

## Colombia Telecomunicaciones S.A. E.S.P. BIC and its Subsidiary<sup>1</sup> As of September 30, 2021, and for the nine months ended September 30, 2021

(Amounts in billions of pesos unless otherwise indicated)

Colombia Telecomunicaciones S.A. E.S.P. BIC informs that on November 12, 2021, it transmitted to the Financial Superintendence of Colombia the **Condensed Consolidated and Separate Interim Financial Statements** for the nine month ended September 30, 2021.

### I. Relevant Matters at September 30, 2021

#### 1. The Impact of the Economic and Health Emergency Caused by Covid-19.

**The Company** continues with the development of the activities inherent to its corporate purpose, within the framework of the provisions issued by the National Government and local authorities, acting in a responsible and preventive manner and adopting measures to guarantee the continuity of the operation, the rendering of services and the adequate attention to customers, suppliers, collaborators, contractors, and stakeholders, in a timely manner to carry out the measures issued by the health authorities of the National Government and those implemented by our Organization. **The Company**, in view of COVID-19, has managed to counteract the risks and maintains a balance in the operation, with a positive evolution in the results. At the end of September 2021, the impacts have been limited.

#### 2. Relevant Matters as of September 30, 2021

Colombia Telecomunicaciones S.A. E.S.P. BIC carried out a series of significant transactions during the first nine months of 2021, which are disclosed in Note 1 of the financial statements reported at the end of the period.

**The Company** has maintained its commitment to support the growth of the economy with the launch of the School of Innovation and the "Health Tech" Community, the first digital healthcare ecosystem in Colombia, and its efforts have been recognized by receiving the "Andesco Sustainability Award" in the categories of Best Large Company and Best Social Environment.

### II. Operating Results

At the end of the first nine months of 2021, **the Company** continues to show positive commercial growth in the main products despite the tightening of commercial campaigns in the first nine months of 2021 due to the entry of a direct competitor in the market.

With an exceptional performance in postpaid, prepaid, broadband, television, and mobile handset services, **operating revenues from customer contracts** grew +10.6% year-over-year. **Operating income before depreciation and amortization [OIBDA]** grew double-digit at +13.0% despite an 8.5% **year-on-year increase in operating costs and expenses in 3Q21**.

The Company's **total number of customers** at the end of September 30, 2021, reached 21.0 million, comprising: 17.9 million **mobile customers**, up 13.8% year-on-year, after recording net adds of 2,170k customers. **Postpaid customers** grew by 12.3% year-on-year, with net adds of 533k, resulting from the positive evolution of commercial activity and the management of the customer base. **Prepaid** customers grew 14.4% year on year, with net adds of 1,637k.

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<sup>1</sup> Subsidiary as of September 30, 2021: Empresa Operaciones Tecnológicas y Comerciales S.A.S. - "Optecom".

The **wireline business** continues its transformation towards fiber. **Broadband** registered 1.2 million customers at the end of 3Q 2021, of which fiber reached 448k with a year-on-year growth of 48.2% and net adds of 146k customers thanks to the commercial offer and the increase in connection speed. The deployment of fiber boosted pay TV through IPTV, reaching 285k customers with a year-on-year growth of 74.9% and net adds of 122k customers, reaching a total of 535k TV customers.

### III. Interim Condensed Consolidated Interim Financial Results

#### 1. Condensed Consolidated Interim Condensed Consolidated Statement of Comprehensive Income

**Total operating revenues** at the end of the first nine months of 2021 amounted to \$4,334MM, an increase of 9.8% compared to the same period of 2020. **Revenues from customers** amounted to \$4,260MM, up 10.6% year-on-year (\$3,851MM same period of 2020), mainly due to the launch of integrated plans with Unlimited services, higher speed fixed connectivity services, digital services applications, and integrated solutions for corporate customers. **Revenues from handsets** increased 57.2% due to higher commercial activity of smartphones compared to the same period of 2020, which was impacted by the confinement measures that generated temporary closures of sales channels.

**Other operating revenues** of \$74MM presented a 22.1% drop mainly due to lower execution of projects carried out with direct **Company** personnel compared to the same period of 2020.

**Operating costs and expenses** amounted to \$3,026MM in the first nine months of 2021, an increase of 8.5% (\$238MM) compared to the same period of 2020, mainly due to higher costs directly associated with revenue growth from increased commercial activity with corporate customers, increased access charges traffic, higher cost of equipment at customers' homes associated with new customers, and higher cost of sales of smartphones due to increased commercial activity.

