**Management's Discussion and Analysis of Financial Condition and Results of Operations of Telecomunicaciones Digitales, S.A.**

**The following discussion of our financial condition and results of operations should be read in conjunction with the unaudited interim condensed consolidated financial statements as of September 30, 2023 and 2022.**

## Overview

Founded in 1990, we are the leading provider of Pay-TV, broadband Internet, telephony and mobile telecommunications services in Panama, serving residential (B2C). Through our flagship "Tigo" brand, we are the largest provider of fixed broadband internet and fixed telephony in Panama. We also offer B2B services to governmental, enterprise and SME customers, including fixed Internet, cloud and backup solutions, outsourcing of both IT department management and operations, personalized IT projects, and cybersecurity. Through our wholly owned subsidiary Grupo de Comunicaciones Digitales ("GCD"), we are the largest provider of mobile communications services in the country. We are the market leader as measured by revenue and number of customers, serving more than 2.6 million mobile customers and more than 1.1 million fixed revenue generating units (RGUs) as of September 30, 2023.

Throughout our 30-year history, we have experienced significant organic growth, complemented by strategic acquisitions, which have strengthened our leadership position. Our growth has also been driven by our consistent investments to maintain, expand and upgrade our network capabilities, allowing us to offer advanced communications and entertainment services with a high degree of reliability and customer satisfaction. As a result of these investments, our fiber-cable network today is entirely digital and employs the DOCSIS 3.0 standard. Our network includes more than 12,400 km of hybrid-fiber-cable (HFC), a fiber backbone of more than 9,900 km and more than 446,300 customer relationships.

## Recent Business Developments

On August 29, 2019 we acquired 100% of the share capital of GCD for $593.6 million from Telefónica Centroamérica Inversiones, S.L., which was owned directly and indirectly by Telefónica S.A. ("Telefónica Panamá Acquisition"). The Telefónica Panamá acquisition is consistent with our strategy to solidify our telecom market leadership, enable fixed-mobile convergence and to grow and diversify our sources of cash flow.

On November 1, 2019, Telecomunicaciones Digitales, S.A. (formerly Cable Onda, S.A.) completed a bond debt offering under the Rule 144A and Regulation S, of $600 million aggregate principal amount of 4.500% senior unsecured notes due January 30, 2030 (the "Notes). We used the net proceeds from the offering to partially finance the acquisition of Telefónica Panamá to refinance other debt and for general corporate purposes. The Notes are listed on the Panama Stock Exchange and on the Luxembourg Stock Exchange.

The Notes were sold within the United States to qualified institutional buyers under Rule 144A and to certain non-U.S. persons in offshore transactions under Regulation S under the Securities Act.

On October 2, 2023, the Company agreed to sell some of its infrastructure activities to Lati Infrastructure Panama, S.A. ('Lati'), a related party, under the same ultimate parent company, Millicom Cellular International, S.A., for a total sale consideration of B/.12,487,934, and, at the same time, entered into a Master Lease Agreement ('MLA') and a Transition Services Agreement ('TSA') for the use and operation of these infrastructures. The sale contemplates the transfer of 262 sites as well as related provisions, liabilities and employees. The transfer is expected to take place in stages, as Tigo obtains required landlord consents for the novation or transfer of the land lease agreements to Lati. So far, 261 sites have been transferred to Lati and the transaction resulted in a gain on disposal of B/.196,002.

