (iv)	—	—	—	—	—	(267)	—	(267)	—	(267)
Dividends to non controlling interest	—	—	—	—	—	—	—	—	(1)	(1)
Purchase of treasury shares	—	(132)	—	—	(12)	4	—	(8)	—	(8)
Share based compensation (v)	—	—	—	—	—	—	29	29	1	30
Issuance of shares under share-based payment schemes	—	465	—	(2)	41	(12)	(25)	1	—	1
Effect of restructuring in Tanzania(vi)	—	—	—	—	—	(27)	9	(18)	18	—
Balance on December 31, 2019	**101,739**	**(581)**	**153**	**480**	**(51)**	**2,372**	**(544)**	**2,409**	**271**	**2,680**

	Number of shares (000's)	Number of shares held by the Group (000's)	Share capital (i)	Share premium (i)	Treasury shares	Retained profits(ii)	Other reserves (iii)	Total	Non-controlling interests	Total equity
Balance on December 31, 2019	**101,739**	**(581)**	**153**	**480**	**(51)**	**2,372**	**(544)**	**2,409**	**271**	**2,680**
Total comprehensive income for the period	—	—	—	—	—	(344)	(15)	(360)	(48)	(407)
Dividends to non controlling interests	—	—	—	—	—	—	—	—	(8)	(8)
Purchase of treasury shares(ix)	—	(467)	—	—	(19)	3	—	(16)	—	(16)
Share based compensation(v)	—	—	—	—	—	—	24	24	—	24
Issuance of shares under share-based payment schemes	—	521	—	(2)	40	(11)	(26)	1	—	1
Balance on December 31, 2020	**101,739**	**(526)**	**153**	**478**	**(30)**	**2,020**	**(562)**	**2,059**	**215**	**2,274**

(i) Share capital and share premium – see note C.1.

(ii) Retained profits – includes profit for the year attributable to equity holders, of which $310 million (2019: $306 million; 2018: $324 million) are not distributable to equity holders.

(iii) Other reserves – see note C.1.

(iv) Dividends – see note C.2.

(v) Share-based compensation – see note C.1.

(vi) Effect of the restructuring in Tanzania A.1.2.

(vii) Effect of the acquisition of Cable Onda S.A. See notes A.1.2. and C.7.4. for further details.

(viii) "IFRS 15, "Revenue from contracts with customers" and IFRS 9, "Financial Instruments" were adopted effective January 1, 2018 using the modified retrospective method. The impact of adoption was recorded as an adjustment to retained profits.

(ix) During the year ended December 31, 2020, Millicom repurchased 350,000 shares for a total amount of $10 million and withheld approximately 117,000 shares for settlement of tax obligations (2019: 132,162) on behalf of employees under share-based compensation plans.

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

Introduction

Corporate Information

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

The Company's shares are traded as Swedish Depositary Receipts on the Stockholm stock exchange under the symbol TIGO SDB (formerly MIC SDB) and, since January 9, 2019, on the Nasdaq Stock Market in the U.S. under the ticker symbol TIGO. The Company has its registered office at 2, Rue du Fort Bourbon, L-1249 Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Commerce under the number RCS B 40 630.

On November 14, 2019, Millicom's historical principal shareholder, Kinnevik AB, distributed its entire (approximately 37% of Millicom's outstanding shares) shareholding in Millicom to its own shareholders through a share redemption plan. Since that date, Kinnevik is no longer a related party or shareholder in Millicom.

On March 9, 2021, the Board of Directors authorized these consolidated financial statements for issuance.

Business activities

Millicom operates its mobile businesses in Latin America (Bolivia, Colombia, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Paraguay), and in Africa (Ghana and Tanzania).

Millicom operates various cable and fixed line businesses in Latin America (Bolivia, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Paraguay). Millicom also provides direct to home satellite service in most of its Latam countries.

On December 31, 2015, Millicom deconsolidated its operations in Guatemala and Honduras which are, since that date and for accounting purposes, under joint control. However, when preparing and disclosing its segment information, the Group includes Honduras and Guatemala in the Latin America (Latam) segment figures as if they are fully consolidated by the Group, as this reflects the way management reviews and uses internally reported information to make decisions (see note B.3. Segmental information).

Millicom holds investments in online/e-commerce businesses in several countries in a tower infrastructure company in Africa (Helios Towers), as well as other small minority investments in other businesses such as micro-insurance (Milvik).

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, the effect of which was felt in our markets beginning in mid-March 2020.

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 second quarter. This produced an immediate and significant decline in our prepaid mobile business. Since then, most of the governments in the countries in which we operate have gradually eased these restrictions and we have seen a corresponding increase in the mobility of people. Our prepaid mobile business was affected much faster than postpaid, and recovery has also been significantly quicker.

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

Impact of the crisis on accounting matters

As a consequence of this crisis, Millicom identified potential significant accounting implications in the following areas:

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

  As a result of this crisis, Millicom has noticed reduced economic activity across the countries where it operates, and its operations have been suffering lower revenues, EBITDA and margins, which might have indicated potential impairments.

  In the second half of the year, our operations have shown encouraging signs of recovery and are actually over performing the forecasts used by management to carry out the impairment test as of June 30, 2020. The discount rates have also significantly decreased since the declaration of the outbreak and they have gradually returned to pre-pandemic levels. There were therefore no such indicators requiring management to carry out another impairment test for the second half of the year. With that said, in accordance with IFRS, management carried out its annual goodwill impairment test during the fourth quarter of 2020, using the Group's latest forecasts and again concluded that no impairment should be recorded in the Group Consolidated Financial Statements.

- Impairment of trade receivables

  During Q2 2020, and as a result of worsening collections, the Group had recognised additional bad debt provisions for an amount of $32 million compared to the level of provisions recorded during Q1 2020 (pre-pandemic level) and $33 million compared to Q2 2019. However, collections have significantly improved during second half of 2020 and bad debt levels have returned to their pre-pandemic level comparing to Q1 2020. As of December 31, 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 at the beginning of the pandemic , such as El Salvador and Bolivia, 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 believed it was unlikely that it would 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 had only recognized revenue up to an amount equal to the consideration (cash) as and when received. Noteworthy, all our operations were finally allowed to apply free "lifeline" services for non-paying customers, with El Salvador and Bolivia being the latest to be able to apply it as from mid-2020.

  As mentioned above, our markets and operations showed encouraging signs of recovery, and therefore any unrecognized revenue during second half of 2020 has been offset with the invoicing effect of prior unrecognized revenue. For the year ended December 31, 2020, the Group invoiced but unrecognized revenue amounts to $3.9 million.

IFRS Consolidated Financial Statements

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB (IFRS). They are also compliant with International Financial Reporting Standards as adopted by the European Union. This is in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002, on the application of international accounting standards for listed companies domiciled in the European Union.

The financial statements have been prepared on an historical cost basis, except for certain items including derivative financial instruments (measured at fair value) and financial instruments that contain obligations to purchase own equity instruments (measured at the present value of the redemption price).

This section contains the Group’s significant accounting policies that relate to the financial statements as a whole. Significant accounting policies specific to one note are included within that note. Accounting policies relating to non-material items are not included in these financial statements.

Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries as of December 31 of each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated.

Foreign currency

Financial information in these financial statements are shown in the US dollar presentation currency of the Group and rounded to the nearest million (US$ million) except where otherwise indicated. The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the functional currency). The functional currency of each subsidiary, joint venture and associate reflects the economic substance of the underlying events and circumstances of these entities. Except for El Salvador where the functional currency is US dollar, the functional currency in other countries is the local currency.

The results and financial position of all Group entities (none of which operate in an economy with a hyperinflationary environment) with functional currency other than the US dollar presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rate on the date of the statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are recognized as a separate component of equity (currency translation reserve), in the caption "Other reserves".

On consolidation, exchange differences arising from the translation of net investments in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recorded in equity. When the Group disposes of or loses control or significant influence over a foreign operation, exchange differences that were recorded in equity are recognized in the consolidated statement of income as part of gain or loss on sale or loss of control and/or significant influence.

Goodwill and fair value adjustments arising on acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The following table presents functional currency translation rates for the Group's locations to the US dollar on December 31, 2020, 2019 and 2018 and the average rates for the years ended December 31, 2020, 2019 and 2018.

Exchange Rates to the US Dollar	Functional Currency	2020 Year-end Rate	2019 Year-end Rate	Change %	2020 Average Rate	2019 Average Rate	Change %	2018 Average Rate
Bolivia	Boliviano (BOB)	6.91	6.91	—	6.91	6.91	— %	6.91
Chad	CFA Franc (XAF)	n/a	n/a	n/a	n/a	n/a	n/a	571
Colombia	Peso (COP)	3,432.50	3,277	4.7 %	3,695	3,296	12.1 %	2,973
Costa Rica	Costa Rican Colon (CRC)	617.30	576	7.1 %	590	588	0.3 %	578
El Salvador	US dollar	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ghana	Cedi (GHS)	5.87	5.73	2.4 %	5.75	5.33	7.9 %	4.63
Guatemala	Quetzal (GTQ)	7.79	7.70	1.2 %	7.73	7.71	0.3 %	7.52
Honduras	Lempira (HNL)	24.20	24.72	(2.1)%	24.65	24.59	0.2 %	23.99
Luxembourg	Euro (EUR)	0.82	0.89	(8.2)%	0.87	0.89	(2.1)%	0.85
Nicaragua	Cordoba (NIO)	34.82	33.84	2.9 %	34.34	33.12	3.7 %	31.55
Panama	Balboa (B/.) (i)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Paraguay	Guarani (PYG)	6,900.11	6,453	6.9 %	6,758	6,232	8.4 %	5,743
Sweden	Krona (SEK)	8.23	9.37	(12.1)%	9.16	9.43	(2.9)%	8.71
Tanzania	Shilling (TZS)	2,318.95	2,299	0.9 %	2,312	2,304	0.3 %	2,274
United Kingdom	Pound (GBP)	0.73	0.75	(3.0)%	0.77	0.78	(1.2)%	0.75

(i) the balboa is tied to the United States dollar at an exchange rate of 1:1.

New and amended IFRS accounting standards

The following changes to standards effective for annual periods starting on January 1, 2019 have been adopted by the Group:

IFRS 16 "Leases" primarily affects the accounting for the Group's operating leases. The commitments for operating leases are now recognized as right of use assets and lease liabilities for future payments. As a result, on adoption, on January 1, 2019, an additional lease liability of $545 million has been recognized. The application of the new standard decreased operating expenses by $149 million, respectively, as compared to what our results would have been if we had continued to follow IAS 17 for year ended December 31, 2019. The impact of the adoption of the leasing standard and the new accounting policies are further explained below. The application of this standard also affects the Group's depreciation, operating and financial expenses, debt and other financing, and leverage ratios see note C.3.. The change in presentation of operating lease expenses has resulted in a corresponding increase in cash flows derived from operating activities and a decline in cash flows from financing activities.

Below are details describing the impact of the adoption of IFRS 16 "Leases" on the Group's financial statements. The amended accounting policies applied from January 1, 2019 are further disclosed in note C.4.

Explanation and effect of adoption of IFRS 16

The Group adopted the standard using the modified retrospective approach with the cumulative effect of applying the new Standard recognized in retained profits as of January 1, 2019. Its application had no significant impact on the Group's retained profits. Comparatives for the 2018 financial statements were not restated.

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019.

The right-of-use asset was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognized in the statement of financial position immediately before the date of initial application.

The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 12.3%. Each lease commitment was individually discounted using a specific incremental borrowing rate, following a build-up approach including: risk-free rates, industry risk, country risk, credit risk at cash generating unit level, currency risk and commitment's maturity.

For leases previously classified as finance leases Millicom recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

$ millions	**January 1, 2019**
Operating lease commitments disclosed as at December 31, 2018	**801**
(Plus): Non lease components obligations	57
(Less): Short term leases recognized on a straight line basis as an expense	(3)
(Less): Low value leases recognized on a straight line basis as an expense	(2)
(Less): Contract included in the lease commitments but with starting date in 2019 and not part of the IFRS 16 opening balances	(17)
(Plus/Less): Other	(9)
Gross lease liabilities	**828**
Discounted using the lessee's incremental borrowing rate at the date of the initial application	(283)
Incremental lease liabilities recognized at January 1, 2019	**545**
(Plus): Finance lease liabilities recognized at December 31, 2018	353
Lease liabilities recognized at January 1, 2019	**898**
Of which are:	
Current lease liabilities	86
Non-current lease liabilities	812

The application of IFRS 16 affected the following items in the statement of financial position on January 1, 2019:

FINANCIAL POSITION $ millions	As at January 1, 2019 before application	Effect of adoption of IFRS 16	As at January 1, 2019 after application	Reason for the change
ASSETS				
Property, plant and equipment, net	3,071	(307)	2,764	(i)
Right-of-use asset (non-current) NEW	—	856	856	(ii)
Prepayments	129	(6)	123	(iii)
LIABILITIES				
Lease liabilities (non-current) NEW	—	812	812	(iv)
Debt and other financing (non-current)	4,123	(337)	3,786	(v)
Lease liabilities (current) NEW	—	86	86	(iv)
Debt and other financing (current)	458	(16)	442	(v)
Other current liabilities	492	(2)	490	(vi)

(i) Transfer of previously capitalized assets under finance leases to Right-of-Use assets.

(ii) Initial recognition of Right-of-Use assets, transfer of previously recognized finance leases and of lease prepayments to the Right-of-Use asset cost at transition.

(iii) Transfer of lease prepayments to the Right-of-Use asset cost at transition.

(iv) Initial recognition of lease liabilities and transfer of previously recognized finance lease liabilities.

(v) Transfer of previously recognized finance lease liabilities to new Lease liabilities accounts.

(vi) Reclassification of provisions for onerous contracts to Right-of-Use assets.

The application of IFRS 16 has also impacted classifications within the statement of income, statement of cash flows, segment information and EPS for the period starting from January 1, 2019.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made when applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The following new or amended standards became applicable for the current reporting period 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 - Phase 1. This amendment provides certain reliefs in relation to interest rate benchmark reforms. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.
- Amendments to IFRS 3 - definition of a business. This amendment revises the definition of a business.

- 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.

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

- Amendments to IFRS 4 'Insurance contracts' (deferral of effective date of IFRS 9) - effective for annual periods starting on January 1, 2021- These amendments extend the effective date to apply IFRS 9 for insurance contracts to January 1, 2023 in order to align with the effective date of IFRS 7. These amendments will not have an impact for the Group.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 - effective for annual periods starting on January 1, 2021. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate.

  Main reliefs provided by the Phase 2 amendments relate to:

  - Changes to contractual cash flows: That is, when changing the basis for determining contractual cash flows for financial assets and liabilities required by the reform this will not result in an immediate gain or loss in the income statement but in an update of the effective interest rate (or an update in the discount rate to remeasure the lease liability as a result of the IBOR reform), and;
  - Hedge accounting: That is, allowing hedge relationships that are directly affected by the reform to continue, though additional ineffectiveness might need to be recorded.

  The Group has inventoried financial assets or liabilities (including lease liabilities), as well as hedging instruments, with IBOR features and concluded that it will not be significantly exposed to this reform. As a result, it does not expect any material effects on its consolidated financial statements from the reform and these amendments.
- 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.
- Amendments to IAS 1, 'Presentation of Financial Statements' - effective for annual periods starting on January 1, 2023- 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.
- IFRS 17, ‘Insurance contracts’, including amendments - 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' and IFRS Practice Statement 2, 'Disclosure of Accounting policies'- effective for annual periods starting on January 1, 2023 - The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. These amendments have not yet been endorsed by the EU.
- Amendments to IAS 8, 'Accounting policies, Changes in Accounting Estimates and Errors': Definition of accounting estimates - effective for annual periods starting on January 1, 2023 - The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. These amendments have not yet been endorsed by the EU.

Judgments and critical estimates

The preparation of IFRS financial statements requires management to use judgment in applying accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based on management's best knowledge of current events, actions and best estimates as of a specified date, and actual results may ultimately differ from these estimates. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in each note and are summarized below:

Judgments

Management apply judgment in accounting treatment and accounting policies in preparation of these financial statements. In particular, a significant level of judgment is applied regarding the following items:

- **Acquisitions** – measurement at fair value of existing and newly identified assets, including the measurement of property, plant and equipment and intangible assets (e.g. particularly the customer lists being sensitive to significant assumptions as disclosed in note A.1.2.), liabilities, contingent liabilities and remaining goodwill; the assessment of useful lives; as well as the accounting treatment for transaction costs (see notes A.1.2., E.1.1., E.1.5., E.2.1.);
- **Impairment testing** – key assumptions related to future business performance, perpetual growth rates and discount rates (see notes E.1.2., E.1.6., E.2.2.);
- **Revenue recognition** – whether or not the Group acts as principal or as an agent, when there is one or several performance obligations and the determination of stand alone selling prices (see note B.1.1.);
- **Contingent liabilities** – whether or not a provision should be recorded for any potential liabilities (see note G.3.);
- **Leases** – In determining the lease term, including the assessment of whether the exercise of extension or termination options is reasonably certain and the corresponding impact on the selected lease term (see note E.3.);
- **Control** – whether Millicom, through voting rights and potential voting rights attached to shares held, or by way of shareholders' agreements or other factors, has the ability to direct the relevant activities of the subsidiaries it consolidates, or jointly direct the relevant activities of its joint ventures (see notes A.1., A.2.);
- **Discontinued operations and assets held for sale** – definition, classification and presentation (see notes A.4., E.4.1.) as well as measurement of potential provisions related to indemnities;
- **Deferred tax assets** – recognition based on likely timing and level of future taxable profits together with future tax planning strategies (see notes B.6.3.and G.3.2.);
- **Defined benefit obligations** – key assumptions related to life expectancies, salary increases and leaving rates, mainly related to UNE Colombia (see note B.4.3.).

Estimates

Estimates are based on historical experience and other factors, including reasonable expectations of future events, including the effects of the COVID-19 pandemic. These factors are reviewed in preparation of the financial statements although, due to inherent uncertainties in the evaluation process, actual results may differ from original estimates. Estimates are subject to change as new information becomes available and may significantly affect future operating results. Significant estimates have been applied in respect of the following items:

- Accounting for property, plant and equipment, and intangible assets in determining fair values at acquisition dates, particularly for assets acquired in business combinations and sale and leaseback transactions (see notes A.1.and E.2.1.);
- Useful lives of property, plant and equipment and intangible assets (see notes E.1.1., E.2.1.);
- Provisions, in particular provisions for asset retirement obligations, legal and tax risks (see note F.4.);
- Tax liabilities, in particular in respect of uncertainty over income tax treatments (see note F.4.);
- Revenue recognition (see note B.1.1.);
- Impairment testing including weighted average cost of capital (WACC), EBITDA margins, Capex intensity and long term growth rates (see note E.1.6.);

- For leases, estimates in determining the incremental borrowing rate for discounting the lease payments in case interest rate implicit in the lease cannot be determined (see note E.3.);
- Estimates for defined benefit obligations (see note B.4.2.);
- Accounting for share-based compensation in particular estimates of forfeitures and future performance criteria (see notes B.4.1., B.4.3.).

A. The Millicom Group

The Group comprises a number of holding companies, operating subsidiaries and joint ventures with various combinations of mobile, fixed-line telephony, cable and wireless Pay TV, Broadband Internet and Mobile Financial Services (MFS) businesses. The Group also holds other small minority investments in other businesses such as micro-insurance (Milvik).

A.1. Subsidiaries

Subsidiaries are all entities which Millicom controls. Millicom controls an entity when it is exposed to, or has rights to variable returns from its investment in the entity, and has the ability to affect those returns through its power over the subsidiary. Millicom has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity's returns. Generally, control accompanies a shareholding of more than half of the voting rights although certain other factors (including contractual arrangements with other shareholders, voting and potential voting rights) are considered when assessing whether Millicom controls an entity. For example, although Millicom holds less than 50 % of the shares in its Colombian businesses, it holds more than 50 % of shares with voting rights. The contrary may also be true (e.g. Guatemala and Honduras). In respect of the joint ventures in Guatemala and Honduras, shareholders' agreements require unanimous consents for decisions over the relevant activities of these entities (see also note A.2.2.). Therefore, the Group has joint control over these entities and accounts for them under the equity method.

Our main subsidiaries are as follows:

Entity	Country	Activity	December 31, 2020 % holding	December 31, 2019 % holding	December 31, 2018 % holding
Latin America			In %	In %	In %
Telemovil El Salvador S.A. de C.V.	El Salvador	Mobile, MFS, Cable, DTH	100	100	100
Millicom Cable Costa Rica S.A.	Costa Rica	Cable, DTH	100	100	100
Telefonica Celular de Bolivia S.A.	Bolivia	Mobile, DTH, MFS, Cable	100	100	100
Telefonica Celular del Paraguay S.A.	Paraguay	Mobile, MFS, Cable, PayTV	100	100	100
Cable Onda S.A (i)	Panama	Cable, PayTV, Internet, DTH, Fixed-line	80	80	80
Grupo de Comunicaciones Digitales, S.A. (formerly Telefonica Moviles Panama, S.A.)(ii)	Panama	Mobile	80	80	—
Telefonia Cellular de Nicaragua sa (ii)	Nicaragua	Mobile	100	100	—
Colombia Móvil S.A. E.S.P. (iii)	Colombia	Mobile	50-1 share	50-1 share	50-1 share
UNE EPM Telecomunicaciones S.A.(iii)	Colombia	Fixed-line, Internet, PayTV, Mobile	50-1 share	50-1 share	50-1 share
Edatel S.A. E.S.P. (iii)	Colombia	Fixed-line, Internet, PayTV, Cable	50-1 share	50-1 share	50-1 share
Africa					
Sentel GSM S.A.(v)	Senegal	Mobile, MFS	—	—	—
MIC Tanzania Public Limited Company (vi)	Tanzania	Mobile, MFS	98.5	98.5	100
Millicom Tchad S.A. (v)	Chad	Mobile, MFS	—	—	100
Millicom Rwanda Limited (v)	Rwanda	Mobile, MFS	—	—	—
Zanzibar Telecom Limited (vi)	Tanzania	Mobile, MFS	98.5	98.5	85
Unallocated					
Millicom International Operations S.A.	Luxembourg	Holding Company	100	100	100
Millicom International Operations B.V.	Netherlands	Holding Company	100	100	100
Millicom LIH S.A.	Luxembourg	Holding Company	100	100	100
MIC Latin America B.V.	Netherlands	Holding Company	100	100	100
Millicom Africa B.V.	Netherlands	Holding Company	100	100	100
Millicom Holding B.V.	Netherlands	Holding Company	100	100	100
Millicom International Services LLC	USA	Services Company	100	100	100
Millicom Services UK Ltd (iv)	UK	Services Company	100	100	100
Millicom Spain S.L.	Spain	Holding Company	100	100	100

(i) *Acquisition completed on December 13, 2018. Cable Onda S.A. is fully consolidated as Millicom has the majority of voting shares to direct the relevant activities. See note A.1.2..*

(ii) *Companies acquired during 2019. See note A.1.2..*

(iii) *Fully consolidated as Millicom has the majority of voting shares to direct the relevant activities.*

(iv) *Millicom Services UK Ltd with registered number 08330497 will take advantage of an audit exemption to prepare stand alone financial statements for the year ended December 31, 2020 as set out within section 479A of the Companies Act 2006.*

(v) *Companies disposed of in 2018 or 2019. See note A.1.3.*

(vi) *Change in ownership percentages as a result of the in-country restructuring . See note A.1.2.*

A.1.1. Accounting for subsidiaries and non-controlling interests

Subsidiaries are fully consolidated from the date on which control is transferred to Millicom. If facts and circumstances indicate that there are changes to one or more of the elements of control, a reassessment is performed to determine if control still exists. Subsidiaries are de-consolidated from the date that control ceases. Transactions with non-controlling interests are accounted for as transactions with equity owners of the Group. Gains or losses on disposals of non-controlling interests are recorded in equity. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is also recorded in equity.

A.1.2. Acquisition of subsidiaries and changes in non-controlling interests in subsidiaries

Scope changes 2020

There were no material acquisitions in 2020.

Scope changes 2019

1. Telefonica CAM Acquisitions

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"). While Millicom completed both acquisitions in Nicaragua and Panama, it announced on May 2, 2020 that it had terminated the Share Purchase Agreement in relation to the Costa Rica Acquisition (see note G.3.1.). The aggregate purchase price for the Telefonica Panama and Nicaragua Acquisitions was $1.08 billion, which has been subject to purchase price adjustments - see below.

Acquisition related costs for Nicaragua and Panama acquisitions included in the statement of income under operating expenses were approximately $16 million for the year 2019.

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

(in millions of U.S dollars)	December 31, 2019 As reported	Impact of finalization/update of purchase accounting of Nicaragua	Panama	December 31, 2019 Restated	Reason for the change
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Intangible assets, net	3,219	(4)	(20)	3,195	(i)
Property, plant and equipment, net	2,883	—	17	2,899	(ii)
Right-of-use asset (non-current)	977	—	34	1,012	(ii)
Other current assets	181	4	7	192	(iii)
LIABILITIES					
Lease liabilities (non-current)	967	—	22	988	(ii)
Lease liabilities (current)	97	—	11	107	(ii)
Deferred tax liabilities	279	—	6	285	(iv)
EQUITY					
Retained profits	2,222	—	—	2,222	
Non-controlling interests	271	—	—	271	

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

(ii) See Panama section below. Mainly relates to lease accounting policy alignment, final property, plant and equipment step-up and final purchase price adjustment.

(iii) See Nicaragua and Panama section below. Reflects the final price adjustment agreed for Nicaragua and Panama.

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

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

Further details of Nicaragua and Panama acquisitions are provided below.

a) Nicaragua Acquisition

This transaction closed on May 16, 2019 after receipt of the necessary approvals and, since that date, Millicom holds all voting rights into 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 in 2020. 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 was 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)	Changes (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)
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 land and 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 a fair value of $11 million - see (v) 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

The goodwill is currently not tax deductible, and is attributable to expected synergies and convergence with our legacy fixed business in the country, as well as to the fair value of the assembled work force. For convenience purposes, the acquisition date was set on May 1, 2019 as there were no material transactions from this date to May 16, 2019. From May 1, 2019 to December 31, 2019, Nicaragua contributed $144 million of revenue and a net profit of $5 million to the Group. If the acquisition had occurred on January 1, 2019 incremental revenue for the Group for the twelve-month period ended December 31, 2019 would have been $219 million and incremental net loss for that period would have been $16 million, including amortization of assets not previously recognized of $12 million (net of tax).

Key assumptions used in fixed assets valuation

The following valuation methods and key estimates were used for the valuation of the main classes of fixed assets:

Major class of assets	Valuation method	Key assumption 1	Key assumption 2	Key assumption 3
Spectrum	Market approach - Market comparable transactions	Discount rate : 14%	Terminal growth rate: 2.5%	Estimated duration: 14 years
Customer lists	Income approach - Multi-Period Excess Earnings Method	Discount rate: 14-15%	Monthly Churn rate: From 1.2% for B2B to 2.9% for B2C	EBITDA margin: ~ 36% to 41%
Land and buildings	Market approach	Economic useful life (range): 10-30 years	Price per square meter: from $2 to $57	N/A
Core network	Cost approach	Economic useful life (range): 5-27 years	Remaining useful life (minimum) : 1.7 years	N/A

b) 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 Grupo de Comunicaciones Digitales, S.A., formerly 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, finally adjusted to $587 million during Q3 2020. 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 on 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 2020, the Group completed the policy alignment and evaluation in respect of the right-of-use assets and lease liabilities, the property plant and equipment, as well as their related effect on the final valuation of the other fixed assets. The related effects of these adjustments are shown in the table below.

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%)	Final Fair values (100%)	Differences
(in millions of U.S dollars)			
Intangible assets (excluding goodwill) (i)	178	182	4
Property, plant and equipment (ii)	110	127	17
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**	**446**	**55**
Lease liabilities	48	81	33
Other debt and financing	74	74	—
Other liabilities (v)	101	107	6
Total liabilities assumed	**224**	**262**	**39**
Fair value of assets acquired and liabilities assumed, net	167	184	16
Acquisition price	594	587	(7)
Goodwill	**426**	**403**	**(23)**

(i) Intangible assets not previously recognized at the date of acquisition, are mainly customer lists for an amount of $55 million, with estimated useful lives ranging from 3 to 17 years. In addition, a fair value step-up of $7 million on the spectrum held by Panama has been recognized, with a remaining useful life of 17 years. Finally, a fair value step-up of $3 million has been recognised on certain software.

(ii) A fair value step-up of $17 million has been recognized on property, plant and equipment, mainly on the core network ($11 million) and owned land and buildings ($4 million). The expected remaining useful lives were estimated at 3 to 8 years.

(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 an amount equal to the lease liabilities.

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

(v) Other liabilities include a deferred tax liability of $21 million resulting from the above adjustments

The goodwill is currently not tax deductible and is attributable to expected synergies and convergence with Cable Onda, as well as to the fair value of the assembled work force. For convenience purposes, the acquisition date was set on September 1, 2019. From September 1, 2019 to December 31, 2019, Panama contributed $80 million of revenue and a net profit of $6 million to the Group. If Panama had been acquired on January 1, 2019 incremental revenue for the Group for the twelve-month period ended December 31, 2019 would have been $158 million and incremental net profit for that period would have been $1 million, including amortization of assets not previously recognized of $3 million (net of tax).

As mentioned above, the impact of the finalization of Panama's purchase accounting on the 2019 Group statement of income was immaterial and, therefore, no adjustments were made on comparative figures in that respect.

Key assumptions used in fixed assets valuation

The following valuation methods and key estimates were used for the valuation of the main classes of fixed assets:

Major class of assets	Valuation method	Key assumption 1	Key assumption 2	Key assumption 3
Customer lists	Income approach - Multi-Period Excess Earnings Method	Discount rate: 9.8-10.8%	Monthly Churn rate: ~3.8% in average	EBITDA margin: ~ 41.5%
Property, plant and equipment	Cost approach	Economic useful life (range): 3-27 years	Remaining useful life (minimum): 3-27 years	N/A

2. Tanzania restructuring

In October 2019, with the view of listing the shares of MIC Tanzania Public Limited Company ('MIC Tanzania') on the local stock exchange (see note H.), Millicom completed the restructuring of its investments in different operations in the country. Mainly, MIC Tanzania acquired all the shares of Zantel, which was partially held by the Government of Zanzibar (15%). In exchange of the contribution of its 15% shares in Zantel to MIC Tanzania, the Government of Zanzibar received 1.5% of newly issued shares in MIC Tanzania. This restructuring did not result in the Group losing control in Zantel nor MIC Tanzania, and has therefore been recognized as an equity transaction. As a consequence, the Group owners' equity decreased by a net amount of $18 million as a result of the derecognition of the 15% non-controlling interests in Zantel and the recognition of 1.5% non-controlling interests in MIC Tanzania.

3. Others

During the year ended December 31, 2019, the Group also completed minor additional acquisitions.

A.1.3. Disposal of subsidiaries and decreases in non-controlling interests of subsidiaries

Chad

On June 26, 2019, the Group completed the disposal of its operations in Chad for a cash consideration of $110 million. In August 2020, the Group and the buyer of our operations in Chad agreed on a final price adjustment of $8 million in favor of the buyer. In accordance with Group practices, the Chad operation had been classified as assets held for sale and discontinued operations as from June 5, 2019 and comparative periods restated. On June 26, 2019, Chad was deconsolidated and a gain on disposal of $77 million was recognized (see also note E.4.).

Rwanda

On December 19, 2017, Millicom announced that it has signed an agreement for the sale of its Rwanda operations to subsidiaries of Bharti Airtel Limited for a final cash consideration of $51 million, including a deferred cash payment for an amount of $18 million which has been settled in January 2020. The transaction also included earn-outs for $7 million that were not recognized by the Group as management does not believe these would be triggered. The sale was completed on January 31, 2018. In accordance with Group practices, Rwanda operations' assets and liabilities were classified as held for sale on January 23, 2018. Rwanda's operations also represented a separate geographical area and did qualify for discontinued operations presentation; results were therefore shown on a single line in the statements of income under 'Profit (loss) for the year from discontinued operations, net of tax' (see also note E.4.).

Senegal

On July 28, 2017, Millicom announced that it had agreed to sell its Senegal business to a consortium consisting of NJJ, Sofima (managed by the Axian Group) and Teylium Group. In accordance with Group practices, Senegal operations' assets and liabilities were classified as held for sale on February 2, 2017. Senegal's operations also represented a separate geographical area and did qualify for discontinued operations. The sale was completed on April 27, 2018 in exchange of a cash consideration of $151 million. (see also note E.4.)

Other disposals

For the years ended December 31, 2020, 2019 and 2018, Millicom did not dispose of any other significant investments.

A.1.4. Summarized financial information relating to significant subsidiaries with non-controlling interests

At December 31, 2020 and 2019, Millicom's subsidiaries with material non-controlling interests were the Group's operations in Colombia and Panama.

Balance sheet – non-controlling interests

	December 31,	
	2020	2019
	(US$ millions)	
Colombia	133	170
Panama	81	99
Others	1	2
Total	**215**	**271**

Profit (loss) attributable to non-controlling interests

	2020	2019 (US$ millions)	2018
Colombia	(23)	11	(5)
Panama	(18)	(6)	(8)
Others	—	—	(3)
Total	**(41)**	**5**	**(16)**

The summarized financial information for material non-controlling interests in our operations in Colombia and Panama is provided below. This information is based on amounts before inter-company eliminations.

Colombia

	2020	2019 (US$ millions)	2018
Revenue	**1,346**	**1,532**	**1,661**
Total operating expenses	(470)	(543)	(667)
Operating profit	**129**	**164**	**147**
Net (loss) for the year	(46)	23	(10)
50% non-controlling interest in net (loss)	**(23)**	**11**	**(5)**
Total assets (excluding goodwill)	2,589	2,256	1,966
Total liabilities	2,303	1,891	1,620
Net assets	**286**	**365**	**346**
50% non-controlling interest in net assets	143	183	173
Consolidation adjustments	(10)	(13)	(12)
Total non-controlling interest	**133**	**170**	**161**
Dividends and advances paid to non-controlling interest	(4)	(12)	(2)
Net cash from operating activities	370	363	348
Net cash from (used in) investing activities	(311)	(260)	(270)
Net cash from (used in) financing activities	(47)	(67)	(75)
Exchange impact on cash and cash equivalents, net	(15)	—	(18)
Net increase in cash and cash equivalents	**(3)**	**36**	**(15)**

Panama

	2020	2019 (ii)	2018 (i)
		(US$ millions)	
Revenue	**585**	**475**	**17**
Total operating expenses	(197)	(148)	(8)
Operating profit	**(60)**	**(15)**	**(39)**
Net (loss) for the year	(89)	(31)	(39)
20% non-controlling interest in net (loss)	**(18)**	**(6)**	**(8)**
Total assets (excluding Millicom's goodwill in Cable Onda)	1,734	1,905	1,082
Total liabilities	1,327	1,411	556
Net assets	**407**	**494**	**526**
20% non-controlling interest in net assets	81	99	105
Total non-controlling interest	**81**	**99**	**105**
Net cash from operating activities	193	167	(2)
Net cash from (used in) investing activities	(100)	(693)	12
Net cash from (used in) financing activities	(69)	580	(3)
Net increase in cash and cash equivalents	**24**	**54**	**7**

(i) Cable Onda was acquired on December 13, 2018 and 2018 figures therefore only include results and cash flows from the date of acquisition.

(ii) In 2019, Cable Onda acquired Telefonica Panama for $587 million (note A.1.2.), financed by issuing a $600 million Senior Notes due 2030 (note C.3.1.) The 2019 figures include the full year results and cash flows of Cable Onda, as well as 4 months of Telefonica Panama which was consolidated from September 1, 2019. Figures have been restated as a result of the finalization of the purchase accounting for Cable Onda. See note A.1.2..

A.2. Joint ventures

Joint ventures are businesses over which Millicom exercises joint control as decisions over the relevant activities of each 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 December 31, 2020, the equity accounted net assets of our joint ventures in Guatemala, Honduras and Ghana totaled $3,072 million (December 31, 2019: $3,346 million for Guatemala and Honduras only). These net assets do not necessarily represent statutory reserves available for distribution as these include consolidation adjustments (such as goodwill and identified 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 year ended December 31, 2020, Millicom's joint ventures paid $71 million (December 31, 2019: $237 million) as dividends or dividend advances to the Company.

Our main joint ventures are as follows:

Entity	Country	Activity	December 31, 2020 % holding	December 31, 2019 % holding
Comunicaciones Celulares S.A. (i)	Guatemala	Mobile, MFS	55	55
Navega.com S.A. (i)	Guatemala	Cable, DTH	55	55
Telefonica Celular S.A. (i)	Honduras	Mobile, MFS	66.7	66.7
Navega S.A. de CV (i)	Honduras	Cable	66.7	66.7
Bharti Airtel Ghana Holdings B.V.	Ghana	Mobile, MFS	50	50

(i) Millicom owns more than 50% of the shares in these entities and has the right to nominate a majority of the directors of each of these entities. However, key decisions over the relevant activities must be taken by a super majority vote. This effectively gives either shareholder the ability to veto any decision and therefore neither shareholder has sole control over the entity. Therefore, the operations of these joint ventures are accounted for under the equity method.

The carrying values of Millicom's investments in joint ventures were as follows:

Carrying value of investments in joint ventures at December 31

	%	2020	2019
		(US$ millions)	
Honduras operations (i)	66.7	610	708
Guatemala operations (i)	55	2,031	2,089
AirtelTigo Ghana operations	50	—	—
Total		**2,642**	**2,797**

(i) Includes all the companies under the Honduras and Guatemala groups.

The table below summarizes the movements for the year in respect of the Group's joint ventures carrying values:

	Guatemala(i)	Honduras (i)	Ghana(ii)
		(US$ millions)	
Opening balance at January 1, 2019	**2,104**	**730**	**32**
Accounting policy changes	—	—	—
Results for the year	152	27	(40)
Utilization of past unrecognized losses	—	—	(5)
Capital increase	—	—	5
Dividends declared during the year	(170)	(37)	—
Currency exchange differences	2	(12)	8
Closing balance at December 31, 2019	**2,089**	**708**	**—**
Disposal of the Group's investment in Navega to Celtel (iii)	—	(83)	—
Results for the year	144	27	—
Dividends declared during the year	(199)	(55)	—
Currency exchange differences	(3)	13	—
Closing balance at December 31, 2020	**2,031**	**610**	**—**

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

(ii) Share of profit (loss) is recognized under 'Income (loss) from other joint ventures and associates, net' in the statement of income.

(iii) See note G.5.

At December 31, 2020 and 2019 the Group had not incurred obligations, nor made payments on behalf of the Guatemala, Honduras or Ghana operations.

A.2.1. Accounting for joint ventures

Joint ventures are accounted for using the equity method of accounting and are initially recognized at cost (calculated at fair value if it was a subsidiary of the Group before becoming a joint venture). The Group's investments in joint ventures include goodwill (net of any accumulated impairment loss) on acquisition.

The Group's share of post-acquisition profits or losses of joint ventures is recognized in the consolidated statement of income and its share of post-acquisition movements in reserves is recognized in reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognize further losses, unless the Group has incurred obligations or made payments on behalf of the joint ventures.

Gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in joint ventures are recognized in the statement of income.

After application of the equity method, including recognizing the joint ventures' losses, the Group applies IFRS 9 to determine whether it is necessary to recognize any additional impairment loss with respect to its net investment in the joint venture.

A.2.2. Material joint ventures – Guatemala, Honduras and Ghana operations

Summarized financial information for the years ended December 31, 2020, 2019 and 2018 of the Guatemala Honduras and Ghana operations is as follows. This information is based on amounts before inter-company eliminations.

Guatemala

	2020	2019	2018
		(US$ millions)	
Revenue	**1,503**	**1,434**	**1,373**
Depreciation and amortization	(323)	(313)	(283)
Operating profit	**452**	**429**	**387**
Financial income (expenses), net (i)	(95)	(66)	(56)
Profit before taxes	**347**	**356**	**309**
Charge for taxes, net	(83)	(79)	(69)
Profit for the year	**264**	**277**	**240**
Net profit for the year attributable to Millicom	**144**	**152**	**131**
Dividends and advances paid to Millicom	47	209	211
Total non-current assets (excluding goodwill)	2,195	2,517	2,280
Total non-current liabilities	751	1,216	981
Total current assets	742	717	718
Total current liabilities	523	251	221
Total net assets	1,662	1,767	1,796
Group's share in %	55 %	55 %	55 %
Group's share in USD millions	914	972	988
Goodwill and consolidation adjustments	1,117	1,117	1,116
Carrying value of investment in joint venture	2,031	2,089	2,104
Cash and cash equivalents	188	189	217
Debt and financing – non-current	619	1,152	928
Debt and financing – current	24	21	—
Net cash from operating activities	598	588	545
Net cash from (used in) investing activities	(289)	(205)	(173)
Net cash from (used in) financing activities	(308)	(412)	(455)
Exchange impact on cash and cash equivalents, net	(2)	1	(3)
Net increase in cash and cash equivalents	**(1)**	**(28)**	**(86)**

(i) In 2020, Financial expenses include a $18 million charge related to early redemption of bonds - see below.

Guatemala financing

In 2014, Intertrust SPV (Cayman) Limited, acting as trustee of the Comcel Trust, a trust established and consolidated by Comcel for the purposes of the transaction, issued $800 million 6.875% Senior Notes to refinance existing local and MIC S.A. corporate debt. The bond was issued at 98.233% of the principal and had an effective interest rate of 7.168%. The bond was guaranteed by Comcel and listed on the Luxembourg Stock Exchange.

On November 18, 2020, the $800 million aggregate principal amount of its outstanding 6.875% Senior Notes due 2024 was early redeemed at a redemption price equal to 102.292%of the principal amount of the Notes to be redeemed plus accrued and unpaid interest of $16 million, resulting in an aggregate amount of $834 million. The redemption premium ($18 million) and additional interest ($7 million), as well as the remaining unamortized deferred costs of $8 million were recorded as financial expenses during the year. This early redemption was financed through local financing in local currency as well as by shareholder loans (see note G.5.).

The impact on the Group's statement of income is a $18 million expense (at 55% ownership) reported on the line "Share of profit in the joint ventures in Guatemala and Honduras".

On October 5, 2020, Comcel executed a credit agreement with Banco Industrial for GTQ 1,697 million (approximately $218 million using the exchange rate as of December 31, 2020) for a 5 year term to refinance other credit agreements with Banco Industrial and to finance and refinance working capital, capital expenditures and general corporate purposes.

Honduras

	2020	2019	2018
		(US$ millions)	
Revenue	**552**	**594**	**586**
Depreciation and amortization	(132)	(132)	(133)
Operating profit	**77**	**102**	**91**
Financial income (expenses), net	(24)	(37)	(29)
Profit before taxes	**58**	**60**	**52**
Charge for taxes, net	(19)	(21)	(18)
Profit for the year	**39**	**39**	**34**
Net profit for the year attributable to Millicom	**27**	**27**	**23**
Dividends and advances paid to Millicom	24	28	32
Total non-current assets (excluding goodwill)	461	516	506
Total non-current liabilities	533	469	386
Total current assets	300	312	304
Total current liabilities	236	183	226
Total net assets	(8)	176	198
Group's share in %	66.7 %	66.7 %	66.7 %
Group's share in USD millions	(5)	117	132
Goodwill and consolidation adjustments	615	591	598
Carrying value of investment in joint venture	610	708	730
Cash and cash equivalents	60	40	25
Debt and financing – non-current	390	384	298
Debt and financing – current	10	39	85
Net cash from operating activities	151	169	147
Net cash from (used in) investing activities	(145)	(77)	(87)
Net cash from (used in) financing activities	14	(77)	(50)
Net (decrease) increase in cash and cash equivalents	**20**	**15**	**9**

Honduras financing

On September 19, 2019, Telefónica Celular, S.A. de C.V. entered into a new credit agreement with Banco Industrial S.A. and Banco Pais S.A for an amount up to $185 million, in tranches of $100 million, $60 million and $25 million. The Loan Agreement has a 10-year maturity and an interest rate of LIBOR plus 3.80% per annum, subject to a floor of minimum 5.25%. The new credit agreement has been used to consolidate the portion of a syndicated $250 million facility with Scotiabank dated March 27, 2015, and $90 million credit agreement with Banco Industrial S.A. dated March 20, 2018.

On September 19, 2019, Navega S.A. de C.V., entered into new facility agreement with Banco Industrial S.A. for an amount of $20 million and a duration of 10 years. The new agreement bears an annual interest of LIBOR plus 3.80% , subject to a floor of 5.25%. and will be used to refinance the portion corresponding to it as borrower under the $250 million facility with Scotiabank dated March 27, 2015.

On June 1, 2020, Telefónica Celular, S.A. de C.V. executed a $32 million bank loan agreement in equivalent amount in local currency for a 10-year term.

AirtelTigo Ghana

	2020	2019	2018
		(US$ millions)	
Revenue	**132**	**142**	**187**
Depreciation and amortization	(42)	(69)	(110)
Operating loss	**(30)**	**(72)**	**(100)**
Financial income (expenses), net	(41)	(77)	(42)
Loss before taxes	**(85)**	**(123)**	**(135)**
Charge for taxes, net	—	—	—
Loss for the period	**(85)**	**(123)**	**(135)**
Net loss for the period attributable to Millicom	**—**	**(40)**	**(68)**
Total non-current assets (excluding goodwill)	204	168	277
Total non-current liabilities	289	245	277
Total current assets	41	42	71
Total current liabilities	218	187	134
Total net assets	(263)	(223)	(63)
Group's share in %	50 %	50 %	50 %
Group's share in USD millions	(132)	(111)	(31)
Goodwill and consolidation adjustments	89	90	63
Unrecognised losses	(42)	(22)	—
Carrying value of investment in joint venture	—	—	32
Cash and cash equivalents	1	5	19
Debt and financing – non-current	289	245	276
Debt and financing – current	40	27	17
Net cash from operating activities	(8)	(5)	(19)
Net cash from (used in) investing activities	—	—	(8)
Net cash from (used in) financing activities	4	(6)	42
Net increase in cash and cash equivalents	**(4)**	**(11)**	**15**

A.2.3. Impairment of investment in joint ventures

While no impairment triggers were identified for the Group’s investments in joint ventures in 2020, according to its policy, management have completed an impairment test for its joint ventures in Guatemala and Honduras (our investment in Ghana was not tested for impairment as its carrying value is nil since 2019).

The Group’s investments in Guatemala and Honduras operations were tested for impairment by assessing their recoverable amount (using a value in use model based on discounted cash flows) against their carrying amounts. The cash flow projections used were extracted from financial budgets approved by management and reviewed by the Board (refer to note E.1.6. for further details on impairment testing). Cash flows beyond this period have been extrapolated using a perpetual growth rate of 1% (2019: 1.1%–1.2%. Discount rates used in determining recoverable amounts were 8.6% and 9.0%, respectively (2019: 9.5% and 9.7%).

For the year ended December 31, 2020 and 2019, and as a result of the impairment testing described above, management concluded that none of the Group’s investments in joint ventures should be impaired.