***Results of operations***

**The following table sets forth certain income statement items and operating information for the periods or at the dates indicated:**

| (*in thousands of $*) | Nine months ended September, 30 | | |
|---|---|---|---|
| | **2023** | **2022** | **% Change** |
| **Revenue** | **519,730** | **486,537** | **6.8%** |
| **Costs and expenses** | **(444,630)** | **(377,617)** | **17.7%** |
| Programming and operating costs | (131,694) | (113,158) | 16.4% |
| Depreciation and amortization | (116,031) | (111,735) | 3.8% |
| Personnel expenses | (63,894) | (61,123) | 4.5% |
| General, sales and administrative expenses | (133,010) | (91,602) | 45.2% |
| **Income from operations** | **75,100** | **108,919** | **-31.0%** |
| Financial expenses, net | (30,921) | (34,018) | -9.1% |
| **Profit before income tax** | **44,179** | **74,902** | **-41.0%** |
| Income tax | (19,376) | (28,633) | -32.3% |
| **Net Income** | **24,803** | **46,269** | **-46.4%** |
| Attributable to: | | | |
| Owners of the Company | 24,859 | 46,305 | -46.3% |
| Non-controlling interest | (56) | (36) | 53.2% |
| **Operating Data (in thousands) except for ARPU's** | | | |
| RGUs Cable and other fixed | 1,090 | 1,100 | -0.8% |
| ARPU Cable and other fixed | 45.1 | 45.2 | -0.1% |
| Mobile Subscribers | 2,645 | 2,427 | 9.0% |
| ARPU Mobile | 8.7 | 8.7 | 0.1% |

***Revenue***

Total revenue increased by 6.8%, or $33.2 million, from $486.5 million for the nine months ended September 30, 2022 to $519.7 million for the nine months ended September 30, 2023.

Revenue from sales of mobile equipment increased by 22.4% due to a large B2B contract, mobile services increased by 11.0% and data transmission, internet and data center increased by 2.5% for the nine months ended September 30, 2023, while TV subscription revenue decreased by 9.0% and fixed-line services revenue fell by 9.6%.

Mobile service revenue as a share of total revenue was 40.7% in the nine months ended September 30, 2023, compared to 39.2% in the nine months ended September 30, 2022 and sale of mobile devices as a share of total revenue was 4.9% in the nine months ended September 30, 2023, compared to 4.3% in the nine months ended September 30, 2022.

Data transmission, internet and data center revenue accounted for 31.2% of total revenue in the nine months ended September 30, 2023, compared to 32.5% in the nine months ended September 30, 2022, while revenue from TV subscriptions accounted for 15.7% of total revenue in the nine months ended September 30, 2023, compared to 18.4% in the nine months ended September 30, 2022. Fixed-line services revenue accounted for 3.7% of total revenue in the nine months ended September 30, 2023, compared to 4.4% in the nine months ended September 30, 2022.

***Programming and operating costs***

Programming and operating costs increased by 16.4% year over year, or $18.5 million, from $113.2 million in the nine months ended September 30, 2022 to $131.7 million in the nine months ended September 30, 2023, primarily due to a new large B2B project that ramped up during the third quarter 2023, as well as increases in costs of mobile equipment and accessories and Internet and Data transmission costs related to new content offerings aimed at strengthening our market leadership position in our Home business unit.

***Depreciation and amortization***

Depreciation and amortization increased by 3.8% year over year, or $4.3 million, from $111.7 million in the nine months ended September 30, 2022 to $116.0 million in the nine months ended September 30, 2023. The increase was mainly driven by depreciation of fixed and right of use assets, partially offset by lower amortization of intangible assets.

***Personnel expenses***

Personnel expenses increased by 4.5%, or $2.8 million, to $63.9 million in the nine months ended September 30, 2023 from $61.1 million in the nine months September 30, 2022. The increase mainly reflects higher salaries, commissions, profit sharing, shared-based compensation, retirement benefits and severance in the nine months ended September 30, 2023

***General, sales and administrative expenses***

General, sales and administrative expenses increased by 45.2%, or $41.4 million, to $133.0 million in the nine months ended September 30, 2023 from $91.6 million in the nine months ended September 30, 2022. This increase is mainly driven by value creating fees (“VCF”) of $32.0 million for operational services provided by Millicom, as well as higher bad debts reflecting the growth of our subscription revenue businesses, and other operating expenses, partially offset by lower rent expenses.