Sensitivity analysis was performed on key assumptions within the impairment tests. The sensitivity analysis determined that sufficient headroom exists from realistic changes to the assumptions that would not impact the overall results of the testing.

A.3. Investments in associates

Millicom's investments in Helios Towers Africa Ltd (HTA) and in the African online business (AIH) became listed companies during 2019, and Millicom resigned from its board of directors' positions in both companies, having as an effect the loss of its significant influence. Both investments are now accounted for as equity instruments (see note C.7.3.). Millicom has significant influence over other immaterial associates as shown below.

The Group's associates are as follows:

Entity	Country	Activity(ies)	December 31, 2020 % holding	December 31, 2019 % holding
Africa				
West Indian Ocean Cable Company Limited (WIOCC).	Republic of Mauritius	Telecommunication carriers' carrier	9.1	9.1
Latin America				
MKC Brilliant Holding GmbH (LIH)	Germany	Online marketplace, retail and services	35.0	35.0
Unallocated				
Milvik AB(i)	Sweden	Other	9.7	11.4

(i) Millicom ownership in Milvik AB has been diluted in 2020 as a result of a capital injection to which the Group did not participate.

At December 31, 2020 and 2019, the carrying value of Millicom's main associates was as follows:

Carrying value of investments in associates at December 31

	2020	2019
	(US$ millions)	
Milvik AB	10	11
West Indian Ocean Cable Company Limited (WIOCC)	14	14
Total	**24**	**25**

A.3.1. Accounting for investments in associates

The Group accounts for associates in the same way as it accounts for joint ventures.

A.3.2. Impairment of interests in associates

MKC Brilliant Holding GmbH (LIH)

Millicom's 35.0% investment in LIH had been fully impaired in two stages (by $40 million in 2016 and $48 million in 2017) as a result of the annual impairment test conducted back then. The impairment test performed in 2020 confirms this conclusion.

A.4. Discontinued operations

A.4.1. Classification of discontinued operations

Discontinued operations are those which have identifiable operations and cash flows (for both operating and management purposes) and represent a major line of business or geographic area which has been disposed of, or are held for sale. Revenue and expenses associated with discontinued operations are presented retrospectively in a separate line in the consolidated statement of income. Millicom determined that the loss of path to control of operations by the termination of a contractual arrangement (e.g. termination without exercise of an unconditional call option agreement giving path to control, as occurred with the Guatemala and Honduras operations) does not require presentation as a discontinued operation.

A.4.2. Millicom's discontinued operations

In accordance with IFRS 5, the Group's businesses in Chad, Senegal and Tigo Rwanda had been classified as assets held for sale (respectively on June 5, 2019, February 2, 2017, and January 23, 2018) and their results were showed as discontinued operations for all years presented in these financial statements. The statement of income comparative figures presented in the notes to these consolidated financial statements have therefore been restated accordingly and when necessary. For further details, refer to note E.4.

B. Performance

B.1. Revenue

Millicom's revenue comprises sale of services from its mobile business (including Mobile Financial Services - MFS) and its cable and other fixed services, as well as related devices and equipment. Recurring revenue consists of monthly subscription fees, airtime and data usage fees, interconnection fees, roaming fees, TV services, B2B contracts, MFS commissions and fees from other telecommunications services such as data services, short message services and other value added services.

Revenue from continuing operations by category

	2020	2019	2018
		(US$ millions)	
Mobile	2,116	2,150	2,126
Cable and other fixed services	1,803	1,928	1,565
Other	52	51	43
Service revenue	**3,971**	**4,130**	**3,734**
Telephone and equipment and other	201	206	212
Total revenue	**4,171**	**4,336**	**3,946**

Revenue from continuing operations by country or operation (i)

	2020	2019	2018
		(US$ millions)	
Colombia	1,346	1,532	1,661
Paraguay	544	610	679
Bolivia	584	639	614
El Salvador	389	386	405
Tanzania	366	382	399
Nicaragua	220	157	13
Costa Rica	140	153	155
Panama	585	475	17
Other operations	3	4	6
Eliminations	(5)	(3)	(2)
Total	**4,171**	**4,336**	**3,946**

(i) The revenue figures above are shown after intercompany eliminations.

B.1.1. Accounting for revenue

Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

The Group applies the following practical expedients foreseen in IFRS 15:

- No adjustment to the transaction price for the means of a financing component whenever the period between the transfer of a promised good or service to a customer and the associated payment is one year or less; when the period is more than one year the financing component is adjusted, if material.
- Disclosure in the Group Financial Statements the transaction price allocated to unsatisfied performance obligations only for contracts that have an original expected duration of more than one year (e.g. unsatisfied performance obligations for contracts that have an original duration of one year or less are not disclosed).
- Application of the practical expedient not to disclose the price allocated to unsatisfied performance obligations, if the consideration from a customer corresponds to the value of the entity's performance obligation to the customer (i.e, if billing corresponds to accounting revenue).
- Application of the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that otherwise would have been recognized is one year or less.

Post-paid connection fees are derived from the payment of a non-refundable / one-time fee charged to customer to connect to the network (e.g. connection / installation fee). Usually, it does not represent a distinct good or service, and therefore does not give rise to a separate performance obligation and revenue is recognized over the minimum contract duration. However, if the fee is paid by a customer to get the right to receive goods or services without having to pay this fee again over his tenure with the Group (e.g. the customer can readily extend his contract without having to pay the same fee again), it is accounted for as a material right and revenue should be recognized over the customer retention period.

Post-paid mobile / cable subscription fees are recognized over the relevant enforceable/subscribed service period (recurring monthly access fees that do not vary based on usage). The service provision is usually considered as a series of distinct services that have the same pattern of transfer to the customer. Remaining unrecognized subscription fees, which are not refunded to the customers, are fully recognized once the customer has been disconnected.

Prepaid scratch / SIM cards are services where customers purchase a specified amount of airtime or other credit in advance. Revenue is recognized as the credit is used. Unused credit is carried in the statement of financial position as a contract liability. Upon expiration of the validity period, the portion of the contract liability relating to the expiring credit is recognized as revenue, since there is no longer an obligation to provide those services.

Telephone and equipment sales are recognized as revenue once the customer obtains control of the good. That criteria is fulfilled when the customer has the ability to direct the use and obtain substantially all of the remaining benefits from that good.

Revenue from provision of Mobile Financial Services (MFS) is recognized once the primary service has been provided to the customer.

Customer premise equipment (CPE) are provided to customers as a prerequisite to receive the subscribed Home services and shall be returned at the end of the contract duration. Since CPEs provided over the contract term do not provide benefit to the customer on their own, they do not give rise to separate performance obligations and therefore are accounted for as part of the service provided to the customers.

Bundled offers are considered arrangements with multiple deliverables or elements, which can lead to the identification of separate performance obligations. Revenue is recognized in accordance with the transfer of goods or services to customers in an amount that reflects the relative standalone selling price of the performance obligation (e.g. sale of telecom services, revenue over time + sale of handset, revenue at a point in time).

Principal-Agent, some arrangements involve two or more unrelated parties that contribute to providing a specified good or service to a customer. In these instances, the Group determines whether it has promised to provide the specified good or service itself (as a principal) or to arrange for those specified goods or services to be provided by another party (as an agent). For example, performance obligations relating to services provided by third-party content providers (i.e., mobile Value Added Services or "VAS") or service providers (i.e., wholesale international traffic) where the Group neither controls a right to the provider's service nor controls the underlying service itself are presented net because the Group is acting as an agent. The Group generally acts as a principal for other types of services where the Group is the primary obligor of the arrangement. In cases the Group determines that it acts as a principal, revenue is recognized in the gross amount, whereas in cases the Group acts as an agent revenue is recognized in the net amount.

Revenue from the sale of cables, fiber, wavelength or capacity contracts, when part of the ordinary activities of the operation, is recognized as recurring revenue. Revenue is recognized when the cable, fiber, wavelength or capacity has been delivered to the customer, based on the amount expected to be received from the customer.

Revenue from operating lease of tower space is recognized over the period of the underlying lease contracts. Finance leases revenue is apportioned between lease of tower space and interest income.

Significant judgments

The determination of the standalone selling price for contracts that involve more than one performance obligation may require significant judgment, such as when the selling price of a good or service is not readily observable.

The Group determines the standalone selling price of each performance obligation in the contract in accordance to the prices that the Group would apply when selling the same services and/or telephone and equipment included in the obligation to a similar customer on a standalone basis. When standalone selling price of services and/or telephone and equipment are not directly observable, the Group maximizes the use of external input and uses the expected cost plus margin approach to estimate the standalone selling price.

B.2. Expenses

The cost of sales and operating expenses incurred by the Group can be summarized as follows:

Cost of sales

	2020	2019	2018
	(US$ millions)		
Direct costs of services sold	(847)	(878)	(799)
Cost of telephone, equipment and other accessories	(216)	(230)	(229)
Bad debt and obsolescence costs	(108)	(93)	(90)
Cost of sales	**(1,171)**	**(1,201)**	**(1,117)**

Operating expenses, net

	2020	2019	2018
	(US$ millions)		
Marketing expenses	(396)	(402)	(391)
Site and network maintenance costs	(234)	(245)	(192)
Employee related costs (B.4.)	(477)	(496)	(500)
External and other services	(174)	(204)	(181)
Rentals and (operating) leases (i)	(1)	(1)	(152)
Other operating expenses	(225)	(257)	(201)
Operating expenses, net	**(1,505)**	**(1,604)**	**(1,616)**

(i) Decrease as from the year 2019 is due to IFRS 16 application - see further explanations above in "New and amended IFRS accounting standards" section.

The other operating income and expenses incurred by the Group can be summarized as follows:

Other operating income (expenses), net

	Notes	2020	2019	2018
		(US$ millions)		
Income from tower deal transactions	E.3.	—	5	61
Impairment of intangible assets and property, plant and equipment	E.1., E.2.	—	(8)	(6)
Gain (loss) on disposals of intangible assets and property, plant and equipment		—	—	7
Impairment of AirtelTigo's receivable	G.5.	(45)	—	—
Gain (loss) on disposal of equity investments	C.7.3.	25	(32)	—
Other income (expenses)		9	1	13
Other operating income (expenses), net		**(12)**	**(34)**	**75**

B.2.1. Accounting for cost of sales and operating expenses

Cost of sales

Cost of sales is recorded on an accrual basis.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract, including dealer commissions, are capitalized as Contract Costs in the statement of financial position and amortized in operating expenses over the expected benefit period, which is based on the average duration of contracts with customer (see practical expedient in note B.1.1.).

Operating leases - until 2018 year-end

Operating leases were all leases that did not qualify as finance leases. Operating lease payments were recognized as expenses in the consolidated statement of income on a straight-line basis over the lease term.

B.3. Segmental 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 January 1, 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 2019, will remain unallocated going forward. This change in presentation has no impact on Group EBITDA.

In order to facilitate comparisons of December 31, 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 years ended December 31, 2020, 2019 and 2018, were as follows:

	Latin America	Africa	Unallocated	Guatemala and Honduras(vii)	Eliminations and Transfers	Total
			(US$ millions)			
Year ended December 31, 2020						
Mobile revenue	3,220	357	—	(1,461)	—	2,116
Cable and other fixed services revenue	2,097	8	—	(302)	(1)	1,803
Other revenue	60	1	—	(6)	(2)	52
Service revenue (i)	5,377	366	—	(1,769)	(4)	3,971
Telephone and equipment and other revenue (i)	466	—	—	(266)	—	201
Revenue	**5,843**	**366**	**—**	**(2,035)**	**(4)**	**4,171**
Operating profit (loss)	**803**	**36**	**(32)**	**(536)**	**175**	**446**
Add back:						
Depreciation and amortization	1,561	89	11	(453)	—	1,208
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(171)	(171)
Other operating income (expenses), net	(5)	—	23	(3)	(4)	12
EBITDA (ii)	**2,360**	**125**	**2**	**(992)**	**—**	**1,495**
EBITDA from discontinued operations	—	(4)	—	—	—	(4)
EBITDA incl discontinued operations	**2,360**	**121**	**2**	**(992)**	**—**	**1,491**
Capital expenditure (iii)	(926)	(42)	(4)	258	—	(714)
Changes in working capital and others (iv)	61	11	(7)	(43)	—	22
Taxes paid	(260)	(10)	(2)	131	—	(142)
Operating free cash flow (v)	**1,234**	**80**	**(11)**	**(645)**	**—**	**657**
Total Assets (vi)	**13,418**	**926**	**4,052**	**(5,116)**	**(859)**	**12,422**
Total Liabilities	**8,878**	**959**	**3,342**	**(2,044)**	**(987)**	**10,148**

	Latin America	Africa	Unallocated	Guatemala and Honduras(vii)	Eliminations and Transfers	Total
			(US$ millions)			
Year ended December 31, 2019						
Mobile revenue	3,258	372	—	(1,480)	—	2,150
Cable and other fixed services revenue	2,197	9	—	(277)	—	1,928
Other revenue	60	1	—	(9)	—	51
Service revenue (i)	5,514	382	—	(1,766)	—	4,130
Telephone and equipment revenue (i)	449	—	—	(243)	—	206
Revenue	**5,964**	**382**	**—**	**(2,010)**	**—**	**4,336**
Operating profit (loss)	**980**	**19**	**(64)**	**(540)**	**179**	**575**
Add back:						
Depreciation and amortization	1,435	99	9	(444)	—	1,100
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(179)	(179)
Other operating income (expenses), net	2	(2)	42	(8)	—	34
EBITDA (ii)	**2,418**	**117**	**(13)**	**(992)**	**—**	**1,530**
EBITDA from discontinued operations	—	(3)	—	—	—	(3)
EBITDA incl discontinued operations	**2,418**	**114**	**(13)**	**(992)**	**—**	**1,527**
Capital expenditure (iii)	(1,040)	(58)	(9)	261	—	(846)
Changes in working capital and others (iv)	(86)	14	(52)	(18)	—	(143)
Taxes paid	(225)	(10)	(8)	129	—	(114)
Operating free cash flow (v)	**1,067**	**59**	**(82)**	**(619)**	**—**	**425**
Total Assets (vi)	**13,859**	**936**	**3,715**	**(5,465)**	**(150)**	**12,895**
Total Liabilities	**8,413**	**909**	**3,977**	**(2,119)**	**(965)**	**10,215**

	Latin America	Africa	Unallocated	Guatemala and Honduras(vii)	Eliminations and Transfers	Total
			(US$ millions)			
Year ended December 31, 2018						
Mobile revenue	3,214	388	—	(1,475)	—	2,126
Cable and other fixed services revenue	1,808	10	—	(253)	—	1,565
Other revenue	48	1	—	(6)	—	43
Service revenue (i)	5,069	398	—	(1,734)	—	3,734
Telephone and equipment revenue (i)	415	—	—	(203)	—	212
Total Revenue	**5,485**	**399**	**—**	**(1,937)**	**—**	**3,946**
Operating profit (loss)	**990**	**21**	**(38)**	**(488)**	**154**	**640**
Add back:						
Depreciation and amortization	1,133	80	5	(416)	—	803
Share of profit in joint ventures in Guatemala and Honduras	—	—	—	—	(154)	(154)
Other operating income (expenses), net	(51)	(3)	(2)	(19)	—	(75)
EBITDA (ii)	**2,072**	**98**	**(35)**	**(922)**	**—**	**1,213**
EBITDA from discontinued operations	—	44	—	—	—	44
EBITDA incl discontinued operations	**2,072**	**143**	**(35)**	**(922)**	**—**	**1,257**
Capital expenditure (iii)	(872)	(59)	(2)	225	—	(708)
Changes in working capital and others (iv)	(42)	28	13	(12)	—	(13)
Taxes paid	(264)	(24)	(6)	142	—	(153)
Operating free cash flow (v)	**894**	**88**	**(30)**	**(568)**	**—**	**383**
Total Assets (vi)	**11,751**	**839**	**2,752**	**(5,219)**	**190**	**10,313**
Total Liabilities	**6,127**	**905**	**2,953**	**(1,814)**	**(650)**	**7,521**

(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. EBITDA for the year ended December 31, 2018 is not fully comparable to EBITDA for the years ended December 31, 2019 and December 31, 2020 because of the application of IFRS 16 which had a positive impact as compared to what our EBITDA was under IAS 17 standard.

(iii) Cash spent for capex excluding spectrum and licenses of $101 million (2019: $59 million; 2018: $61 million) and cash received on tower deals of nil (2019: $22 million; 2018: $141 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 Latam segment.

Revenue from contracts with customers from continuing operations:

$ millions	Timing of revenue recognition	Twelve months ended December 31, 2020			Twelve months ended December 31, 2019			Twelve months ended December 31, 2018		
		Latin America	Africa	Total Group	Latin America	Africa	Total Group	Latin America	Africa	Total Group
Mobile	Over time	1,728	239	1,967	1,747	261	2,007	1,701	280	1,981
Mobile Financial Services	Point in time	31	118	149	31	112	143	37	108	145
Cable and other fixed services	Over time	1,794	8	1,803	1,919	9	1,928	1,556	10	1,565
Other	Over time	51	1	52	51	1	52	42	1	43
Service Revenue		**3,604**	**366**	**3,971**	**3,748**	**382**	**4,130**	**3,336**	**398**	**3,734**
Telephone and equipment	Point in time	201	—	201	206	—	206	212	—	212
Revenue from contracts with customers		**3,805**	**366**	**4,171**	**3,954**	**382**	**4,336**	**3,548**	**399**	**3,946**

B.4. People

Number of permanent employees

	2020	2019	2018
Continuing operations(i)	16,955	17,687	16,725
Joint ventures (Guatemala, Honduras and Ghana)	4,464	4,688	4,416
Discontinued operations	—	—	262
Total	**21,419**	**22,375**	**21,403**

(i) Emtelco headcount are excluded from this disclosure and any internal reporting because their costs are classified as direct costs and not employee related costs.

	Notes	2020	2019	2018
		(US$ millions)		
Wages and salaries		(356)	(358)	(346)
Social security		(66)	(68)	(60)
Share based compensation	B.4.1.	(24)	(27)	(21)
Pension and other long-term benefit costs	B.4.2.	(4)	(4)	(7)
Other employees related costs		(27)	(39)	(67)
Total		**(477)**	**(496)**	**(500)**

B.4.1. Share-based compensation

Millicom shares granted to management and key employees includes share-based compensation in the form of long-term share incentive plans. Since 2016, Millicom has two types of annual plans, a performance share plan and a deferred share plan. The different plans are further detailed below.

Cost of share based compensation

	2020	2019	2018
	(US$ millions)		
2016 incentive plans	—	—	(4)
2017 incentive plans	—	(7)	(8)
2018 incentive plans	(2)	(8)	(11)
2019 incentive plans	(8)	(14)	—
2020 incentive plans	(13)	—	—
Total share based compensation	**(24)**	**(27)**	**(21)**

Deferred share plan (unchanged since 2014, except for vesting schedule)

Until 2018 deferred awards plan, participants were granted shares based on past performance, with 16.5% of the shares vesting on January 1 of each of year one and two, and the remaining 67% on 1 January of year three. Beginning with the 2019 plan, while all other guidelines remain the same, shares vest with 30% on January 1 of each of year one and two, and the remaining 40% on 1 January of year three. Vesting is conditional upon the participant remaining employed with Millicom at each vesting date. The cost of this long-term incentive plan, which is not conditional on performance conditions, is calculated as follows:

Fair value (share price) of Millicom's shares at grant date x number of shares expected to vest.

Performance share plan (for plans issued in 2016 and 2017)

Shares granted under this performance share plan vested at the end of the three-year period, subject to performance conditions, 25% based on Positive Absolute Total Shareholder Return (Absolute TSR), 25% based on Relative Total Shareholder Return (Relative TSR) and 50% based on budgeted Earnings Before Interest Tax Depreciation and Amortization (EBITDA) minus Capital Expenditure (Capex) minus Change in Working Capital (CWC) (Free Cash Flow).

As the TSRs measures are market conditions, the fair value of the shares in the performance share plan required consideration of potential adjustments for future market-based conditions at grant date. For this, a specific valuation had been performed at grant date based on the probability of the TSR conditions being met (and to which extent) and the expected payout based upon leaving conditions.

The Free Cash Flows (FCF) condition is a non-market measure which had been considered together with the leaving estimate and based initially on a 100% fulfillment expectation. The reference share price for this condition is the same share price as the share price for the deferred share plan above.

Performance share plan (for plans issued from 2018)

Shares granted under this performance share plan vest at the end of the three-year period, subject to performance conditions, 25% based on Relative Total Shareholder Return ("Relative TSR"), 25% based on the achievement of the Service Revenue target measured on a 3-year CAGRs from year one to year three of the plan ("Service Revenue") and 50% based on the achievement of the Operating Free Cash Flow ("Operating Free Cash Flow") target measured on a 3-year CAGRs from year one to year three of the plan. From 2020 onwards, the Operating Free Cash Flow target has been redefined to consider payments made in respect of leases. As a result, the target is since then the Operating Free Cash Flow after Leases ("OFCFaL").

For the performance share plans, and in order to calculate the fair value of the TSR portion of those plans, it is necessary to make a number of assumptions which are set out below. The assumptions have been set based on an analysis of historical data as at grant date.

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

	Risk-free rate %	Dividend yield %	Share price volatility(i) %	Award term (years)	Share fair value (in US$)
Performance share plan 2020 (Relative TSR)	0.61	1.47	24.54	2.93	55.66
Performance share plan 2019 (Relative TSR)	(0.24)	3.01	26.58	2.93	49.79
Performance share plan 2018 (Relative TSR)	(0.39)	3.21	30.27	2.93	57.70
Performance share plan 2017 (Relative TSR)	(0.40)	3.80	22.50	2.92	27.06
Performance share plan 2017 (Absolute TSR)	(0.40)	3.80	22.50	2.92	29.16
Performance share plan 2016 (Relative TSR)	(0.65)	3.49	30.00	2.61	43.35
Performance share plan 2016 (Absolute TSR)	(0.65)	3.49	30.00	2.61	45.94

(i) Historical volatility retained was determined on the basis of a three-year historic average.

The cost of the long-term incentive plans which are conditional on market conditions is calculated as follows:

Fair value (market value) of shares at grant date (as calculated above) x number of shares expected to vest.

The cost of these plans is recognized, together with a corresponding increase in equity (share compensation reserve), over the period in which the performance and/or employment conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award. Adjustments are made to the expense recorded for forfeitures, mainly due to management and employees leaving Millicom. Non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. These are treated as vested, regardless of whether or not the market conditions are satisfied, provided that all other performance conditions are satisfied. Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Plan awards and shares expected to vest

	2020 plans		2019 plans		2018 plans		2017 plans	
	Performance plan	Deferred plan	Performance plan	Deferred plan	Performance plan	Deferred plan	Performance plan	Deferred plan
	(number of shares)							
Initial shares granted	341,897	370,131	257,601	297,856	237,196	262,317	279,807	438,505
Additional shares granted(i)	—	5,928	—	43,115	—	3,290	2,868	29,406
Revision for forfeitures	(13,008)	(9,880)	(35,558)	(22,636)	(43,639)	(37,433)	(50,279)	(89,011)
Revision for cancellations	—	—	—	—	(4,728)	—	—	—
Total before issuances	328,889	366,179	222,043	318,335	188,829	228,174	232,396	378,900
Shares issued in 2017	—	—	—	—	—	—	—	(2,686)
Shares issued in 2018	—	—	—	—	(97)	(18,747)	(2,724)	(99,399)
Shares issued in 2019	—	—	(150)	(24,294)	(3,109)	(54,971)	(19,143)	(82,486)
Shares issued in 2020	—	(3,571)	(17)	(96,629)	(304)	(35,125)	(158,394)	(194,329)
Performance conditions	—	—	—	—	—	—	(52,135)	—
Shares still expected to vest	328,889	362,608	221,876	197,412	185,319	119,331	—	—
Estimated cost over the vesting period (US$ millions)	13	15	11	18	12	14	10	20

(i) Additional shares granted represent grants made for new joiners and/or as per CEO contractual arrangements.

B.4.2. Pension and other long-term employee benefit plans

Pension plans

The pension plans apply to employees who meet certain criteria (including years of service, age and participation in collective agreements).

Pension and other similar employee related obligations can result from either defined contribution plans or defined benefit plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. No further payment obligations exist once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as assets to the extent that a cash refund or a reduction in future payments is available.

Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using an appropriate discount rate based on maturities of the related pension liability.

Re-measurement of net defined benefit liabilities are recognized in other comprehensive income and not reclassified to the statement of income in subsequent years.

Past service costs are recognized in the statement of income on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit asset/liability.

Long-service plans

Long-service plans apply for Colombian subsidiary UNE employees with more than five years of service whereby additional bonuses are paid to employees that reach each incremental length of service milestone (from five to 40 years).

Termination plans

In addition, UNE has a number of employee defined benefit plans. The level of benefits provided under the plans depends on collective employment agreements and Colombian labor regulations. There are no defined assets related to the plans, and UNE make payments to settle obligations under the plans out of available cash balances.

At December 31, 2020, the defined benefit obligation liability amounted to $59 million (2019: $59 million) and payments expected in the plans in future years totals $95 million (2019: $106 million). The average duration of the defined benefit obligation at December 31, 2020 is 6 years (2019: 6 years). The termination plans apply to employees that joined UNE prior to December 30, 1996. The level of payments depends on the number of years in which the employee has worked before retirement or termination of their contract with UNE.

Except for the UNE pension plan described above, there are no other significant defined benefits plans in the Group.

B.4.3. Directors and executive management

The remuneration of the members of the Board of Directors comprises an annual fee and shares. Director remuneration is proposed by the Nomination Committee and approved by the shareholders at their Annual General Meeting (AGM).

Remuneration charge for the Board (gross of withholding tax)

	2020	2019	2018
		(US$ '000)	
Chairperson	300	366	169
Other members of the Board	1,188	1,557	774
Total (i)	**1,488**	**1,923**	**943**

Shares beneficially owned by the Directors

	2020	2019
	(number of shares)	
Chairperson	13,427	5,814
Other members of the Board	52,593	32,279
Total (i)	**66,020**	**38,093**

(i) Cash compensation converted from SEK to USD at exchange rates on payment dates for 2018. In 2019 and 2020 cash compensation was denominated in USD. Share based compensation based on the market value of Millicom shares on the corresponding AGM date (2020: in total 32,358 shares; 2019: in total 19,483 shares-includes 2,876 additional shares that were awarded for the period from the 9 January 2019 date of listing on the Nasdaq Stock Market in the US and the date of the 2019 AGM; 2018: in total 6,591 shares). Net remuneration comprised 71% in shares and 29% in cash (SEK) (2019: 73% in shares and 27% in cash; 2018: 51% in shares and 49% in cash).

The remuneration of executive management of Millicom comprises an annual base salary, an annual bonus, share based compensation, social security contributions, pension contributions and other benefits. Bonus and share based compensation plans (see note B.4.1.) are based on actual and future performance. Share based compensation is granted once a year by the Compensation Committee of the Board.

If the employment of Millicom's senior executives is terminated, severance of up to 12 months' salary is potentially payable.

The annual base salary and other benefits of the Chief Executive Officer (CEO) and the Executive Vice Presidents (Executive team) are proposed by the Compensation Committee and approved by the Board.

Remuneration charge for the Executive Team

	CEO	CFO (US$ '000)	Executive Team (8 members)(iii)
2020			
Base salary	1,173	670	2,612
Bonus	1,301	509	1,837
Pension	285	100	663
Other benefits	82	38	303
Termination benefits	—	—	—
Total before share based compensation	**2,841**	**1,317**	**5,414**
Share based compensation(i)(ii) in respect of 2020 LTIP	7,114	1,834	3,796
Total	**9,955**	**3,151**	**9,210**

	CEO	CFO (US$ '000)	Executive Team (9 members)
2019			
Base salary	1,167	654	3,498
Bonus	1,428	626	2,098
Pension	279	98	798
Other benefits	50	260	1,521
Termination benefits	—	—	863
Total before share based compensation	**2,924**	**1,639**	**8,779**
Share based compensation(i)(ii) in respect of 2019 LTIP	5,625	1,576	5,965
Total	**8,549**	**3,215**	**14,743**

	CEO	CFO (US$ '000)	Executive team (9 members)
2018			
Base salary	1,112	673	3,930
Bonus	1,492	557	2,445
Pension	247	101	962
Other benefits	66	63	805
Termination benefits	—	—	301
Total before share based compensation	**2,918**	**1,393**	**8,444**
Share based compensation(i)(ii) in respect of 2018 LTIP	5,027	1,567	4,957
Total	**7,945**	**2,960**	**13,401**

(i) See note B.4.1.

(ii) Share awards of 153,894 and 135,269 were granted in 2020 under the 2019 LTIPs to the CEO, and Executive Team (2019: 102,122 and 135,480, respectively; 2018: 80,264 and 112,472, respectively).

(iii) 'Other Executives' includes compensation paid in 2020 to Rachel Samren former Chief External Affairs Officer (departure August 31, 2020) and to HL Rogers former Chief Ethics and Compliance Officer (departure January 1, 2020). Additionally other Benefits' for 'Other Executives' include medical and dental insurance for Daniel Loria, former CHRO.

Share ownership and unvested share awards granted from Company equity plans to the Executive team

	CEO	Executive team	Total
		(number of shares)	
2020			
Share ownership (vested from equity plans and otherwise acquired)	194,432	169,725	364,157
Share awards not vested	325,250	297,317	622,567
2019			
Share ownership (vested from equity plans and otherwise acquired)	190,577	136,306	326,883
Share awards not vested	236,211	334,193	570,404

B.5. Other non-operating (expenses) income, net

Non-operating items mainly comprise changes in fair value of derivatives and the impact of foreign exchange fluctuations on the results of the Group.

		December 31		
	Note	2020	2019	2018
		(US$ millions)		
Change in fair value of derivatives	C.7.2.	(11)	—	(1)
Change in fair value in investment in Jumia	C.7.3.	(18)	(38)	—
Change in fair value in investment in HT	C.7.3.	(16)	312	—
Change in value of call option asset and put option liability	C.7.4.	5	(25)	—
Exchange gains (losses), net		(69)	(32)	(40)
Other non-operating income (expenses), net		3	10	2
Total		**(106)**	**227**	**(39)**

Foreign exchange gains and losses

Transactions denominated in a currency other than the functional currency are translated into the functional currency using exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions, and on translation of monetary assets and liabilities denominated in currencies other than the functional currency at year-end exchange rates, are recognized in the consolidated statement of income, except when deferred in equity as qualifying cash flow hedges.

B.6. Taxation

B.6.1. Income tax expense

Tax mainly comprises income taxes of subsidiaries and withholding taxes on intragroup dividends and royalties for use of Millicom trademarks and brands. Millicom operations are in jurisdictions with income tax rates of 10% to 35% levied on either revenue or profit before income tax (2019: 10% to 35%; 2018: 10% to 37%). Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

Income tax charge

	2020	2019	2018
		(US$ millions)	
Income tax (charge) credit			
Withholding tax	(83)	(56)	(64)
Other income tax relating to the current year	(65)	(88)	(82)
Adjustments in respect of prior years	(29)	(7)	1
Total	**(177)**	**(151)**	**(145)**
Deferred tax (charge) credit			
Origination and reversal of temporary differences	99	58	32
Effect of change in tax rates	(5)	(8)	(10)
Tax income (expense) before valuation allowances	94	50	22
Effect of valuation allowances	(19)	(9)	(8)
Total	**75**	**41**	**14**
Adjustments in respect of prior years	—	(10)	19
	75	**31**	**33**
Tax (charge) credit on continuing operations	(102)	(120)	(112)
Tax (charge) credit on discontinuing operations	(2)	(2)	(4)
Total tax (charge) credit	**(104)**	**(122)**	**(116)**

Reconciliation between the tax expense and tax at the weighted average statutory tax rate is as follows:

Income tax calculation

	2020			2019			2018		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	(US$ millions)								
Profit before tax	(271)	(11)	(282)	218	59	277	119	(29)	90
Tax at the weighted average statutory rate	82	3	85	(37)	(11)	(48)	(1)	—	(1)
Effect of:									
Items taxed at a different rate	1	—	1	(1)	—	(1)	7	—	7
Change in tax rates on deferred tax balances	(5)	—	(5)	(8)	—	(8)	(10)	—	(10)
Expenditure not deductible and income not taxable	(106)	(3)	(109)	(37)	9	(28)	(59)	(2)	(61)
Unrelieved withholding tax	(83)	—	(83)	(56)	—	(56)	(64)	—	(64)
Accounting for associates and joint ventures	42	—	42	36	—	36	5	—	5
Movement in deferred tax on unremitted earnings	15	—	15	9	—	9	(2)	—	(2)
Unrecognized deferred tax assets	(27)	—	(27)	(20)	—	(20)	(8)	(2)	(10)
Recognition of previously unrecognized deferred tax assets	8	—	8	11	—	11	—	—	—
Adjustments in respect of prior years	(29)	(2)	(31)	(17)	—	(17)	20	—	20
Total tax (charge) credit	**(102)**	**(2)**	**(104)**	**(120)**	**(2)**	**(122)**	**(112)**	**(4)**	**(116)**
Weighted average statutory tax rate	30.3 %		30.1 %	17.0 %		17.3 %	0.8 %		1.1 %
Effective tax rate	(37.5)%		(36.8)%	55.0 %		44.0 %	94.1 %		128.9 %

B.6.2. Current tax assets and liabilities

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those enacted or substantively enacted by the statement of financial position date.

B.6.3. Deferred tax

Deferred tax is calculated using the liability method on temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting, nor taxable profit or loss.

Deferred tax assets are recognized for all temporary differences including unused tax credits and tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except where the deferred tax assets relate to deductible temporary differences from initial recognition of an asset or liability in a transaction that is not a business combination, and, at the time of the transaction, affects neither accounting, nor taxable profit or loss. It is probable that taxable profit will be available when there are sufficient taxable temporary differences relating to the same tax authority and the same taxable entity which are expected to reverse in the same period as the expected reversal of the deductible temporary difference.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize them. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent it is probable that future taxable profit will enable the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate expected to apply in the year when the assets are realized or liabilities settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Deferred tax assets and deferred tax liabilities are offset where legally enforceable set off rights exist and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax

	Fixed assets	Unused tax losses	Unremitted earnings	Other	Offset	Total
			(US$ millions)			
Balance at December 31, 2018	**(178)**	**44**	**(34)**	**134**	**—**	**(34)**
(Charge)/credit to income statement	41	(15)	8	(3)	—	31
Change in scope	(88)	5	—	4	—	(73)
Exchange differences	2	—	1	(3)	—	—
Balance at December 31, 2019	**(223)**	**34**	**(25)**	**129**	**—**	**(85)**
Deferred tax assets	84	34	—	134	(52)	200
Deferred tax liabilities	(307)	—	(25)	(5)	52	(285)
Balance at December 31, 2019	**(223)**	**34**	**(25)**	**129**	**—**	**(85)**
(Charge)/credit to income statement	81	150	15	(171)	—	75
Change in scope	—	—	—	—	—	—
Transfers to assets held for sale	—	—	—	—	—	—
Exchange differences	—	3	(1)	(4)	—	(2)
Balance at December 31, 2020	**(142)**	**187**	**(11)**	**(46)**	**—**	**(12)**
Deferred tax assets	97	187	—	102	(189)	197
Deferred tax liabilities	(239)	—	(11)	(148)	189	(209)
Balance at December 31, 2020	**(142)**	**187**	**(11)**	**(46)**	**—**	**(12)**

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	Fixed assets	Unused tax losses	Other	Total
		(US$ millions)		
At December 31, 2020	57	4,668	218	**4,943**
At December 31, 2019	92	4,705	126	**4,923**

Unrecognized tax losses carryforward related to continuing operations expire as follows:

	2020	2019	2018
		(US$ millions)	
Expiry:			
Within one year	3	1	—
Within one to five years	3	2	3
After five years	1,089	493	493
No expiry	3,573	4,209	4,390
Total	**4,668**	**4,705**	**4,886**

With effect from 2017, Luxembourg tax losses incurred may be carried forward for a maximum of 17 years. Losses incurred before 2017 may be carried forward without limitation of time.

At December 31, 2020, Millicom had $621 million of unremitted earnings of Millicom operating subsidiaries for which no deferred tax liabilities were recognized (2019: $697 million; 2018: $584 million). Except for intragroup dividends to be paid out of 2020 profits in 2021 for which deferred tax of $11 million (2019: $26 million; 2018 $34 million) has been provided, it is anticipated that intragroup dividends paid in future periods will be made out of profits of future periods.

B.7. Earnings per share

Basic earnings (loss) per share are calculated by dividing net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings (loss) per share are calculated by dividing the net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of dilutive potential shares.

Net profit/(loss) used in the earnings (loss) per share computation

	2020	2019	2018
		(US$ millions)	
Basic and Diluted			
Net profit (loss) attributable to equity holders from continuing operations	(332)	93	23
Net profit (loss) attributable to equity holders from discontinued operations	(12)	57	(33)
Net profit/(loss) attributable to all equity holders to determine the basic earnings (loss) per share	**(344)**	**149**	**(10)**

Weighted average number of shares in the earnings (loss) per share computation

	2020	2019	2018
		(thousands of shares)	
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings (loss) per share	101,172	101,144	100,793
Potential incremental shares as a result of share options	—	—	—
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	**101,172**	**101,144**	**100,793**

C. Capital structure and financing

C.1. Share capital, share premium and reserves

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where any Group company purchases the Company's share capital, the consideration paid, including any directly attributable incremental costs, is shown under Treasury shares and deducted from equity attributable to the Company's equity holders until the shares are canceled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental costs and the related income tax effects is included in equity attributable to the Company's equity holders.

Share capital, share premium

	2020	2019
Authorized and registered share capital (number of shares)	133,333,200	133,333,200
Subscribed and fully paid up share capital (number of shares)	101,739,217	101,739,217
Par value per share	1.50	1.50
Share capital (US$ millions)	153	153
Share premium (US$ millions)	478	480
Total (US$ millions)	**630**	**633**

Other equity reserves

	Legal reserve	Equity settled transaction reserve	Hedge reserve	Currency translation reserve	Pension obligation reserve	Total
			(US$ millions)			
As of January 1, 2018	**16**	**46**	**0**	**(531)**	**(3)**	**(472)**
Share based compensation	—	22	—	—	—	22
Issuance of shares – 2015, 2016, 2017 LTIPs	—	(22)	—	—	—	(22)
Remeasurements of post-employment benefit obligations	—	—	—	—	0	1
Cash flow hedge reserve movement	—	—	(1)	—	—	0
Currency translation reserved recycled to statement of income	—	—	0	—	—	—
Currency translation movement	—	—	—	(68)	—	(67)
As of December 31, 2018	**16**	**47**	**(1)**	**(599)**	**(3)**	**(538)**
Share based compensation	—	29	—	—	—	29
Issuance of shares –2016, 2017, 2018 LTIPs	—	(25)	—	—	—	(25)
Remeasurements of post-employment benefit obligations	—	—	—	—	—	—
Cash flow hedge reserve movement	—	—	(16)	—	—	(16)
Currency translation reserved recycled to statement of income	—	—	—	—	—	—
Currency translation movement	—	—	—	(2)	—	(2)
Effect of restructuring in Tanzania				9		9
As of December 31, 2019	**16**	**52**	**(18)**	**(593)**	**(2)**	**(544)**
Share based compensation	—	24	—	—	—	24
Issuance of shares –2017, 2018, 2019 LTIPs	—	(26)	—	—	—	(26)
Remeasurements of post-employment benefit obligations	—	—	—	—	(2)	(2)
Cash flow hedge reserve movement	—	—	(1)	—	—	(1)
Currency translation reserved recycled to statement of income	—	—	—	—	—	—
Currency translation movement	—	—	—	(12)	—	(12)
As of December 31, 2020	**16**	**50**	**(19)**	**(605)**	**(4)**	**(562)**

C.1.1. Legal reserve

If Millicom International Cellular S.A. reports an annual net profit on a non-consolidated basis, Luxembourg law requires appropriation of an amount equal to at least 5% of the annual net profit to a legal reserve until such reserve equals 10% of the issued share capital. This reserve is not available for dividend distribution. No appropriation was required in 2019 or 2020 as the 10% minimum level was reached in 2011 and maintained each subsequent year.

C.1.2. Equity settled transaction reserve

The cost of LTIPs is recognized as an increase in the equity-settled transaction reserve over the period in which the performance and/or service conditions are rendered. When shares under the LTIPs vest and are issued the corresponding reserve is transferred to share premium.

C.1.3. Hedge reserve

The effective portions of changes in value of cash flow hedges are recorded in the hedge reserve (see note C.1.).

C.1.4. Currency translation reserve

In the financial statements, the relevant captions in the statements of financial position of subsidiaries without US dollar functional currencies are translated to US dollars using the closing exchange rate. Statements of income or statement of income captions (including those of joint ventures and associates) are translated to US dollars at monthly average exchange rates during the year. The currency translation reserve includes foreign exchange gains and losses arising from these translations. When the Group disposes of or loses control or significant influence over a foreign operation, exchange differences that were recorded in equity are recognized in the consolidated statement of income as part of gain or loss on sale or loss of control and/or significant influence.

C.2. Dividend distributions

On June 25, 2020, as a result of the uncertainties triggered by the COVID-19 pandemic and Group's shareholders consciousness to protect the Group's liquidity, the shareholders decided not to proceed to the payment of a dividend related to 2019 profits.

On May 2, 2019, a dividend distribution of $2.64 per share from Millicom’s retained profits at December 31, 2018, was approved by the shareholders at the AGM and paid in equal portions in May and November 2019.

On May 4, 2018, a dividend distribution of $2.64 per share from Millicom’s retained profits at December 31, 2017, was approved by the shareholders at the AGM and paid in equal portions in May and November 2018.

The ability of the Company to make dividend payments is subject to, among other things, the terms of indebtedness, legal restrictions and the ability to repatriate funds from Millicom’s various operations. At December 31, 2020, $310 million (December 31, 2019: $306 million; December 31, 2018: $324 million) of Millicom’s retained profits represent statutory reserves that are unavailable to be distributed to owners of the Company.

C.3. Debt and financing

Debt and financing by type (i)

	Note	2020	2019
		(US$ millions)	
Debt and financing due after more than one year			
Bonds	C.3.1.	4,253	4,067
Banks	C.3.2.	1,337	1,805
Other financing (ii)		41	43
Total non-current financing		5,631	5,915
Less: portion payable within one year		(54)	(129)
Total non-current financing due after more than one year		**5,578**	**5,786**
Debt and financing due within one year			
Bonds	C.3.1.	44	46
Banks	C.3.2.	15	11
Total current debt and financing		**59**	**57**
Add: portion of non-current debt payable within one year		54	129
Total		**113**	**186**
Total debt and financing		**5,691**	**5,972**

(i) See note D.1.1 for further details on maturity profile of the Group debt and financing.

(ii) In July 2018, the Company issued a COP144,054.5 million /$50 million bilateral facility with IIC (Inter-American Development Bank) for a USD indexed to COP Note. The note bears interest at 9.450% p.a.. This COP Note is used as net investment hedge of the net assets of our operations in Colombia.

Debt and financing by location

	2020	2019
	(US$ millions)	
Millicom International Cellular S.A. (Luxembourg)	2,504	2,773
Colombia	803	827
Paraguay	738	502
Bolivia	337	350
Panama	869	918
Tanzania	203	186
Costa Rica	119	148
El Salvador	118	268
Total debt and financing	**5,691**	**5,972**

Debt and financings are initially recognized at fair value, net of directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest rate method or at fair value. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the effective interest rate. Any difference between the initial amount and the maturity amount is recognized in the consolidated statement of income over the period of the borrowing. Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the statement of financial position date.

C.3.1. Bond financing

Bond financing

	Note	Country	Maturity	Interest Rate %	2020	2019
					(US$ millions)	
SEK Variable Rate Notes	1	Luxembourg	2024	STIBOR (i) + 2.350%	241	211
USD 4.500% Senior Notes	2	Luxembourg	2031	4.500 %	494	—
USD 6.625% Senior Notes	3	Luxembourg	2026	6.625 %	495	495
USD 6.000% Senior Notes	4	Luxembourg	2025	6.000 %	—	492
USD 6.250% Senior Notes	5	Luxembourg	2029	6.250 %	743	743
USD 5.125% Senior Notes	6	Luxembourg	2028	5.125 %	493	493
USD 5.875% Senior Notes	7	Paraguay	2027	5.875 %	558	296
PYG 8.750% Notes (tranche A)	7	Paraguay	2024	8.750 %	17	18
PYG 9.250% Notes (tranche B)	7	Paraguay	2026	9.250 %	7	8
PYG 10.000% Notes (tranche C)	7	Paraguay	2029	10.000 %	9	10
PYG 9.250% Notes (tranche D)	7	Paraguay	2026	9.250 %	1	2
PYG 10.000% Notes (tranche E)	7	Paraguay	2029	10.000 %	4	4
PYG 9.250% Notes (tranche F)	7	Paraguay	2027	9.250 %	2	—
PYG 10.000% Notes (tranche G)	7	Paraguay	2030	10.000 %	3	—
BOB 4.750% Notes	8	Bolivia	2020	4.750 %	—	30
BOB 4.050% Notes	8	Bolivia	2020	4.050 %	—	4
BOB 5.800% Notes	8	Bolivia	2026	5.800 %	50	0
BOB 4.850% Notes	8	Bolivia	2023	4.850 %	42	57
BOB 3.950% Notes	8	Bolivia	2024	3.950 %	29	36
BOB 4.600% Notes	8	Bolivia	2024	4.600 %	40	40
BOB 4.300% Notes	8	Bolivia	2029	4.300 %	19	21
BOB 4.300% Notes	8	Bolivia	2022	4.300 %	20	26
BOB 4.700% Notes	8	Bolivia	2024	4.700 %	28	32
BOB 5.300% Notes	8	Bolivia	2026	5.300 %	11	13
BOB 5.000% Notes	8	Bolivia	2026	5.000 %	61	61
UNE Bond 1 (tranches A and B)	9	Colombia	2020	CPI + 5.10%	—	46
UNE Bond 2 (tranches A and B)	9	Colombia	2023	CPI + 4.76%	44	46
UNE Bond 3 (tranche A)	9	Colombia	2024	9.350 %	47	49
UNE Bond 3 (tranche B)	9	Colombia	2026	CPI + 4.15%	74	78
UNE Bond 3 (tranche C)	9	Colombia	2036	CPI + 4.89%	37	38
UNE Bond 6.600%	9	Colombia	2030	6.600 %	44	—
USD 4.500% Senior Notes	10	Panama	2030	4.500 %	586	585
Cable Onda Bonds 5.750%	10	Panama	2025	5.750 %	99	184
Total bond financing					**4,297**	**4,113**

(i) STIBOR – Swedish Interbank Offered Rate.