***Income from operations***

As a result of the above income from operations decreased by 31.0% or 33.8 million year over year, for the nine months ended September 30, 2023.

***Financial expense***

Financial expense, net (which includes interest income), decreased by 9.1%, or $3.1 million, from $34.0 million in the nine months ended September 30, 2022 to $30.9 million in the nine months ended September 30, 2023. This decrease was mainly the result of refinancing activity over the past year which has lowered the average interest rate on our debt, as well as the repayment of a $75 million loan during 2022.

***Income tax***

Income tax expense was $19.4 million, decrease of 32.3%, or $9.3 million, for the nine months ended September 30, 2023 compared to the income tax expense of $28.6 million for the nine months ended September 30, 2022. This is due mainly to a lower profit before tax, which decreased from $74.9 million in the nine months ended September 30, 2022 to $44.2 million in the nine months ended September 30, 2023. The statutory tax rate for Panama is 25%.

***Net income***

As a result of the foregoing, net income for nine months ended September 30, 2023 was $24.8 million, a 46.4% decrease compared with net income of $46.3 million for the nine months ended September 30, 2022.

***Liquidity and capital resources***

Historically we have relied primarily on cash from operations and external bond and bank financings to fund our operations, capital expenditures and working capital requirements. We intend to continue to rely on these funding sources going forward.

We believe that our sources of liquidity are sufficient for our present requirements for the next 12 months. Although we believe that we should be able to meet our debt service obligations and fund our operating requirements in the future through cash flow from our operations, we may seek additional financing in the capital markets from time to time, depending on market conditions and our financial requirements. We intend to continue to focus on investments in property, systems and equipment (fixed assets) and working capital management, including the timely collection of accounts receivable and efficient management of accounts payable.

***Capital expenditures***

Our capital expenditures on property, plant and equipment for the nine months ended September 30, 2023 were $60.9 million, mostly driven by investments in customer premise equipment (CPE) installation cost, IT equipment and core network expansion.

### *Cash flows*

The table below sets forth our cash flows for the periods indicated:

| (*in thousands of $*) | Nine months ended September, 30 | | |
|---|---|---|---|
| | **2023** | **2022** | **% Change** |
| Net cash provided by operating activities | 70,377 | 70,120 | 0.4% |
| Net cash used in investing activities | (60,165) | (88,996) | -32.4% |
| Net cash used in financing activities | (18,936) | (90,395) | -79.1% |
| **Net decrease in cash and cash equivalents** | **(8,724)** | **(109,272)** | -92.0% |
| **Cash and cash equivalents at the end of the year** | **100,609** | **45,120** | 123.0% |

### *Nine months ended September 30, 2023 and 2022*

For the nine months ended September 30, 2023, cash provided by operating activities of $70.4 million was flat compared to $70.1 million in the nine months ended September 30, 2022 and reflected cash from operations of $125.6 million, partially offset by $32.1 million of financing interest paid, $14.7 million of income taxes paid, $6.4 million for lease interest paid, and $1.9 million for severance and seniority premiums paid during the nine months ended September 30, 2023.

For the nine months ended September 30, 2023, cash used in investing activities was $60.2 million compared to $89.0 million used in the nine months ended September 30, 2022. The change is mainly due to the year over year impact of $28.8 million in lower acquisition of intangible assets of $37.6 million, more acquisition of tangible assets of $10.1 million and contributions to the severance fund, net of $1.6 million.

For the nine months ended September 30, 2023, cash used in financing activities was $18.9 million compared to $90.4 million used in financing activities in the nine months ended September 30, 2022. The change is mainly driven by a $75.0 million loan repayment in 2022.

As a result of the above, for the nine months ended September 30,2023 cash and cash equivalents increased by $55.5 million. We had closing cash of $100.6 million as of September 30, 2023, compared to $45.1 million as of September 30, 2022.