(1) SEK Notes

In May 2019, MIC S.A. completed its offering of a SEK 2 billion floating rate senior unsecured sustainability bond due 2024. The bond carries a floating coupon of 3-month Stibor+235bps which we swapped with various banks to hedge its interest rate exposure, pursuant to which it will effectively pay fixed-rate coupons in US dollars between 4.990% and 4.880% (see D.1.2.). The bond has been listed and commenced trading on the Nasdaq Stockholm sustainable bond list on June 12, 2019. Millicom is using the net proceeds of the bond in accordance with the Sustainability Bond Framework which includes both environmental and social investments such as in energy efficiencies, and the expansion of its fixed and mobile networks. Cost of issuance of $2.4 million is amortized over the five year life of the bond (the effective interest rate is 2.600%)

(2) USD 4.500% Senior Notes

On October 19, 2020, MIC S.A. issued $500 million aggregate principal amount of 4.500% Senior Notes due 2031. The Notes bear interest at 4.500% p.a., payable semiannually in arrears on each interest payment date. Proceeds were used to early redeem MIC S.A.'s $500 million 6.000% Senior Notes due 2025 - see below. Costs of issuance of $5.5 million is amortized over the eleven-year life of the notes (the effective interest rate is 4.800%).

(3) USD 6.625% Senior Notes

In October 2018, MIC S.A. issued $500 million aggregate principal amount of 6.625% Senior Notes due 2026. The Notes bear interest at 6.625% p.a., payable semiannually in arrears on each interest payment date. Proceeds were used to finance Cable Onda's acquisition. Costs of issuance of $6 million is amortized over the eight-year life of the notes (the effective interest rate is 6.750%).

(4) USD 6.000% Senior Notes

In March 2015, MIC S.A. issued a $500 million 6.000% fixed interest rate notes repayable in ten years, to repay the El Salvador 8.000% senior notes and for general corporate purposes. The notes had an effective interest rate of 6.132%. A total amount of $9 million of withheld and upfront costs were being amortized over the ten-year life of the bond. On April 8, 2019, the Group obtained consents from the holders of its $500 million 6.000% notes to amend certain provisions of the indenture governing the notes. MIC S.A. made a cash payment of $1 million (equal to $2.50 per $1,000 principal amount of Notes to holders of the Notes).

On October 19, 2020, Millicom announced the early redemption of these Senior Notes which took place on October 29, 2020 at a redemption price equal to 103.0% of the principal amount redeemed plus accrued and unpaid interest. The early redemption premium amounted to $15 million and the remaining unamortized deferred costs to $7 million. These were recognized under "Interest and other financial expenses" in the Group's statement of income.

(5) USD 6.250% Senior Notes

In March 2019, MIC S.A. issued $750 million of 6.250% notes due 2029. The notes bear interest at 6.250% p.a., payable semi-annually in arrears on March 25 and September 25 of each year, starting on September 25, 2019. The net proceeds were used to finance, in part, the completed Telefonica CAM Acquisitions (see note A.1.2.). Costs of issuance of $8.2 million are amortized over the ten-year life of the notes (the effective interest rate is 6.360%).

(6) USD 5.125% Senior Notes

In September 2017, MIC S.A. issued a $500 million, ten-year bond due January 2028, with an interest rate of 5.125%. Costs of issuance of $7 million are amortized over the ten year life of the notes (effective interest rate is 5.240%).

(7) PYG Notes

In April 2019, Telefónica Celular del Paraguay S.A.E. (Telecel) issued $300 million 5.875% senior notes due 2027. The notes bear interest at 5.875% p.a., payable semi-annually in arrears on April 15 and October 15 of each year, starting on October 15, 2019. The net proceeds were used to finance the repurchase of the Telecel 6.750% 2022 notes. Costs of issuance of $4 million are amortized over the eight-year life of the notes (the effective interest rate is 6.000%). On January 28, 2020, Telecel issued at a premium $250 million of 5.875% Senior Notes due 2027 (the "New Notes"), representing an additional issuance from the Senior Notes described above. The New Notes are treated as a single class with the initial notes, and were priced at 106.375 for an implied yield to maturity of 4.817%. The corresponding $15 million premium received will be amortized over the Senior Notes maturity.

In June 2019, Telefónica Celular del Paraguay S.A.E. issued notes in three series under its PYG 300 billion program as follows: Series A for PYG 115 billion (approximately $18 million), with a fixed annual interest rate of 8.750%, maturing in June 2024, series B for PYG 50 billion (approximately $8 million) with a fixed annual interest rate of 9.250%, maturing in May 2026 and series C for PYG 65 billion (approximately $10 million) with a fixed annual interest rate of 10.000%, maturing in May 2029. On December 27, 2019, under the same program, they issued PYG. 35 billion (Approximately $5 million) in two tranches: (i) PYG 10 billion (approximately $2 million) which bears a fixed annual interest rate of 9.250% and matures on December 30, 2026; and (ii) PYG 25 billion (approximately $4 million) which bears a fixed annual interest rate of 10.000% and matures on December 24, 2029.

In February 2020, Telecel issued local bonds in 2 series: (i) Series 6, for an amount of PYG 15 billion (approximately $2 million) with a 9.250% interest due on January 29, 2027, and (ii) Series 7, for an amount of PYG 20 billion (approximately $3 million) with a 10% interest due on January 31, 2030.

In May 2020, Telefónica Celular del 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 Multimedios S.A.. Effective as of those dates, these new entities now form part of the borrower's group for the purposes of the $550 million 5.875% Senior Notes due 2027 issued by Telefónica Celular del Paraguay, S.A.E.. In addition, as of July 7, 2020 Servicios y Productos Multimedios S.A. became guarantor of the 5.875% Notes due 2027.

(8) BOB Notes

In May 2012, Telefónica Celular de Bolivia S.A. issued BOB 1.36 billion of notes repayable in installments until April 2, 2020. Distribution and other transaction fees of BOB5 million reduced the total proceeds from issuance to BOB 1.32 billion ($191 million). The bond has a 4.750% per annum coupon with interest payable semi-annually in arrears in May and November each year. The effective interest rate is 4.790%. These bonds are listed on the Bolivia Stock Exchange.

In November 2015, they issued BOB 696 million (approximately $100 million) of notes in two series, series A for BOB 104.4 million (approximately $15 million), with a fixed annual interest rate of 4.050%, maturing in August 2020 and series B for BOB 591.6 million (approximately $85 million) with a fixed annual interest rate of 4.850%, maturing in August 2023. The bond has coupon with interest payable semi-annually in arrears in March and September during the first two years, thereafter each February and August. The effective interest rate is 4.840%. These bonds are listed on the Bolivia Stock Exchange.

In August 2016, Telefónica Celular de Bolivia S.A.. issued a new bond for a total amount of BOB 522 million consisting of two tranches (approximately $50 million and $25 million, respectively). Tranche A and B bear fixed interest at 3.950% and 4.300%, and will mature in June 2024 and June 2029, respectively. These bonds are listed on the Bolivia Stock Exchange.

In October 2017, they placed approximately $80 million of local currency bonds in three tranches, which will mature in 2022, 2024 and 2026 with a 4.300% , 4.700% and 5.300% respectively. These bonds are listed on the Bolivia Stock Exchange.

In July 2019 they issued two bonds one for BOB 420 million (approximately $61 million) with a 5.000% coupon maturing on August 2026 and another one for BOB 280 million (approximately $40 million) with a 4.600% coupon maturing on August 2024. Interest payments is semiannual and both bonds are listed on the Bolivia Stock Exchange.

In December 2020, Telefónica Celular de Bolivia S.A. issued BOB 345 million (approximately $50 million) senior notes due 2026.

(9) UNE Bonds

In March 2010, UNE issued a COP300 billion (approximately $126 million) bond consisting of two tranches with five and ten-year maturities. Interest rates are either fixed or variable depending on the tranche. Tranche A bears variable interest, based on CPI, in Colombian peso and paid in Colombian peso. Tranche B bears variable interest, based on fixed term deposits, in Colombian peso and paid in Colombian peso. UNE applied the proceeds to finance its investment plan. Tranche A matured in March 2015 and tranche B matured in March 2020.

In May 2011, UNE issued a COP300 billion (approximately $126 million) bond consisting of two equal tranches with five and twelve-year maturities. Interest rates are variable and depend on the tranche. Tranche A had variable interest, based on CPI, in Colombian peso and paid in Colombian peso. Tranche B bears variable interest, based on CPI, in Colombian peso and paid in Colombian peso. UNE applied the proceeds to finance its investment plan. Tranche A matured in October 2016 and tranche B will mature in October 2023.

In May 2016, UNE issued a COP540 billion bond (approximately $176 million) consisting of three tranches (approximately $52 million, $83 million and $41 million respectively). Interest rates are either fixed or variable depending on the tranche. Tranche A bears fixed interest at 9.350%, while tranche B and C bear variable interest, based on CPI, (respective margins of CPI + 4.150% and CPI + 4.890%), in Colombian peso. UNE applied the proceeds to finance its investment plan and repay one bond (COP150 billion tranche). Tranches A, B and C will mature in May 2024, May 2026 and May 2036, respectively.

In March 2020, UNE issued local bonds for an amount of COP 150 billion (approximately $44 million) to repay an existing bond for the same value, with a 6.600% fixed rate for 10 years.

(10) Cable Onda Bonds

In August 2015, Cable Onda issued local bonds in Panama for a total amount of $185 million. These bonds are listed on the Panama Stock Exchange and bear a fixed annual interest of 5.750% and are due in August 2025. In December 2020, Cable Onda early repaid $85 million on these bonds, at par.

In November 2019, Cable Onda issued $600 million aggregate principal amount of 4.500% senior notes due 2030 payable in U.S. dollars, registered with the Superintendencia del Mercado de Valores de Panamá and listed on the Luxembourg Stock Exchange and on the Panamá Stock Exchange. The Notes bear interest from November 1, 2019 at a rate of 4.500% per annum, payable on January 30, 2020 for the first payment and thereafter semiannually in arrears on each interest payment date. The proceeds were used to fund the Panama Acquisition and to refinance certain local financing. Costs of issuance of $16 million, which include an original issue discount (OID) is amortized over the ten-year life of the notes (the effective interest rate is 4.690%).

C.3.2. Bank and Development Financial Institution financing

	Note	Country	Maturity range	Interest rate	2020	2019
					(US$ millions)	
Fixed rate loans						
PYG Long-term loans	1	Paraguay	2020-2026	Fixed	137	166
USD - Long-term loans	2	Panama	2024-2025	Fixed	185	150
BOB Long-term loans	3	Bolivia	2023-2025	Fixed	37	31
Variable rate loans						
USD Long-term loans	4	Costa Rica	2023	Variable	119	148
USD Long-term loans	5	Tanzania	2021-2025	Variable	162	171
TZS Long-term loans	5	Tanzania	2021-2025	Variable	41	14
USD Short-term loans	8	Luxembourg	2024	Libor + 3.00%	—	298
USD Long-term loans(i)	8	Luxembourg	2024	Variable	(5)	—
COP Long-term loans	6	Colombia	2025-2030	Variable	262	274
USD Long-term loans	6	Colombia	2024	Variable	296	295
USD Credit Facility / Senior Unsecured Term Loan Facility	7	El Salvador	2021-2023	Variable	118	268
Total Bank and Development Financial Institution financing					**1,353**	**1,817**

(i) Relates to the amortized costs of the undrawn RCF that Micsa entered in October 2020 -see note 8,

1. Paraguay

In October 2015, Telefónica Celular del Paraguay S.A.E. entered into a five -year loan facility with Banco Itau for PGY 257,700 million (approximately $40 million) which bears a fixed annual interest rate. The final maturity of the loan was on September 10, 2020.

In July 2017, Telefónica Celular del Paraguay S.A.E executed a five-year loan agreement with the IPS (Instituto de Prevision Social) and the Inter-American Development Bank, who acts as a guarantor, for a total amount of PYG $367,000 million (approximately $66 million). The loan, denominated in PYG with the final maturity in 2022. The guarantee under this facility is counter-guaranteed by MICSA.

In July 2018, Telefónica Celular del Paraguay S.A.E. executed a seven-year loan with Regional Bank for PYG 115,000 million (approximately $18 million with a final maturity in 2025.

In January 2019, Telefónica Celular del Paraguay S.A.E. obtained a seven-year loan from BBVA Bank for PYG 177,000 million which is due on November, 26, 2025.

In September 2019, Telefónica Celular del Paraguay S.A.E. executed an amended and restated agreement with Banco Continental S.A.E.C.A., to consolidate three existing loans, for a PYG 370,000 million (approximately $57 million). The new loan has a maturity of 7 years.

In January 2020, Telecel refinanced its previous loan with Banco Itaú and obtained a new long-term loan from Banco Itaú Paraguay S.A., for Gs. 154.6 billion (approximately $24 million) , amortizing semi-annually and maturing on December 27, 2024.

In December 2020, Telecel executed a credit agreement with Banco Continental S.A.E.C.A for PYG 200,000 million (approximately $29 million using the exchange rate as of December 31, 2020) with a duration of 2.5 years. Main aim is to refinance outstanding bank loans with maturities from 2021 to 2023.

2. Panama

In August 2019, Cable Onda S.A entered into two credit agreements, one with Banco Nacional de Panama S.A , for $75 million which bears a fixed interest and has a 5 year duration and another one with the Bank of Nova Scotia (Sucursal Panama) for $75 million with a fixed interest and a five year duration to finance and refinance working capital and capital expenditures. In October 2020, $50 million have been early repaid on the $75 million credit agreement with Banco Nacional de Panama S.A..

In December 2020, Cable Onda S.A. executed a credit agreement with Bank of Nova Scotia with a 60 month duration for $110 million divided into 2 tranches. Tranche A ($85 million) was disbursed on December 2020 to partially recall the Local Bond ($85 million) and Tranche B is expected to be disbursed in Q1 2021.

3. Bolivia

In June 2018, Telefónica Celular de Bolivia S.A.. entered into a two tranche loan agreement with Banco BISA S.A for BOB 69.6 million (approximately $10 million) each, with a fixed interest rate. The loans have a term of 7 years.

In November 2019, they executed a new loan with Banco de Crédito de Bolivia S.A for Bs. 78 million (approximately $11 million), with semiannual payments and a fixed interest rate. The loan has a term of 4 years.

4. Costa Rica

In April 2018, Millicom Cable Costa Rica S.A. entered into a $150 million variable rate syndicated loan with Citibank as agent. In June 2020, Millicom Cable Costa Rica S.A partially repaid an amount of $30 million of this loan.

In June 2018, Millicom Cable Costa Rica S.A. entered into a cross currency swap to hedge part of the principal of the loan against interest rate and currency risks. Interest rate and currency swap agreements had been made on $35 million of the principal amount and interest rate swaps for an additional $40 million. In October 2018, Millicom Costa Rica S.A. entered into a currency swap to hedge part of the principal of the loan against currency risks. The currency swap agreement had been made on $35 million of the principal amount. Finally on April 2019, Millicom Cable Costa Rica S.A. entered into another cross currency swap to hedge part of the principal of the loan against interest rate and currency risks. Interest rate and currency swap agreements had been made on $37 million of the principal amount and interest rate swaps for an additional $38 million.

5. Tanzania

In June 2019, MIC Tanzania Public Limited Company entered into a syndicated loan facility agreement with the Standard Bank of South Africa acting as an agent and a consortium of banks acting as the original lenders, for $174.75 million (tranche A) and TZS103,000 million (tranche B - approximately $45 million) which bears variable interests: for Tranche A Libor plus a margin and for Trance B T-Bill rate plus a margin. The facility agreement 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 Facility was amended and restated in December 2019 and maturity was extended to 66 months and 100% of the USD portion and TZS 34 billion (approximately $15 million) were disbursed. In January 2020, TZS 35 billion (approximately $15 million) were disbursed and the last tranche of TZS 34 billion (approximately $15 million) was disbursed in February 2020.

6. Colombia

In December 20, 2019, our operation in Colombia executed an amendment to the $300 million loan between Colombia Móvil S.A. E.S.P. as borrower and UNE EPM Telecomunicaciones S.A., as guarantor with a consortium of banks to extend the maturity for 5 years (now due on December 20, 2024) and lower the applicable margin.

In September and November 2020, Colombia executed 4 new cross currency swaps of $25 million each with Bancolombia, JP Morgan and BBVA to complete $100 million and hedge the exposure of a portion of the $300 million syndicated loan, fixing the exchange rate on average to USD/COP 3.682 and interest rate of 5.35%.

7. EL Salvador

On April 15, 2016, Telemovil El Salvador, S.A. de C.V. executed a senior unsecured term loan facility up to $50 million maturing in April 2021 and bearing variable interest per annum, which was restated and amended as of May 30, 2017, for a second tranche of $50 million. This facility is guaranteed by MICSA.. Later on, in January 2018, Telemovil El Salvador entered into a second amended and restated agreement with Scotiabank for a third tranche of $50 million with variable rate and with a 5-year bullet repayment, also guaranteed by MICSA.

In addition, the company executed an interest rate swap with Scotiabank to fix interest rates for up to $100 million of the outstanding debt.

On June 3, 2016, Telemovil El Salvador, S.A. de C.V. executed a $30 million credit facility with Citibank N.A., for general corporate purposes maturing in June 2021 and bearing variable interest rate per annum. The facility is guaranteed by MICSA..

In March 2018, Telemovil El Salvador executed a $100 million credit facility with DNB at a variable rate facility with DNB and Nordea with a 5-year bullet repayment.The facility is guaranteed by MICSA..

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

8. Luxembourg

In April 2019, MICSA. entered into a $300 million term facility agreement arranged by DNB Bank ASA, Sweden Branch and Nordea Bank Abp, Filial i Sverige. This facility has a variable interest rate and is fully drawn as at December 31, 2019 and is due on April 2024. In November 2020, MICSA prepaid the total $300 million facility.

In March 2020, MICSA drew down $400 million from the $600 million revolving credit facility it entered into in January 2017 (the "RCF"). $337 million was disbursed in March 2020 and the remaining $63 million in April 2020. The draw down had an initial six-month term and Millicom had the option to extend up to January 2022 (the maturity date of the RCF). The RCF was fully repaid on June 29, 2020.

In October 2020, MICSA. entered into a 5 year, $600 million ESG-linked revolving credit facility (the "Facility") with a syndicate of 11 commercial banks. This facility will be used to refinance the above existing multi-currency revolving credit facility which was due to expire in 2022 and for general corporate purposes.

Right of set-off and derecognition

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

A financial asset (or a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- Rights to receive cash flows from the asset have expired; or
- Rights to receive cash flows from the asset or obligations to pay the received cash flows in full without material delay have been transferred to a third party under a “pass-through” arrangement; and the Group has either transferred substantially all the risks and rewards of the asset or the control of the asset.

When rights to receive cash flows from an asset have been transferred or a pass-through arrangement concluded, an evaluation is made if and to what extent the risks and rewards of ownership have been retained. When the Group has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income.

C.3.3. Interest and other financial expenses

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

	December 31		
	2020	**2019**	**2018**
	(US$ millions)		
Interest expense on bonds and bank financing	(386)	(348)	(234)
Interest expense on leases	(156)	(157)	(91)
Early redemption charges	(15)	(10)	(4)
Others	(67)	(47)	(37)
Total interest and other financial expenses	**(624)**	**(564)**	**(367)**

C.3.4. Guarantees and pledged assets

Guarantees

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized, less cumulative amortization.

Liabilities to which guarantees are related are recorded in the consolidated statement of financial position under Debt and financing, and liabilities covered by supplier guarantees are recorded under Trade payables or Debt and financing, depending on the underlying terms and conditions.

Maturity of guarantees

Terms	At December 31, 2020 Outstanding and Maximum exposure(i)(ii)	At December 31, 2019 Outstanding and Maximum exposure(i)(ii)
	(US$ millions)	
0-1 year	59	29
1-3 years	227	134
3-5 years	—	300
Total	**287**	**464**

(i) The outstanding exposure represents the carrying amount of the related liability at December 31.

(ii) The maximum exposure represents the total amount of the Guarantee at December 31.

Pledged assets

As at December 31, 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 issued was $287 million (December 31, 2019: $464 million). Assets pledged by the Group over these debts and financings amounted to nil at December 31, 2020 (December 31, 2019: $1 million). The remainder represented primarily guarantees issued by Millicom S.A. to guarantee financings raised by other Group operating entities.

In addition to the above, on June 4, 2019, MIC Tanzania Public Limited Company entered into a loan facility agreement which was further amended and restated on December 12, 2019, 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.

C.3.5. Covenants

Millicom's financing facilities are subject to a number of covenants including net leverage ratio, debt service coverage ratios, or debt to earnings ratios, among others. In addition, certain of its financings contain restrictions on sale of businesses or significant assets within the businesses. At December 31, 2020, there were no breaches of financial covenants.

C.4. Lease liabilities

At December 31, 2020, lease liabilities are presented in the statement of financial position as follows:

	December 31, 2020	December 31, 2019(i)
	(US$ millions)	
Current	123	107
Non-Current	897	988
Total Lease liabilities	**1,021**	**1,096**

(i) Restated as a result of the finalization of the purchase accounting of our acquisition in Panama (note A.1.2.).

As permitted under IFRS 16, Millicom has elected not to recognize a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are rather recognized on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The expenses relating to payments not included in the measurement of the lease liability are disclosed in operating expenses (note B.3.) and are as follows:

	2020	2019
	(US$ millions)	
Expense relating to short-term leases (included in cost of sales and operating expenses)	(1)	(5)

The total cash outflow for leases in 2020 was $267 million (2019: $249 million). Lease liabilities split by maturity and future cash outflows are disclosed in note D.5..

At December 31, 2020, the Group has not committed to any material leases which had not yet commenced and has no material lease contracts with variable lease payments.

The Group's leasing activities and how these are accounted for

The Group leases various lands, sites, towers (including those related to towers sold and leased back), offices, warehouses, retail stores, equipment and cars. Rental contracts are typically made for fixed periods but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Through December 31, 2018, leases of property, plant and equipment were classified as either finance or operating leases. Under IAS 17, leases which transferred substantially all risks and benefits incidental to ownership of the leased item to the lessee were capitalized at the inception of the lease. The amount capitalized was the lower of the fair value of the asset or the present value of the minimum lease payments. Payments made under operating leases (net of any incentives received from the lessor) were charged to the statement of income on a straight-line basis over the period of the lease.

Still under IAS 17, the sale and leaseback of towers and related site operating leases and service contracts were accounted for in accordance with the underlying characteristics of the assets, and the terms and conditions of the lease agreements. When sale and leaseback agreements were concluded, the portions of assets that will not be leased back by Millicom were classified as assets held for sale as completion of their sale was highly probable. Asset retirement obligations related to the towers were classified as liabilities directly associated with assets held for sale. On transfer to the tower companies, the portion of the towers leased back were accounted for as operating leases or finance leases according to the criteria set out above. The portion of towers being leased back represented the dedicated part of each tower on which Millicom's equipment was located and was derived from the average technical capacity of the towers. Rights to use the land on which the towers were located were accounted for as operating leases, and costs of services for the towers were recorded as operating expenses. The gain on disposal was recognized upfront for the portion of towers that is not leased back, and was deferred and recognized over the term of the lease for the portion leased back.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the reduction of the liability and finance cost. The finance cost is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. As it is generally impracticable to determine that rate, the Group uses the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The incremental borrowing rate applied can have a significant impact on the net present value of the lease liability recognized under IFRS 16.

The Group determines the incremental borrowing rate by country and by considering the risk-free rate, the country risk, the industry risk, the credit risk and the currency risk, as well as the lease and payment terms and dates.

The Group is also exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is adjusted against the right-of-use asset by discounting the revised lease payments using either the initial discount rate or a revised discount rate. The initial discount rate is used if future lease payments are reflecting market or index rates or if they are in substance fixed. The discount rate is revised, if a change in floating interest rates occurs. The Group reassesses the variable payment only when there is a change in cash flows resulting from a change in the reference index or rate and not at each reporting date.

According to IFRS 16, lease term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both: (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate if the lessee is reasonably certain not to exercise that option. The assessment of such options is performed at the commencement of a lease. As part of the assessment, Millicom introduced the 'time horizon concept': the reasonable term under which the company expects to use a leased asset considering economic incentives, management decisions, business plans and the fast-paced industry Millicom operates in. The assessment must be focused on the economic incentives for Millicom to exercise (or not) an option to early terminate/extend a contract. The Group has decided to work on the basis the lessor will generally accept a renewal/not early terminate a contract, as there is an economic incentive to maintain the contractual relationship.

Millicom considered the specialized nature of most of its assets under lease, the low likelihood the lessor can find a third party to substitute Millicom as a lessee and past practice to conclude that, the lease term can go beyond the notice period when there is more than an insignificant penalty for the lessor not to renew the lease. This analysis requires judgment and has a significant impact on the lease liability recognized under IFRS 16.

Under IFRS 16, the accounting for sale and leaseback transactions has changed as the underlying sale transaction needs to be first analyzed using the guidance of IFRS 15. The seller/lessee recognizes a right-of-use asset in the amount of the proportional original carrying amount that relates to the right of use retained. Accordingly, only the proportional amount of gain or loss from the sale must be recognized. The impact from sale and leaseback transactions was not material for Millicom Group as of the date of initial application.

Finally, the Group has taken the additional following decisions when adopting the standard:

- Non-lease components are capitalized (IFRS16.15)
- Intangible assets are out of IFRS 16 scope (IFRS16.4)

C.5. Cash and deposits

C.5.1. Cash and cash equivalents

	2020	2019
	(US$ millions)	
Cash and cash equivalents in USD	619	834
Cash and cash equivalents in other currencies	256	330
Total cash and cash equivalents	**875**	**1,164**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

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

C.5.2. Restricted cash

	2020	2019
	(US$ millions)	
Mobile Financial Services	192	150
Others	7	5
Restricted cash	**199**	**155**

Cash held with banks related to MFS which is restricted in use due to local regulations is denoted as restricted cash. The increase is in line with the current increase in digital transactions due to the pandemic.

C.5.3. Pledged deposits

Pledged deposits represent contracted cash deposits with banks that are held as security for debts at corporate or operational entity level. Millicom is unable to access these funds until either the relevant debt is repaid or alternative security is arranged with the lender.

At December 31, 2020, there were no non-current pledged deposits (2019: nil).

At December 31, 2020, current pledged deposits amounted to nil (2019: $1 million).

C.6. Net financial obligations

Net financial obligations

	2020	2019
	(US$ millions)	
Total debt and financing	5,691	5,972
Lease liabilities (i)	1,021	1,096
Gross financial obligations	**6,711**	**7,068**
Less:		
Cash and cash equivalents	(875)	(1,164)
Pledged deposits	—	(1)
Time deposits related to bank borrowings	—	(1)
Net financial obligations at the end of the year	**5,837**	**5,902**
Add (less) derivatives related to debt (note D.1.2.)	12	(17)
Net financial obligations including derivatives related to debt	**5,849**	**5,885**

i) 2019 figure has been restated as a result of the finalization of the purchase accounting of our acquisition in Panama (note A.1.2.).

	Assets		Liabilities from financing activities		
	Cash and cash equivalents	Other	Bond and bank debt and financing	Lease liabilities (i)	Total
Net financial obligations as at January 1, 2019	**528**	**2**	**4,227**	**898**	**4,596**
Cash flows	638	—	1,743	(107)	998
Scope Changes	16	—	74	210	269
Recognition / Remeasurement	—	—	—	109	109
Interest accretion	—	—	8	—	8
Foreign exchange movements	(8)	—	(16)	(6)	(14)
Transfers to/from assets held for sale	(9)	—	(53)	(8)	(52)
Transfers	—	—	3	—	3
Other non-cash movements	—	—	(14)	—	(14)
Net financial obligations as at December 31, 2019	**1,164**	**2**	**5,972**	**1,096**	**5,902**
Cash flows	(272)	(2)	(274)	(121)	(121)
Scope changes	—	—	—	—	—
Recognition / Remeasurement	—	—	—	68	68
Interest accretion	—	—	16	1	17
Foreign exchange movements	(17)	—	(10)	(30)	(22)
Transfers to/from assets held for sale	—	—	—	—	—
Transfers	—	—	(3)	6	3
Other non-cash movements	—	—	(10)	—	(10)
Net financial obligations as at December 31, 2020	**875**	**—**	**5,691**	**1,021**	**5,837**

i) 2019 figure has been restated as a result of the finalization of the purchase accounting of our acquisition in Panama (note A.1.2.).

C.7. Financial instruments

i) Equity and debt instruments

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through Other Comprehensive Income (OCI), or through profit or loss, and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains / (losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of income.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in 'Other non-operating (expenses) income, net'. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented as 'Other non-operating (expenses) income, net' in the consolidated statement of income.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within 'Other non-operating (expenses) income, net' in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. The Group does not hold equity instruments for trading. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Purchases and sales of equity instruments are recognized as of their settlement date. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Otherwise, changes in the fair value of financial assets at FVPL are recognized in 'Other non-operating (expenses) income, net' in the consolidated statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From January 1, 2018, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the trade receivables.

The provision is recognized in the consolidated statement of income within Cost of sales.

ii) Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value at each subsequent closing date. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either:

a) Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or

b) Hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

For transactions designated and qualifying for hedge accounting, at the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. This is done in reference to the Group Treasury Policy as last updated and approved by the Audit Committee in late 2020. The Group also documents its assessment, both at hedge inception and on an ongoing basis (quarterly), of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging instrument is classified as a non-current asset or liability when the period to maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability when the remaining period to maturity of the hedged item is less than 12 months.

The change in fair value of hedging instruments that are designed and qualify as fair value hedges is recognized in the statement of income as finance costs or income. The change in fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of income as finance costs or income.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. Gains or loss relating to any ineffective portion is recognized immediately in the statement of income within Other non-operating (expenses) income, net. Amounts accumulated in equity are reclassified to the statement of income in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recycled to the statement of income within Other non-operating (expenses) income, net.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income within Other non-operating (expenses) income, net.

C.7.1. Fair value measurement hierarchy

Millicom uses the following fair value measurement hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade ratings. Interest rate swaps and foreign exchange forward contracts are valued using valuation techniques, which employ the use of markets observable data. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, interest rate curves and forward curves.

C.7.2. Fair value of financial instruments

The fair value of Millicom's financial instruments are shown at amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of all financial assets and all financial liabilities, except debt and financing approximate their carrying value largely due to the short-term maturities of these instruments. The fair values of all debt and financing have been estimated by the Group, based on discounted future cash flows at market interest rates.

Fair values of financial instruments at December 31,

		Carrying value		Fair value	
	Note	2020	2019	2020	2019
			(US$ millions)		
Financial assets					
Derivative financial instruments		24	—	24	—
Other non-current assets		77	66	77	66
Trade receivables, net		351	371	351	371
Amounts due from non-controlling interests, associates and joint venture partners	G.5.	296	68	296	68
Prepayments and accrued income		149	156	149	156
Supplier advances for capital expenditures		21	22	21	22
Call option (ii)	C.7.4.	3	—	3	—
Equity Investments	C.7.3.	160	371	160	371
Other current assets		181	192	181	192
Restricted cash	C.5.2.	199	155	199	155
Cash and cash equivalents	C.5.1.	875	1,164	875	1,164
Total financial assets		2,337	2,564	2,337	2,564
Current		2,143	2,460	2,143	2,460
Non-current		194	104	194	104
Financial liabilities					
Debt and financing (i)	C.3.	5,691	5,972	5,572	6,229
Trade payables		334	289	334	289
Payables and accruals for capital expenditure		345	348	345	348
Derivative financial instruments		16	17	16	17
Put option liability	C.7.4.	262	264	262	264
Amounts due to non-controlling interests, associates and joint venture partners	G.5.	339	498	339	498
Accrued interest and other expenses		445	432	445	432
Other liabilities		885	399	885	399
Total financial liabilities		8,317	8,219	8,198	8,475
Current		2,145	1,949	2,145	1,949
Non-current		6,173	6,270	6,054	6,527

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

(ii) Measured with reference to Level 3, using a Monte Carlo option pricing model.

C.7.3. Equity investments

As at December 31, 2020 and 2019, Millicom has the following investments in equity instruments:

	2020	2019
	(US$ millions)	
Investment in Jumia	—	32
Investment in HT	160	338
Equity investment - total	**160**	**371**

Jumia Technologies AG ("Jumia")

Jumia indirectly owns a number of companies that provide online services and online marketplaces in certain countries in Africa.

In January 2019, Millicom was diluted in the capital of the company following the entry of a new investor. This triggered the recognition of a net dilution gain of $7 million in January 2019. In addition, during Q1 2019, in preparation of Jumia's IPO, Millicom relinquished its seat on the board of directors, which resulted in the loss of the Group's significant influence over Jumia. As a result, Millicom derecognized its investment in associate in Jumia and recognized it as a financial asset (equity instrument) at fair value under IFRS 9. On April 11, 2019, Jumia completed its IPO at the offer price per share of $14.5 and shares started trading on the NYSE on April 12, 2019. As a result, as of March 31, 2019, a net gain of $30 million had been recognized and reported under 'Income (loss) from associates, net'. Post IPO, Millicom held 6.31% of the outstanding shares of Jumia.

In the course of June 2020, Millicom disposed of its entire stake in Jumia for a total net consideration of $29 million, triggering a net gain on disposal of $15 million recorded in the statement of income under 'other operating income (expenses), net'. The changes in fair value prior to the disposal were shown under "Other non-operating (expenses) income, net" (note B.5.).

Helios Towers plc ("HT")

In October 2019, Helios Towers plc (a company inserted as the holding company of HTA just prior to IPO) completed its IPO on the London Stock Exchange at a price of GBP 1.15 per share valuing the company at enterprise value of approximately $2.0 billion and a market capitalization of $1.45 billion.

As part of the listing process, on October 17, 2019, Millicom first was diluted as HT management exercised their IPO option rights (~4%). This event triggered the recognition of a non-cash dilution loss of $3 million recorded under 'Income/(loss) from other joint ventures and associates'.

On the same day, Millicom resigned from its board of directors seats, which resulted in the loss of the Group's significant influence over HT. As a result, as from that date, Millicom derecognized its investment in associate in HT and recognized it as a financial asset at fair value under IFRS 9. The derecognition of the investment in associate and recognition of the equity investment in HT at a fair value of $292 million triggered the recognition of a net non-cash gain of $208 million recorded under 'Other non-operating income (expense), net' in the Group's statement of income. Fair value was determined using the IPO reference share price of GBP1.15.

As a result of the IPO and the subsequent exercise of the overallotment option, Millicom disposed of a portion of its ownership (in total ~20%) yielding $57 million in gross proceeds and $25 million in net proceeds after fees and Millicom's share in tax escrow of $30 million which has been deducted in full from the gain given the high level of uncertainties used in assessing the potential tax liability. These disposals triggered a loss of $32 million, as a result of the tax escrow and transaction fees, and are recorded under 'Other operating income (expenses), net'.

During 2020, Millicom disposed of a total of 85 million shares that it owned in HT for a total net consideration of GBP 130 million ($169 million), triggering a total net gain on disposal of $6 million recorded in the statement of income under 'Other operating income (expenses), net'.

As a result of these transactions, at December 31, 2020, Millicom owns a remaining shareholding of 7.6% in HT (2019:16.2%), valued at $160 million (level 1) at the December 31, 2020 share price (£1.53). The changes in fair value are shown under 'Other non-operating (expenses) income, net' (see note B.5.).

C.7.4. Call and put options

Cable Onda call and put options

As part of the acquisition of Cable Onda, the shareholders agreed on certain put and call options as follows - as amended subsequent to the acquisition of Telefonica Panama:

The 'Transaction Price' call and put options are conditional to the occurrence of certain events, such as change of control of Millicom or at any time if Millicom's non-controlling partners' shareholdings fall below 10%, and become exercisable on the date of the Telefonica Panama closing (August 29, 2019) and extending until June 13, 2022. These put and call options are exercisable at the purchase price in the Cable Onda transaction (enterprise value of $1.46 billion), plus interest at 5% per annum (put) and at 10% per annum (call), respectively. From June 14, 2022, up to July 14, 2022, both options will be unconditional.

In addition, the parties agreed on 'Unconditional' call and put options to acquire the remaining 20% non-controlling interest in Cable Onda becoming exercisable at any time from July 15, 2022, both, at fair market value.

Millicom determined that the 'Transaction Price' put option could be exercised as a result of events falling outside of Millicom's control, and therefore that it met the criteria under IAS 32 for recognition as a liability and a corresponding equity decrease. The put option liability would be payable in Millicom's shares or in cash at the discretion of the partner. Therefore, Millicom recorded a liability for the put option at acquisition completion date of $239 million representing the present value of the redemption amount. As of December 31, 2020, the value of the 'Transaction Price' put option is lower than the 'Unconditional' put option's value, and therefore the Group recognized the put option liability at the higher of both valuations at $262 million (December 31, 2019: $264 million).

At December 31, 2020.The 'Transaction Price' call option has been valued at $3 million (December 31, 2019: nil) using a Monte Carlo simulation model. At December 31, 2020, the 'Unconditional' call option will be exercisable at fair market value and has therefore no value as at December 31, 2020 (December 31, 2019: nil).

The changes in value of the call option asset and put option liability are recorded in the Group's statement of income (see note B.5.).

D. Financial risk management

Exposure to interest rate, foreign currency, non-repatriation, liquidity, capital management and credit risks arise in the normal course of Millicom's business. Each year Group Treasury revisits and presents to the Audit committee updated Group Treasury policy. The Group analyzes each of these financial risks individually as well as on an interconnected basis and defines and implements strategies to manage the economic impact on the Group's performance in line with its policy. This policy was last reviewed in late 2020. As part of the annual review of the above mentioned risks, the Group agrees to a strategy over the use of derivatives and natural hedging instruments ranging from raising debt in local currency (where the Company targets to reach 40% of debt in local currency over the medium term) to maintain a combination of up to 75/25% mix between fixed and floating rate debt or agreeing to cover up to six months forward of operating costs and capex denominated in non-functional currencies through a rolling and layering strategy. Millicom's risk management strategies may include the use of derivatives to the extent a market would exist in the jurisdictions where the Group operates. Millicom's policy prohibits the use of such derivatives in the context of speculative trading.

Accounting policies for derivatives is further detailed in note C.7. On December 31, 2020 and 2019 fair value of derivatives held by the Group can be summarized as follows:

	2020	2019
	(US$ millions)	
Derivatives		
Cash flow hedge derivatives	12	(17)
Net derivative asset (liability)	**12**	**(17)**

D.1. Interest rate risk

Debt and financing issued at floating interest rates expose the Group to cash flow interest rate risk. Debt and financing issued at fixed rates expose the Group to fair value interest rate risk. The Group's exposure to risk of changes in market interest rates relate to both of the above. To manage this risk, the Group's policy is to maintain a combination of fixed and floating rate debt with target that more than 75% of the debt be at fixed rate. The Group actively monitors borrowings against this target. The target mix between fixed and floating rate debt is reviewed periodically. The purpose of Millicom's policy is to achieve an optimal balance between cost of funding and volatility of financial results, while considering market conditions as well as our overall business strategy. At

December 31, 2020, approximately 84% of the Group's borrowings are at a fixed rate of interest or for which variable rates have been swapped for fixed rates with interest rate swaps (2019: 76%).

D.1.1. Fixed and floating rate debt

Financing at December 31, 2020

	Amounts due within:						
	1 year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
				(US$ millions)			
Fixed rate financing	80	90	268	561	269	3,498	4,766
Floating rate financing	33	17	171	250	197	256	926
Total	**113**	**107**	**439**	**811**	**467**	**3,755**	**5,691**
Weighted average nominal interest rate	4.65 %	4.95 %	5.76 %	4.15 %	5.09 %	5.21 %	4.90 %

Financing at December 31, 2019

	Amounts due within:						
	1 year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
				(US$ millions)			
Fixed rate financing	118	117	118	332	431	3,428	4,543
Floating rate financing	68	38	27	185	654	457	1,429
Total	**186**	**155**	**145**	**517**	**1,085**	**3,884**	**5,972**
Weighted average nominal interest rate	5.10%	4.55%	4.34%	5.81%	4.73%	5.24%	4.82%

A 100 basis point fall or rise in market interest rates for all currencies in which the Group had borrowings at December 31, 2020 would increase or reduce profit before tax from continuing operations for the year by approximately $9 million (2019: $14 million).

D.1.2. Interest rate swap contracts

From time to time, Millicom enters into currency and interest rate swap contracts to manage its exposure to fluctuations in interest rates and currency fluctuations in accordance with its Financial Risk Management policy. Details of these arrangements are provided below.

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 (~$211 million) senior unsecured sustainability bond issued in May 2019 (note C.3.1.). 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 December 31, 2020, the fair values of the swaps amount to an asset of $23 million. (December 31, 2019: a liability of $0.2 million).

In addition, Colombia, 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 December 31, 2020, the fair value of El Salvador swaps amount to a liability of $3 million (December 31, 2019: a liability of $3 million), Costa Rica swaps amount to a liability of $5 million and an asset of $1 million (December 31, 2019: liability of $14 million) and the fair value of Colombia swaps amount to a liability of $7 million (December 31, 2019: nil).

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 December 31, 2020.

D.2. Foreign currency risks

The Group is exposed to foreign exchange risk arising from various currency exposures in the countries in which it operates. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Millicom seeks to reduce its foreign currency exposure through a policy of matching, as far as possible, assets and liabilities denominated in foreign currencies, or entering into agreements that limit the risk of exposure to currency fluctuations against the US dollar reporting currency. In some cases, Millicom may also borrow in US dollars where it is either commercially more advantageous for joint ventures and subsidiaries to incur debt obligations in US dollars or where US dollar denominated borrowing is the only funding source available to a joint venture or subsidiary. In these circumstances, Millicom accepts the remaining currency risk associated with financing its joint ventures and subsidiaries, principally because of the relatively high cost of forward cover, when available, in the currencies in which the Group operates.

D.2.1. Debt denominated in US dollars and other currencies

Debt denomination at December 31

	2020	2019
	(US$ millions)	
Debt denominated in US dollars	3,384	3,535
Debt denominated in currencies of the following countries		
Colombia	614	531
Tanzania	40	14
Bolivia	337	350
Paraguay	180	206
El Salvador(i)	118	268
Panama(i)	869	918
Luxembourg (COP denominated)	41	43
Costa Rica	107	107
Total debt denominated in other currencies	**2,307**	**2,437**
Total debt	**5,691**	**5,972**

(i) El Salvador's official unit of currency is the U.S. dollar, while Panama uses the U.S. dollar as legal tender. Our local debt in both countries is therefore denominated in U.S. dollars but presented as local currency (LCY).

At December 31, 2020, if the US dollar had weakened/strengthened by 10% against the other functional currencies of our operations and all other variables held constant, then profit before tax from continuing operations would have increased/decreased by $45 million (2019: $17 million). This increase/decrease in profit before tax would have mainly been as a result of the conversion of the USD-denominated net debts in our operations with functional currencies other than the US dollar.

D.2.2. Foreign currency swaps

See note D.1.2. Interest rate swap contracts.

D.3. Non-repatriation risk

Most of Millicom's operating subsidiaries and joint ventures generate most of the revenue of the Group and in the currency of the countries in which they operate. Millicom is therefore dependent on the ability of its subsidiaries and joint venture operations to transfer funds to the Company.

Although foreign exchange controls exist in some of the countries in which Millicom Group companies operate, none of these controls currently significantly restrict the ability of these operations to pay interest, dividends, technical service fees, royalties or repay loans by exporting cash, instruments of credit or securities in foreign currencies. However, existing foreign exchange controls may be strengthened in countries where the Group operates, or foreign exchange controls may be introduced in countries where the Group operates that do not currently impose such restrictions. If such events were to occur, the Company's ability to receive funds from the operations could be subsequently restricted, which would impact the Company's ability to make payments on its interest and loans and, or pay dividends to its shareholders. As a policy, all operations which do not face restrictions to deposit funds offshore and in hard currencies should do so for the surplus cash generated on a weekly basis. The Company and its subsidiaries make use of notional and physical cash pooling arrangements in hard currencies to the extent permitted.

In addition, in some countries it may be difficult to convert large amounts of local currency into foreign currency because of limited foreign exchange markets. The practical effects of this may be time delays in accumulating significant amounts of foreign currency and exchange risk, which could have an adverse effect on the Group. This is a relatively rare case for the countries in which the Group operates.

Lastly, repatriation most often results in taxation, which is evidenced in the amount of taxes paid by the Group relative to the Corporate Income Tax reported in its statement of income.

D.4. Credit and counterparty risk

Financial instruments that subject the Group to credit risk include cash and cash equivalents, pledged deposits, letters of credit, trade receivables, amounts due from joint venture partners and associates, supplier advances and other current assets and derivatives. Counterparties to agreements relating to the Group's cash and cash equivalents, pledged deposits and letters of credit are significant financial institutions with investment grade ratings. Management does not believe there are significant risks of non-performance by these counterparties and maintain a diversified portfolio of banking partners. Allocation of deposits across banks are managed such that the Group's counterparty risk with a given bank stays within limits which have been set, based on each bank's credit rating.

A large portion of revenue of the Group is comprised of prepaid products and services. For postpaid customers, the Group follows risk control procedures to assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Accounts receivable also comprise balances due from other telecom operators. Credit risk of other telecom operators is limited due to the regulatory nature of the telecom industry, in which licenses are normally only issued to credit-worthy companies. The Group maintains a provision for expected credit losses of trade receivables based on its historical credit loss experience.

As the Group has a large number of internationally dispersed customers, there is generally no significant concentration of credit risk with respect to trade receivables, except for certain B2B customers (mainly governments). See note F.1.

D.5. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group has significant indebtedness but also has significant cash balances. Millicom evaluates its ability to meet its obligations on an ongoing basis using a recurring liquidity planning tool. This tool considers the operating net cash flows generated from its operations and the future cash needs for borrowing, interest payments, dividend payments and capital and operating expenditures required in maintaining and developing its operating businesses.

The Group manages its liquidity risk through use of bank overdrafts, bank loans, bonds, vendor financing, Export Credit Agencies and Development Finance Institutions (DFI) loans. Millicom believes that there is sufficient liquidity available in the markets to meet ongoing liquidity needs. Additionally, Millicom is able to arrange offshore funding. Millicom has a diversified financing portfolio with commercial banks representing about 20% of its gross financing (2019: 26%), bonds 64% (2019: 58%), Development Finance Institutions 1% (2019: 1%) and leases 15% (2019: 15%).

Maturity profile of net financial liabilities at December 31, 2020

	Less than 1 year	1 to 5 years	>5yrs	Total
		(US$ millions)		
Total debt and financing	(113)	(1,824)	(3,755)	(5,691)
Lease liability	(123)	(525)	(373)	(1,021)
Cash and equivalents	875	—	—	875
Pledged deposits (related to back borrowings)	—	—	—	—
Refundable deposit	—	—	—	—
Derivative financial instruments	—	12	—	12
Net cash (debt) including derivatives related to debt	**639**	**(2,336)**	**(4,128)**	**(5,825)**
Future interest commitments related to debt and financing	(311)	(1,069)	(104)	(1,484)
Future interest commitments related to leases	(146)	(410)	(203)	(759)
Trade payables (excluding accruals)	(576)	—	—	(576)
Other financial liabilities (including accruals)	(1,185)	(29)	—	(1,214)
Put option liability	(262)	—	—	(262)
Trade receivables	351	—	—	351
Other financial assets	568	167	—	735
Net financial liabilities	**(922)**	**(3,676)**	**(4,435)**	**(9,034)**

Maturity profile of net financial liabilities at December 31, 2019

	Less than 1 year	1 to 5 years	>5yrs	Total
		(US$ millions)		
Total debt and financing	(186)	(1,902)	(3,884)	(5,972)
Lease liability(i)	(107)	(490)	(498)	(1,096)
Cash and equivalents	1,164	—	—	1,164
Pledged deposits (related to back borrowings)	1	—	—	1
Refundable deposit	—	—	—	—
Derivative financial instruments	(17)	—	—	(17)
Net cash (debt) including derivatives related to debt	**855**	**(2,392)**	**(4,383)**	**(5,920)**
Future interest commitments related to debt and financing	(308)	(1,088)	(106)	(1,502)
Future interest commitments related to leases	(157)	(476)	(295)	(928)
Trade payables (excluding accruals)	(510)	—	—	(510)
Other financial liabilities (including accruals)	(1,052)	(337)	—	(1,389)
Put option liability	(264)	—	—	(264)
Trade receivables	371	—	—	371
Other financial assets	613	104	—	717
Net financial liabilities	**(452)**	**(4,189)**	**(4,784)**	**(9,425)**

(i) Restated as a result of the finalization of the purchase accounting of our acquisitions in Nicaragua and Panama (note A.1.2.).

D.6. Capital management

The primary objective of the Group's capital management is to ensure a strong credit rating and solid capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure with reference to local economic conditions and imposed restrictions such as debt covenants. To maintain or adjust its capital structure, the Group may make dividend payments to shareholders, return capital to shareholders through share repurchases or issue new shares. At December 31, 2020, Millicom was rated at one notch below investment grade by the independent rating agencies Moody's (Ba1 stable) and Fitch (BB+ stable). The Group primarily monitors capital using net financial obligations to EBITDA.

The Group reviews its gearing ratio (net financial obligations divided by total capital plus net financial obligations) periodically. Net financial obligations includes interest bearing debt and lease liabilities, less cash and cash equivalents (included restricted cash) and pledged and time deposits related to bank borrowings. Capital represents equity attributable to the equity holders of the parent.

Net financial obligations to EBITDA

	Note	2020	2019
		(US$ millions)	
Net financial obligations (ii)	C.6.	5,837	5,902
EBITDA	B.3.	1,495	1,530
Net financial obligations to EBITDA (i)		3.90	3.86

(i) The ratio is above 3.0x on an IFRS basis. However, according to the terms of the indenture, this ratio is calculated differently, resulting in a ratio below 3.0x for covenant purposes.

(ii) 2019 figure has been restated as a result of the finalization of the purchase accounting of our acquisition in Panama (note A.1.2.).

Gearing ratio

	Note	2020	2019
		(US$ millions)	
Net financial obligations (i)	C.6.	5,837	5,902
Equity attributable to Owners of the Company	C.1.	2,059	2,410
Net financial obligations and equity		7,896	8,312
Gearing ratio		0.74	0.71

(i) 2019 figure has been restated as a result of the finalization of the purchase accounting of our acquisition in Panama (note A.1.2.).

E. Long-term assets

E.1. Intangible assets

Millicom's intangible assets mainly consist of goodwill arising from acquisitions, customer lists acquired through acquisitions, licenses and rights to operate and use spectrum.

E.1.1. Accounting for intangible assets

Intangible assets acquired in business acquisitions are initially measured at fair value at the date of acquisition, and those which are acquired separately are measured at cost. Internally generated intangible assets, excluding capitalized development costs, are not capitalized but expensed to the statement of income in the expense category consistent with the function of the intangible assets. Subsequently intangible assets are carried at cost, less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over their estimated useful economic lives using the straight-line method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at each financial year end. Changes in expected useful lives or the expected beneficial use of the assets are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible assets.

Goodwill

Goodwill represents the excess of cost of an acquisition over the Group's share in the fair value of identifiable assets less liabilities and contingent liabilities of the acquired subsidiary, at the date of the acquisition. If the fair value or the cost of the acquisition can only be determined provisionally, then goodwill is initially accounted for using provisional values. Within 12 months of the acquisition date, any adjustments to the provisional values are recognized. This is done when the fair values and the cost of the acquisition have been finally determined. Adjustments to provisional fair values are made as if the adjusted fair values had been recognized from the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets, net. Goodwill on acquisition of joint ventures or associates is included in investments in joint ventures and associates. Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this manner is measured, based on the relative values of the operation disposed and the portion of the cash-generating unit retained.

Licenses

Licenses are recorded at either historical cost or, if acquired in a business combination, at fair value at the date of acquisition. Cost includes cost of acquisition and other costs directly related to acquisition and retention of licenses over the license period. These costs may include estimates related to fulfillment of terms and conditions related to the licenses such as service or coverage obligations, and may include up-front and deferred payments.

Licenses have a finite useful life and are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of the licenses over their estimated useful lives.

The terms of licenses, which have been awarded for various periods, are subject to periodic review for, among other things, rate setting, frequency allocation and technical standards. Licenses are initially measured at cost and are amortized from the date the network is available for use on a straight-line basis over the license period. Licenses held, subject to certain conditions, are usually renewable and generally non-exclusive. When estimating useful lives of licenses, renewal periods are included only if there is evidence to support renewal by the Group without significant cost.

Trademarks and customer lists

Trademarks and customer lists are recognized as intangible assets only when acquired or gained in a business combination. Their cost represents fair value at the date of acquisition. Trademarks and customer lists have indefinite or finite useful lives. Indefinite useful life trademarks are tested for impairment annually. Finite useful life trademarks are carried at cost, less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the trademarks and customer lists over their estimated useful lives. The estimated useful lives for trademarks and customer lists are based on specific characteristics of the market in which they exist. Trademarks and customer lists are included in Intangible assets, net.

Estimated useful lives are:

	Years
Estimated useful lives	
Trademarks	1 to 15
Customer lists	4 to 20

Programming and content rights

Programming and content master rights which are purchased or acquired in business combinations which meet certain criteria are recorded at cost as intangible assets. The rights must be exclusive, related to specific assets which are sufficiently developed, and probable to bring future economic benefits and have validity for more than one year. Cost includes consideration paid or payable and other costs directly related to the acquisition of the rights, and are recognized at the earlier of payment or commencement of the broadcasting period to which the rights relate.

Programming and content rights capitalized as intangible assets have a finite useful life and are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of the rights over their estimated useful lives.

Non-exclusive and programming and content rights for periods less than one year are expensed over the period of the rights.

Indefeasible rights of use

There is no universally-accepted definition of an indefeasible rights of use (IRU). These agreements come in many forms. However, the key characteristics of a typical arrangement include:

- The right to use specified network infrastructure or capacity;
- For a specified term (often the majority of the useful life of the relevant assets);
- Legal title is not transferred;

- A number of associated service agreements including operations and maintenance (O&M) and co-location agreements. These are typically for the same term as the IRU; and
- Any payments are usually made in advance.

IRUs are accounted for either as a lease, or service contract based on the substance of the underlying agreement.

IRU arrangements will qualify as a lease if, and when:

- The purchaser has an exclusive right for a specified period and has the ability to resell (or sublet) the capacity; and
- The capacity is physically limited and defined; and
- The purchaser bears all costs related to the capacity (directly or not) including costs of operation, administration and maintenance; and
- The purchaser bears the risk of obsolescence during the contract term.

If all of these criteria are not met, the IRU is treated as a service contract.

An IRU of network infrastructure (cables or fiber) is accounted for as a right of use asset (see E.3.), while capacity IRU (wavelength) is accounted for as an intangible asset.

The costs of an IRU recognized as service contract is recognized as prepayment and amortized in the statement of income as incurred over the duration of the contract.

E.1.2. Impairment of non-financial assets

At each reporting date Millicom assesses whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, an estimate of the asset's recoverable amount is made. The recoverable amount is determined based on the higher of its fair value less cost to sell, and its value in use, for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Where no comparable market information is available, the fair value, less cost to sell, is determined based on the estimated future cash flows discounted to their present value using a discount rate that reflects current market conditions for the time value of money and risks specific to the asset. The foregoing analysis also evaluates the appropriateness of the expected useful lives of the assets. Impairment losses related to assets of continuing operations are recognized in the consolidated statement of income in expense categories consistent with the function of the impaired asset.

At each reporting date an assessment is made as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. Other than for goodwill, a previously recognized impairment loss is reversed if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized. If so, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

E.1.3. Movements in intangible assets

On May 20, 2019, the Group renewed 10MHz of the 1900 MHz spectrum in Colombia for a period of 10 years for an amount of $47 million (payable in five installments from June 2019 to February 2023) and an obligation to build 45 sites during the 20-month period following the renewal (approximately $20 million cost, that will be capitalized once the sites are built). In December 2019, the company substituted its coverage obligation by agreeing to pay the corresponding amount of $20 million in cash in 6 installments between January to June 2020. As a result, Management recognized an addition to spectrum assets and a liability for $20 million.

On July 9, 2019, the Tanzania Communications Regulatory Authority ('TCRA') issued a notice to cancel the license of Telesis, a subsidiary of Millicom in Tanzania that shared its 4G spectrum with Tigo and Zantel operations in the country. The net carrying value of the Telesis' license amounting to $8 million was therefore impaired during Q3 2019. As a consequence and in order to continue providing 4G services in the country, our operation in Tanzania had to purchase spectrum in the 800MHz band from the TCRA for a period of 15 years and for an amount of $12 million.

In December 2019, Millicom's wholly-owned subsidiary Telemovil El Salvador S.A. de C.V. ('Telemovil') acquired 50Mhz spectrum in the AWS band and paid an advance of $14 million. On January 8, 2020, Telemovil made a final payment of $20 million and started operating 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 $710 million using the December 31, 2020 exchange rate), of which approximately 55% is payable in cash and 45% in coverage obligations to be met by 2025.

An initial payment of approximately $33 million was made in 2020, with the remainder payable in 12 annual installments beginning in 2026 and ending in 2037. The 55% cash portion bears interest at the Colombia-10 years Treasury Bond rate. In April and May 2020, local management received permission to operate 40 Mhz in the 700 MHz band and accounted for the spectrum as an Intangible asset 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 are currently being estimated and will be recognized in the statement of financial position as incurred.

Movements in intangible assets in 2020

	Goodwill	Licenses	Customer Lists	IRUs	Trademark	Other (i)	Total
				(US$ millions)			
Opening balance, net	**1,684**	**468**	**470**	**107**	**183**	**282**	**3,195**
Change in scope	—	—	—	—	—	—	—
Additions	—	421	—	—	—	99	520
Amortization charge	—	(71)	(44)	(13)	(106)	(84)	(318)
Impairment	—	—	—	—	—	—	—
Disposals, net	—	—	—	14	—	—	13
Transfers	—	3	—	(18)	—	(1)	(16)
Exchange rate movements	(26)	49	(3)	(3)	—	(8)	10
Closing balance, net	**1,659**	**870**	**423**	**86**	**77**	**289**	**3,403**
Cost or valuation	1,659	1,305	630	196	323	840	4,953
Accumulated amortization and impairment	—	(435)	(207)	(111)	(246)	(550)	(1,550)
Net	**1,659**	**870**	**423**	**86**	**77**	**289**	**3,403**

Movements in intangible assets in 2019

	Goodwill	Licenses	Customer Lists	IRUs	Trademark	Other (i)	Total
				(US$ millions)			
Opening balance, net	**1,069**	**318**	**371**	**89**	**282**	**218**	**2,346**
Change in scope (ii)	623	142	137	10	—	24	936
Additions	—	101	—	—	—	101	202
Amortization charge	—	(55)	(37)	(14)	(99)	(67)	(272)
Impairment	—	(8)	—	—	—	—	(8)
Disposals, net	—	—	—	—	—	—	—
Transfers	—	(5)	—	23	—	15	33
Transfer to/from held for sale	—	(18)	—	—	—	(3)	(21)
Exchange rate movements	(7)	(8)	(1)	—	—	(4)	(21)
Closing balance, net	**1,684**	**468**	**470**	**107**	**183**	**282**	**3,195**
Cost or valuation	1,684	926	688	214	325	809	4,647
Accumulated amortization and impairment	—	(458)	(218)	(107)	(142)	(527)	(1,451)
Net	**1,684**	**468**	**470**	**107**	**183**	**282**	**3,195**

(i) *Other includes mainly software costs*

(ii) *Restated as a result of the finalization of the purchase accounting of our acquisitions in Nicaragua and Panama (note A.1.2.).*

E.1.4. Cash used for the purchase of intangible assets

Cash used for intangible asset additions

	2020	2019	2018
		(US$ millions)	
Additions	520	202	158
Change in accruals and payables for intangibles	(315)	(32)	(10)
Cash used for additions	**202**	**171**	**148**

E.1.5. Goodwill

Allocation of Goodwill to cash generating units (CGUs), net of exchange rate movements and after impairment

	2020	2019
	(US$ millions)	
Panama (see note A.1.2.)(i)	907	907
El Salvador	194	194
Costa Rica	115	123
Paraguay	47	50
Colombia	173	181
Tanzania (see note E.1.6.)	12	12
Nicaragua (see note A.1.2)(i)	207	213
Other	3	3
Total	**1,659**	**1,684**

(i) Restated as a result of the finalization of the purchase accounting of our acquisitions in Nicaragua and Panama (note A.1.2.).

E.1.6. Impairment testing of goodwill

Goodwill from CGUs is tested for impairment at least each year and more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

Goodwill arising on business combinations is allocated to each of the Group's CGUs or groups of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment.

Impairment is determined by assessing the value-in-use and, if appropriate, the fair value less costs to sell of the CGU (or group of CGUs), to which goodwill relates.

Impairment testing at December 31, 2020

Goodwill was tested for impairment by assessing the recoverable amount against the carrying amount of the CGU based on discounted cash flows. The recoverable amounts are based on value-in-use. The value-in-use is determined based on the method of discounted cash flows. The cash flow projections used (operating profit margins, income tax, working capital, capex and license renewal cost) are extracted from business plans approved by management and presented to the Board, covering a fifteen-year planning horizon. The Group uses a fifteen-year planning horizon to obtain a stable business outlook, in particular due to the long investment cycles in the industry and the long-term planned and expected investments in licenses and spectrum. Cash flows beyond this period are extrapolated using a perpetual growth rate. When value-in-use results are lower than the carrying values of the CGUs, management determines the recoverable amount by using the fair value less cost of disposal (FVLCD) of the CGUs. FVLCD is usually determined by using recent offers received from third parties (Level 1).

For the year ended December 31, 2020, management concluded that no impairment should be recorded in the Group consolidated financial statements.

Impairment testing at December 31, 2019

For the year ended December 31, 2019, management concluded that no impairment should be recorded in the Group consolidated financial statements.

Key assumptions used in value in use calculations

The process of preparing the cash flow projections considers the current market condition of each CGU, analyzing the macroeconomic, competitive, regulatory and technological environments, as well as the growth opportunities of the CGUs. Therefore, a growth target is defined for each CGU, based on the appropriate allocation of operating resources and the capital investments required to achieve the target. The foregoing forecasts could differ from the results obtained through time; however, the Company prepares its estimates based on the current situation of each of the CGUs. Relevance of budgets used for the impairment test is also reviewed annually, with management performing regressive analysis between actual figures and budget/ Long Range Plans (LRPs) used for previous year impairment test.

The cash flow projections for all CGUs is most sensitive to the following key assumptions:

- EBITDA margin is determined by dividing EBITDA by total revenues.
- CAPEX intensity is determined by dividing CAPEX by total revenues.
- Perpetual growth rate does not exceed the countries' GDP.
- Weighted average cost of capital (“WACC”) is used to discount the projected cash flows.

The most significant estimates used for the 2020 and 2019 impairment test are shown below:

CGU	Average EBITDA margin (%) (i)		Average CAPEX intensity (%) (i)		Perpetual growth rate (%)		WACC rate after tax (%)	
	2020	2019	2020	2019	2020	2019	2020	2019
Bolivia	39.2	42.0	16.8	18.4	1.0	1.5	11.5	10.7
Colombia	35.7	34.1	17.7	17.7	2.0	1.9	8.3	8.6
Costa Rica	32.9	36.3	17.8	23.3	2.0	1.9	12.1	10.1
El Salvador	35.4	33.4	14.0	15.2	1.0	0.8	13.8	10.7
Nicaragua (see note A.1.2)	45.6	33.7	15.9	16.2	3.0	2.0	13.8	10.9
Panamá (see note A.1.2)	48.2	42.6	17.5	14.8	1.0	1.5	7.6	8.3
Paraguay	44.3	46.9	15.6	16.0	1.0	1.6	8.4	9.0
Tanzania	39.5	31.2	11.7	12.2	1.0	1.5	13.8	14.4

(i) Average is computed over the period covered by the plan.

Sensitivity analysis to changes in assumptions

Management performed a sensitivity analysis on key assumptions within the test. The following maximum increases or decreases, expressed in percentage points, were considered for all CGUs:

Reasonable changes in key assumptions (%)	
Financial variables	
WACC rates	+/-1
Perpetual growth rates	+/-1
Operating variables	
EBITDA margin	+/-2
CAPEX intensity	+/-1

The sensitivity analysis shows a comfortable headroom between the recoverable amounts and the carrying values for all CGUs at December 31, 2020, except for El Salvador, Colombia and Nicaragua CGUs (the latter includes both the legacy fixed business and the recently acquired Telefonica's assets). The following changes in key assumptions would trigger a potential impairment, which would mainly be due to the current political and economic turmoil caused by the pandemic:

	CGU		
Changes in key assumptions that would trigger a potential impairment	**El Salvador**	**Colombia**	**Nicaragua**
Financial variables			
WACC rate	+86bps	+85bps	+57bps
Operating variables			
Average EBITDA margin	-147bps	-160bps	-183bps

E.2. Property, plant and equipment

E.2.1. Accounting for property, plant and equipment

Items of property, plant and equipment are stated at either historical cost, or the lower of fair value and present value of the future minimum lease payments for assets under finance leases, less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to acquisition of items. The carrying amount of replaced parts is derecognized.

Depreciation is calculated using the straight-line method over the shorter of the estimated useful life of the asset and the remaining life of the license associated with the assets, unless the renewal of the license is contractually possible.

Estimated useful lives	Duration
Buildings	40 years or lease period, if shorter
Networks (including civil works)	5 to 15 years or lease period, if shorter
Other	2 to 7 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The assets' residual value and useful life is reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Construction in progress consists of the cost of assets, labor and other direct costs associated with property, plant and equipment being constructed by the Group, or purchased assets which have yet to be deployed. When the assets become operational, the related costs are transferred from construction in progress to the appropriate asset category and depreciation commences.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Ongoing routine repairs and maintenance are charged to the statement of income in the financial period in which they are incurred.

Costs of major inspections and overhauls are added to the carrying value of property, plant and equipment and the carrying amount of previous major inspections and overhauls is derecognised.

Equipment installed on customer premises which is not sold to customers is capitalized and amortized over the customer contract period.

A liability for the present value of the cost to remove an asset on both owned and leased sites (for example cell towers) and for assets installed on customer premises (for example set-top boxes), is recognized when a present obligation for the removal exists. The corresponding cost of the obligation is included in the cost of the asset and depreciated over the useful life of the asset, or lease period if shorter.

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset when it is probable that such costs will contribute to future economic benefits for the Group and the costs can be measured reliably.

E.2.2. Movements in tangible assets

Movements in tangible assets in 2020

	Network Equipment (ii)	Land and Buildings	Construction in Progress (US$ millions)	Other(i)	Total
Opening balance, net	**2,212**	**206**	**355**	**127**	**2,899**
Additions	31	—	606	11	649
Disposals, net	31	(2)	(2)	(41)	(13)
Depreciation charge	(644)	(22)	—	(83)	(749)
Asset retirement obligations	17	2	—	—	19
Transfers	588	5	(644)	75	24
Transfer from/(to) assets held for sale (see note E.4)	1	1	—	—	3
Exchange rate movements	(62)	(5)	(7)	(2)	(77)
Closing balance, net	**2,175**	**185**	**308**	**87**	**2,755**
Cost or valuation	6,423	329	308	407	7,466
Accumulated amortization and impairment	(4,248)	(144)	—	(320)	(4,711)
Net at December 31, 2020	**2,175**	**185**	**308**	**87**	**2,755**

Movements in tangible assets in 2019

	Network equipment	Land and buildings	Construction in progress (US$ millions)	Other(i)	Total
Opening balance, net	**2,149**	**175**	**284**	**156**	**2,764**
Change in Scope (ii)	201	48	14	9	272
Additions	87	4	612	16	719
Impairments/reversal of impairment, net	—	—	—	1	1
Disposals, net	(8)	(1)	(6)	(3)	(19)
Depreciation charge	(588)	(13)	—	(110)	(711)
Asset retirement obligations	14	5	—	—	19
Transfers	444	4	(537)	64	(24)
Transfers from/(to) assets held for sale (see note E.4.)(iv)	(61)	(14)	(7)	(5)	(88)
Exchange rate movements	(25)	(2)	(6)	(1)	(34)
Closing balance, net	**2,212**	**206**	**355**	**127**	**2,899**
Cost or valuation	6,655	364	355	477	7,851
Accumulated amortization and impairment	(4,443)	(158)	—	(351)	(4,952)
Net at December 31, 2019	**2,212**	**206**	**355**	**127**	**2,899**

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

(ii) Restated as a result of the finalization of the purchase accounting of our acquisitions in Nicaragua and Panama (note A.1.2.).

Borrowing costs capitalized for the years ended December 31, 2020, 2019 and 2018 were not significant.

E.2.3. Cash used for the purchase of tangible assets

Cash used for property, plant and equipment additions

	2020	2019	2018
		(US$ millions)	
Additions	649	719	698
Change in advances to suppliers	(4)	1	2
Change in accruals and payables for property, plant and equipment	(22)	17	(25)
Finance leases(i)	(1)	(1)	(43)
Cash used for additions	**622**	**736**	**632**

(i) As a result of the application of IFRS 16 finance leases were reclassified to lease liabilities on January 1, 2019. See above in the "New and amended IFRS accounting standards" for further information.

E.3. Right of use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Refer to note C.4. for further details on lease accounting policies.

Movements in right of use assets in 2020

Right-of-use assets	Land and buildings	Sites rental	Tower rental	Other network equipment	Capacity	Other	Total
			(US$ millions)				
Opening balance, net	**148**	**101**	**729**	**16**	**15**	**3**	**1,012**
Change in scope	—	—	—	—	—	—	—
Additions	41	2	23	18	1	1	86
Modifications	9	10	(27)	(1)	—	—	(8)
Impairments	(1)	—	—	—	—	—	(1)
Disposals	(10)	(1)	—	(1)	—	—	(12)
Depreciation	(38)	(17)	(88)	(8)	(1)	(2)	(155)
Asset retirement obligations	—	1	—	—	—	(1)	—
Transfers	—	—	(2)	5	—	1	4
Exchange rate movements	(3)	(2)	(27)	—	—	—	(32)
Closing balance, net	**147**	**93**	**607**	**31**	**14**	**2**	**895**
Cost of valuation	206	127	839	42	18	6	1,238
Accumulated depreciation and impairment	(59)	(34)	(232)	(12)	(4)	(3)	(343)
Net at December 31, 2020	**147**	**93**	**607**	**31**	**14**	**2**	**895**

In early 2020, and following a change in regulation in Colombia, future 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 unusual significant events affecting lease liabilities (and right-of-use assets) during the year ended December 31, 2020.

Movements in right of use assets in 2019

Right-of-use assets	Land and buildings	Sites rental	Tower rental	Capacity	Other network equipment	Other	Total
			(US$ millions)				
Opening balance, net	**154**	**67**	**623**	**—**	**9**	**4**	**856**
Change in scope (i)	3	58	130	13	8	—	212
Additions	25	4	67	2	1	1	102
Modifications	6	(2)	7	—	—	—	11
Impairments	(1)	—	—	—	—	—	(1)
Disposals	(4)	(4)	(1)	—	—	—	(10)
Depreciation	(35)	(16)	(86)	—	(2)	(2)	(141)
Asset retirement obligations	—	—	—	—	—	—	—
Transfers	—	—	1	—	—	—	1
Transfers to/from assets held for sale	(1)	(5)	(3)	—	—	—	(9)
Exchange rate movements	—	(2)	(7)	—	—	—	(10)
Closing balance, net	**148**	**101**	**729**	**15**	**16**	**3**	**1,012**
Cost of valuation	181	119	905	18	19	8	1,250
Accumulated depreciation and impairment	(34)	(18)	(176)	(2)	(3)	(5)	(238)
Net at 31 December 2019	**148**	**101**	**729**	**15**	**16**	**3**	**1,012**

(i) Restated as a result of the finalization of the purchase accounting of our acquisitions in Nicaragua and Panama (note A.1.2.).

Tower Sale and Leaseback

In 2017 and 2018, the Group announced agreements to sell and leaseback wireless communications towers in Paraguay, Colombia and El Salvador. Total gain on sale recognized in 2020 was nil (2019: $5 million, 2018: $61 million) and cash received from these sales were nil, $22 million and $141 million, respectively.

E.4. Assets held for sale

If Millicom decides to sell subsidiaries, investments in joint ventures or associates, or specific non-current assets in its businesses, these items qualify as assets held for sale if certain conditions are met.

E.4.1. Classification of assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is expected to be recovered principally through sale, not through continuing use. Liabilities of disposal groups are classified as Liabilities directly associated with assets held for sale.

E.4.2. Millicom's assets held for sale

The following table summarizes the nature of the assets and liabilities reported under assets held for sale and liabilities directly associated with assets held for sale as at December 31, 2020 and 2019:

	December 31,	
	2020	2019
	(US$ millions)	
Assets and liabilities reclassified as held for sale ($ millions)		
Towers Colombia (see note E.4.1.)	1	2
Towers El Salvador (see note E.4.1.)	—	1
Towers Zantel	—	1
Total assets of held for sale	**1**	**5**
Total liabilities directly associated with assets held for sale	**—**	**—**
Net assets held for sale / book value	**1**	**5**

Chad

As mentioned in note A.1.3., on June 26, 2019, the Group completed the disposal of its operations in Chad for a cash consideration of $110 million. On the same date, Chad was deconsolidated and a gain on disposal of $77 million, net of costs of disposal of $4 million, was recognized. Foreign currency exchange losses accumulated in equity of $8 million have also been recycled in the statement of income accordingly. The resulting net gain of $70 million has been recognized under 'Profit (loss) for the period from discontinued operations, net of tax'. The operating net loss of the operation for the period from January 1, 2019 to June 26, 2019 was $5 million.

In August 2020, the Group and the buyer of our operations in Chad agreed on a final price adjustment of $8 million in favor of the buyer. This price adjustment has been disbursed in September 2020 and recorded under the results from discontinued operations in the Group's statement of income.

The assets and liabilities deconsolidated on the date of the disposal were as follows:

Assets and liabilities held for sale ($ millions)	**June 26, 2019**
Intangible assets, net	18
Property, plant and equipment, net	89
Right of use assets	9
Other non-current assets	8
Current assets	34
Cash and cash equivalents	9
Total assets of disposal group held for sale	**168**
Non-current financial liabilities	8
Current liabilities	131
Total liabilities of disposal group held for sale	**140**
Net assets held for sale at book value	**28**

Senegal

As mentioned in note A.1.3. Millicom announced that it had agreed to sell its Senegal business to a consortium consisting of NJJ, Sofima (managed by the Axian Group) and Teylium Group. The sale was completed on April 27, 2018 in exchange of a final cash consideration of $151 million. The operations in Senegal were deconsolidated from that date resulting in a net gain on disposal of $6 million, including the recycling of foreign currency exchange losses accumulated in equity since the creation of the local operations. This gain has been recognized under 'Profit (loss) for the year from discontinued operations, net of tax'.

The assets and liabilities were transferred to assets held for sale in relation to our operations in Senegal as at February 7, 2017 and therefore classified as held for sale as at December 31, 2017.

Rwanda

As mentioned in note A.1.3. on December 19, 2017, Millicom announced that it has signed an agreement for the sale of its Rwanda operations to subsidiaries of Bharti Airtel Limited.for a final cash consideration of $51 million, including a deferred cash payment due in January 2020 for an amount of $18 million which has been settled in January 2020. The transaction also included earn-outs for $7 million that are not recognized by the Group. The sale was completed on January 31, 2018. On that day, Millicom's operations in Rwanda have been deconsolidated and no material loss on disposal was recognized (its carrying value was aligned to its fair value less costs of disposal as of December 31, 2017). However, a loss of $32 million was recognized in 2019 corresponding to the recycling of foreign currency exchange losses accumulated in equity since the creation of the local operation. This loss has been recognized under 'Profit (loss) for the year from discontinued operations, net of tax'.

In accordance with IFRS 5, the Group's businesses in Chad (Q2 2018), Rwanda (Q1 2018), and Senegal (Q1 2017) had been classified as assets held for sale and their results were classified as discontinued operations. Comparative figures of the statement of income had therefore been restated accordingly. Financial information relating to the discontinued operations for the year ended December 31, 2020, 2019 and 2018 is set out below. Figures shown below are after intercompany eliminations.

Results from discontinued operations

		December 31	
	2020	**2019**	**2018**
		(US$ millions)	
Revenue	—	50	189
Cost of sales	—	(14)	(51)
Operating expenses	(4)	(29)	(83)
Other expenses linked to the disposal of discontinued operations	(9)	(10)	(10)
Depreciation and amortization	—	(11)	(27)
Other operating income (expenses), net	—	—	(9)
Gain/(loss) on disposal of discontinued operations	—	74	(29)
Operating profit (loss)	**(12)**	**61**	**(21)**
Interest income (expense), net	—	(2)	(6)
Other non-operating (expenses) income, net	—	—	(2)
Profit (loss) before taxes	**(12)**	**59**	**(29)**
Credit (charge) for taxes, net	—	(2)	(4)
Net profit/(loss) from discontinuing operations	**(12)**	**57**	**(33)**

Cash flows from discontinued operations

		December 31	
	2020	**2019**	**2018**
		(US$ millions)	
Cash from (used in) operating activities, net	—	(8)	(38)
Cash from (used in) investing activities, net	—	5	8
Cash from (used in) financing activities, net	—	7	11

F. Other assets and liabilities

F.1. Trade receivables

Millicom's trade receivables mainly comprise interconnect receivables from other operators, postpaid mobile and residential cable subscribers, as well as B2B customers. The nominal value of receivables adjusted for impairment approximates the fair value of trade receivables.

	2020	**2019**
	(US$ millions)	
Gross trade receivables	649	636
Less: provisions for expected credit losses	(298)	(265)
Trade receivables, net	**351**	**371**

Aging of trade receivables

	Neither past due nor impaired	Past due (net of impairments) 30–90 days	>90 days	Total
		(US$ millions)		
2020:				
Telecom operators	15	7	3	25
Own customers	167	65	34	266
Others	34	19	8	60
Total	**216**	**90**	**45**	**351**
2019:				
Telecom operators	23	9	8	40
Own customers	177	63	29	270
Others	40	15	5	60
Total	**241**	**88**	**43**	**371**

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for expected credit losses. The Group recognizes an allowance for expected credit losses (ECLs) applying a simplified approach in calculating the ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime of ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The provision for expected credit losses is recognized in the consolidated statement of income within Cost of sales.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing more than 12 months after the end of the reporting period. These are classified within non-current assets. Loans and receivables are carried at amortized cost using the effective interest method. Gains and losses are recognized in the statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

F.2. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories

	2020	2019
	(US$ millions)	
Telephone and equipment	23	18
SIM cards	4	3
IRUs	—	3
Other	10	9
Inventory at December 31,	**37**	**32**

F.3. Trade payables

Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method where the effect of the passage of time is material.

From time to time, the Group enters into agreements to extend payment terms with various suppliers, and with factoring companies when such payments are discounted. The corresponding amount pending payment as of December 31, 2020, is recognized in Trade payables for an amount of $46 million (2019: $40 million).

F.4. Current and non-current provisions and other liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, risks specific to the liability. Where discounting is used, increases in the provision due to the passage of time are recognized as interest expenses.

F.4.1. Current provisions and other liabilities

Current

	2020	2019
	(US$ millions)	
Deferred revenue	78	77
Customer deposits	14	14
Current legal provisions	22	36
Tax payables	72	74
Customer and MFS distributor cash balances	186	141
Withholding tax on payments to third parties	6	15
Other provisions	—	3
Other current liabilities(i)	133	113
Total	**511**	**474**

(i) Includes $44 million (2019: $38 million) of tax risk liabilities not related to income tax.

F.4.2. Non-current provisions and other liabilities

Non-current

	2020	2019
	(US$ millions)	
Non-current legal provisions	30	18
Long-term portion of asset retirement obligations	107	96
Long-term portion of deferred income on tower sale and leasebacks recognized under IAS 17	57	68
Long-term employment obligations	67	71
Other non-current liabilities	67	68
Total	**328**	**322**

F.5. Assets and liabilities related to contract with customers

Contract assets, net

	2020	2019
	(US$ millions)	
Long-term portion	6	6
Short-term portion	28	37
Less: provisions for expected credit losses	(2)	(2)
Total	**31**	**41**

Contract liabilities

	2020	2019
	(US$ millions)	
Long-term portion	2	1
Short-term portion	89	81
Total	**90**	**82**

The Group recognized revenue for $82 million in 2020 (2019: $87 million) that was included in the contract liability balance at the beginning of the year.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2020 is $59 million ($59 million is expected to be recognized as revenue in the 2021 financial year and the remaining $1 million in the 2022 financial year or later) (i).

(i) This amount does not consider contracts that have an original expected duration of one year or less, neither contracts in which consideration from a customer corresponds to the value of the entity's performance obligation to the customer (i.e. billing corresponds to accounting revenue).

Contract costs, net (i)

	2020	2019
	(US$ millions)	
Net at January 1	**5**	**4**
Contract costs capitalized	1	7
Amortization of contract costs	(1)	(6)
Net at December 31	**5**	**5**

(i) Incremental costs of obtaining a contract are expensed when incurred if the amortization period of the asset that Millicom otherwise would have recognized is one year or less.

G. Additional disclosure items

G.1. Fees to auditors

	2020	2019	2018
		(US$ millions)	
Audit fees	5.8	6.8	6.7
Audit related fees	0.5	1.3	0.4
Tax fees	0.1	0.1	0.2
Other fees	0.1	0.6	0.6
Total	**6.4**	**8.8**	**7.7**

G.2. Capital and operational commitments

Millicom has a number of capital and operational commitments to suppliers and service providers in the normal course of its business. These commitments are mainly contracts for acquiring network and other equipment, and leases for towers and other operational equipment.

G.2.1. Capital commitments

At December 31, 2020, the Company and its subsidiaries had fixed commitments to purchase network equipment, land and buildings, other fixed assets and intangible assets of $564 million of which $400 million are due within one year (December 31, 2019: $122 million of which $102 million were due within one year). Increase is mainly due to the newly acquired spectrum license by Tigo Colombia and the related network coverage obligations. The Group's share of commitments from the joint ventures is, respectively $69 million and $52 million. (December 31, 2019: $52 million and $51 million, respectively).

G.3. Contingent liabilities

G.3.1. Litigation and legal risks

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 December 31, 2020, the total amount of claims brought against Millicom and its subsidiaries is $288 million (December 31, 2019: $204 million). The increase is mainly due to the complaint explained below. The Group's share of the comparable exposure for joint ventures is $14 million (December 31, 2019: $4 million).

As at December 31, 2020, $45 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, as a result of the termination of the Costa Rica acquisition (see Note A.1.2.), Telefonica filed a complaint, followed by an amended complaint on August 3, 2020, against us in the Supreme Court of New York. The amended complaint asserts claims for breach of contract and alleges, among other things, that we were required to close because the closing conditions specified in the sale and purchase agreement for the acquisition had been satisfied. The complaint seeks, among other relief, a declaration of Telefonica's rights, and unspecified damages, costs, and fees. We believe the complaint is without merit and that our position will ultimately be vindicated through the judicial process.

Other

At December 31, 2020, Millicom has various other less significant claims which are not disclosed separately in these consolidated financial statements because they are either not material or the related risk is remote.

G.3.2. Tax related risks and uncertain tax position

The Group operates in developing countries where the tax systems, regulations and enforcement processes have varying stages of development creating uncertainty regarding the application of the tax law and interpretation of tax treatments. The Group is also subject to regular tax audits in the countries where it operates. When there is uncertainty over whether the taxation authority will accept a specific tax treatment under the local tax law, that tax treatment is therefore uncertain. The resolution of tax positions taken by the Group, through negotiations with relevant tax authorities or through litigation, can take several years to complete and, in some cases, it is difficult to predict the ultimate outcome. Therefore, judgment is required to determine liabilities for taxes.

In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, the Group assumes that a taxation authority with the right to examine amounts reported to it will examine those amounts and have full knowledge of all relevant information when making those examinations.

The Group has a process in place, and applies significant judgment, in identifying uncertainties over income tax treatments. Management considers whether or not it is probable that a taxation authority will accept an uncertain tax treatment. On that basis, the identified risks are split into three categories (i) remote risks (risk of outflow of tax payments are up to 20%), (ii) possible risks (risk of outflow of tax payments assessed from 21% to 49%) and probable risks (risk of outflow is more than 50%). The process is repeated every quarter by the Group.

If the Group concludes that it is probable or certain that the taxation authority will accept the tax treatment, the risks are categorized either as possible or remote, and it determines the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. The risks considered as possible are not provisioned but disclosed as tax contingencies in the Group consolidated financial statements while remote risks are neither provisioned nor disclosed.

If the Group concludes that it is probable that the taxation authority will not accept the Group's interpretation of the uncertain tax treatment, the risks are categorized as probable, and are presented to reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates by generally using the most likely amount method – the single most likely amount in a range of possible outcomes.

If an uncertain tax treatment affects both deferred tax and current tax, the Group makes consistent estimates and judgments for both. For example, an uncertain tax treatment may affect both taxable profits used to determine the current tax and tax bases used to determine deferred tax.

If facts and circumstances change, the Group reassesses the judgments and estimates regarding the uncertain tax position taken.

At December 31, 2020, the tax risks exposure of the Group's subsidiaries is estimated at $339 million, for which provisions of $77 million have been recorded in tax liabilities; representing the probable amount of eventual claims and required payments related to those risks (2019: $300 million of which provisions of $50 million were recorded). The Groups' share of comparable tax exposure and provisions in its joint ventures amounts to $69 million (2019: $49 million) and $7 million (2019: $4 million), respectively.

G.4. Non-cash investing and financing activities

Non-cash investing and financing activities from continuing operations

	Note	2020	2019	2018
			(US$ millions)	
Investing activities				
Acquisition of property, plant and equipment, including (finance) leases	E.2.2.	(27)	17	(65)
Asset retirement obligations	E.2.2.	19	19	15
Financing activities				
(Finance) Leases	C.4.	(1)	(1)	(43)
Share based compensation	B.4.1.	24	27	21

G.5. Related party balances and transactions

The Group's significant related parties are:

- Until November 14, 2019, date on which Millicom SDRs were paid out to the shareholders of Kinnevik (see 'Introduction' note), Kinnevik AB (Kinnevik) was Millicom's previous principal shareholder;
- Helios Towers Africa Ltd (HTA), in which Millicom held a direct or indirect equity interest - until October 15, 2019, date on which Millicom lost significant influence on HTA and started accounting for its investments at fair value under IFRS 9 (see note A.3.1.and C.7.3.
- EPM and subsidiaries (EPM), the non-controlling shareholder in our Colombian operations (see note A.1.4.);
- Miffin Associates Corp and subsidiaries (Miffin), our joint venture partner in Guatemala.
- Cable Onda partners and subsidiaries, the non-controlling shareholders in our Panama operations (see note A.1.2.).

Kinnevik

Until November 14, 2019, Kinnevik was Millicom's principal shareholder, owning approximately 37% of Millicom. Kinnevik is a Swedish holding company with interests in the telecommunications, media, publishing, paper and financial services industries.

During 2020, 2019 and 2018, Kinnevik did not purchase any Millicom shares. There were no significant loans made by Millicom to or for the benefit of Kinnevik or Kinnevik controlled entities.

During 2019 and 2018, the Company purchased services from Kinnevik subsidiaries including fraud detection, procurement and professional services. Transactions and balances with Kinnevik Group companies are disclosed under 'Other' in the tables below.

Helios Towers

Millicom sold its tower assets and leased back a portion of space on the towers in several African countries and contracted for related operation and management services with HTA. The Group has future lease commitments in respect of the tower companies (see note E.4.). As mentioned above, Helios Towers ceased to be a related party to the Group from October 15, 2019.

Empresas Públicas de Medellín (EPM)

EPM is a state-owned, industrial and commercial enterprise, owned by the municipality of Medellin, and provides electricity, gas, water, sanitation, and telecommunications. EPM owns 50% of our operations in Colombia.

Miffin Associates Corp (Miffin)

The Group purchases and sells products and services from and to the Miffin Group. Transactions with Miffin represent recurring commercial operations such as purchase of handsets, and sale of airtime.

Cable Onda Partners

Our partners in Panama are the non-controlling shareholders of Cable Onda and own 20% of the company, and indirectly 20% of Grupo de Comunicaciones Digitales S.A. (formerly Telefonica Moviles Panama, S.A.), which had been acquired by Cable Onda in

August 2019. Additionally, they also hold interests in several entities which have purchasing and selling recurring commercial operations with Cable Onda (such as the sale of content costs, delivery of broadband services, etc.). Transactions and balances with Cable Onda Partners companies are disclosed under 'Other' in the tables below given their individual immateriality.

Expenses from transactions with related parties	2020	2019	2018
		(US$ millions)	
Purchases of goods and services from Miffin	(216)	(214)	(175)
Purchases of goods and services from EPM	(37)	(42)	(40)
Lease of towers and related services from HTA(i)	—	(146)	(28)
Other expenses	(57)	(10)	(1)
Total	**(310)**	**(412)**	**(244)**

(i) HTA ceased to be a related party on October 15, 2019. See note C.7.3. for further details.

Income and gains from transactions with related parties	2020	2019	2018
		(US$ millions)	
Sale of goods and services to Miffin	327	306	284
Sale of goods and services to EPM	15	13	17
Other revenue	2	3	2
Total	**343**	**322**	**303**

As at December 31, the Company had the following balances with related parties:

	December 31	
	2020	2019
	(US$ millions)	
Liabilities		
Payables to Guatemala joint venture(i)	231	361
Payables to Honduras joint venture(ii)	103	133
Payables to EPM	20	37
Payables to Panama non-controlling interests	1	—
Other accounts payable	1	—
Total	**356**	**531**

(i) Shareholder loans bearing interest. Out of the amount above, $29 million are due over more than one year.

(ii) Amount payable mainly consist of dividend advances for which dividends are expected to be declared later in 2021 and/or shareholder loans.

	December 31	
	2020	2019
	(US$ millions)	
Assets		
Receivables from EPM	3	3
Receivables from Guatemala joint venture (i)	206	11
Receivables from Honduras joint venture (ii)	84	11
Receivables from Panama non-controlling interests	1	—
Receivable from AirtelTigo Ghana (iii)	—	43
Other accounts receivable	5	4
Total	**299**	**73**

(i) In October 2020, Millicom granted a shareholder loan of $193 million to Guatemala (out of which $39 million is due after more than one year as of December 31, 2020). The loan bears interests at 4% p.a. and is repayable by January 13, 2022, at the latest. Together with other shareholder and external financings, the proceeds were used to repay the $800 million aggregate principal amount of its outstanding 6.875% Senior Notes due 2024 (note A.2.2.).

(ii) *In November 2020, our operations in Honduras completed a shareholding restructuring whereby Telefonica Cellular S.A. acquired the shares of Navega S.A. de CV from its existing shareholders. The sale consideration will be payable in several installments with a final settlement in November 2023. As of December 31, 2020, $51 million out of a total receivable of $79 million is due after more than one year and therefore disclosed in non-current assets. The disposal also triggered the recognition of a net gain of $ 4 million, under 'Other operating income (expenses), net' in the Group's statement of income, corresponding to the portion of gain realized on the unrelated investors' interests in the joint venture (i.e. 33.33%).*

(iii) *In 2020, and as a result of the significant deterioration of the credit risk of AirtelTigo Ghana, combined with other unfavorable economic factors, Millicom concluded that this related party loan was underperforming and should be impaired. As a consequence, the Group fully impaired this receivable of $45 million during the year, disclosed under 'Other operating income (expenses), net' in the income statement.*

H. IPO – Millicom's operations in Tanzania

The Tanzanian government has implemented legislation requiring telecommunications companies to list their shares on the Dar es Salaam Stock Exchange and offer 25% of their shares in a Tanzanian public offering. The Group is currently planning for the IPO of our Tanzanian operation pursuant to the legislation and have filed a draft prospectus with the Tanzania Capital Market and Securities Authority in December 2019. The Regulator has since requested the Group to retain an underwriter to ensure the success of the IPO. Together with its investment bank advisers, the Group is seeking an underwriter active in the Tanzanian and Eastern African markets, a process currently underway.

I. Subsequent events

2026, 2028 and 2029 Senior Notes

On February 22, 2021, Millicom redeemed 10% of the principal outstanding of its Notes due 2026, 2028 and 2029 at a price of 103%. This redemption follows Millicom's announcement dated February 11, 2021. Total consideration of approximately $180 million was funded from cash, consistent with the Company's decision to prioritize debt reduction.

Colombia bond

On February 16, 2021, Millicom's subsidiary UNE EPM Telecomunicaciones S.A ("UNE") issued, under the approved local bond program, a COP 485,680 million bond (approximately $138 million) with 3 maturities: a "Serie 7 years at 5.56% fixed rate", a "Serie 10 years at CPI plus 2.61% margin" and a "15 years at CPI plus 3.18% margin". The use of proceeds will be mainly for local USD debt refinancing, to improve UNE's natural hedge against local currency, and also to extend maturities.

Corporate Information

BOARD OF DIRECTORS

José Antonio Ríos García
Chairman, Director

Pernille Erenbjerg
Deputy Chair

Odilon Almeida
Director

Tomas Eliasson
Director

Lars-Åke Norling
Director

Mercedes Johnson
Director

Mauricio Ramos
Director

James Thompson
Director

EXECUTIVE TEAM

Mauricio Ramos
Chief Executive Officer

Tim Pennington
Senior Executive Vice President,
Chief Financial Officer

Esteban Iriarte
Executive Vice President,
Chief Operating Officer—Latam

Xavier Rocoplan
Executive Vice President,
Chief Technology and Information Officer

Karim Lesina
Executive Vice President,
Chief External Affairs Officer

Salvador Escalón
Executive Vice President,
Chief Legal and Compliance Officer

Susy Bobenrieth
Executive Vice President,
Chief Human Resources Officer

AUDITOR

Ernst & Young
Société anonyme
35E Avenue John F. Kennedy
Luxembourg, L-1855

STOCK TRANSFER AGENT

Questions or requests related to stock transfers, lost certificates, or account changes should be directed to:

Shareholder Services
1-800-937-5449 ext. 4801
1-718-921-8200 ext. 4801
help@astfinancial.com
www.astfinancial.com

INVESTOR RELATIONS

Investors@millicom.com

MEDIA CONTACT

Press@Millicom.com

ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders will be held on May 4, 2021 in Luxembourg.

HEADQUARTERS

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