**OIBDA** - an indicator that measures operating income before depreciation and amortization - totaled \$1,307MM at the end of the first nine months of 2021, an increase of 13.0% compared to the same period of 2020 when it totaled \$1,157MM.

**OIBDA growth** during the first nine months of 2021 is driven by the excellent performance in connectivity revenues, digital services applications, the increase in mobile handset sales, as well as the capture of significant efficiencies in non-trade costs, and a significant improvement in bad debt provision due to good performance, portfolio management, and transactional agreement, all when compared to the same period of 2020.

**Depreciation and amortization expense** for the first nine months of 2021 amounted to \$1,063MM with an increase of 2.0% (\$21MM) compared to the same period of 2020. **Financial expense, net** amounted to \$316MM with an increase, net of \$148MM when compared to the same period of 2020, when benefits were generated in the early redemption of derivative instruments (Swaps) associated with the prepayment of the senior bond and the new structuring of the debt due to the replacement of the equity instrument (hybrid bond) with financial debt. **Net income** for the nine months of 2021 was - \$105MM and includes **income tax expense** of \$34MM (**Net income** of -\$176MM for the same period of 2020).

## 2. Consolidated Statement of Financial Position

The **consolidated total assets** of Colombia Telecomunicaciones S.A. E.S.P. BIC and its Subsidiary at the end of September 2021 amount to \$12,961MM. **Current assets** total \$2,673MM and **non-current assets** total \$10,288MM. The main changes in assets compared to the closing as of December 31, 2020, are summarized below:

**Current assets** present an increase, net of 15.4% (\$356MM) mainly due to the higher commercial activity during the first nine months of 2021, with direct influence in debtors, in the item of costs of obtaining and fulfilling contracts with customers, and an increase in the inventory stock to meet commercial offers. Additionally, and as a result of the subscription of the purchase and sale agreement that the Company entered into on the fiber optic assets with a company controlled by Kohlberg Kravis Roberts [KKR], such assets were transferred from property, plant, and equipment to short-term assets held for sale. The item taxes and public administrations increase due to the recognition of corporate income tax self-withholdings for the first nine months of 2021. On the other hand, the decrease in cash and cash equivalents is generated by using such resources, among others, in the prepayment of the syndicated loan (Club Deal).

**Non-current assets** decreased by 5.0% (\$546MM) mainly due to the net effect between depreciation and amortization and capex acquired during the first nine months of 2021 and the transfer to current assets of the value of the fiber optic assets indicated in the previous paragraph. On the other hand, it increases due to the recognition of the VAT tax discount on the purchase of real productive fixed assets during the first nine months of 2021 and prepaid expenses generated by the increased commercial activity.

**Total consolidated liabilities** amounted to \$8,227MM at the close of September 30, 2021, and show a net decrease of 4.2% (\$358MM) compared to the close of 2020. The main variations compared to the closing as of December 31, 2020, are summarized below:

**Current liabilities** amounted to \$2,438MM, which presents an increase, net of 13.5%, mainly due to liabilities associated with the acquisition of capex for network deployment, 4G technology expansion and mobile terminal equipment acquisitions, for projects with corporate customers, and the installation of equipment for fixed services at customers' homes, during the first nine months of 2021. Additionally, the constitution of tax liabilities in the process of offsetting the balance in favor of income with income withholdings and VAT sales tax and, on the other hand, for the financial obligations incurred for the prepayment of the syndicated loan (Club Deal).

**Non-current liabilities** amounted to \$5,789MM, a net decrease of 10.0% (\$646,651), mainly due to the prepayment of the syndicated loan (Club Deal) for USD250 million.

**The consolidated net equity** at the end of September 30, 2021, amounted to \$4,733MM, with a net increase of 3.7% (\$167MM) generated by the increase in the valuation of hedging instruments which are mainly impacted by the variation of the local and external interest rate curve in the valuation of swaps and the **net result** of the first nine months of 2021.

## IV. Subsequent Events

Information related to subsequent events is disclosed in the notes to the financial statements.

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This document may contain summarized financial information, non-GAAP, or unaudited information. The information contained herein should be read in conjunction with the Financial Statements and Notes to the published financial statements, and financial indicators are included in such financial statements.

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Colombia Telecomunicaciones S. A. E.S.P. BIC and its Subsidiary  
Condensed Consolidated Interim Financial Statements

As of September 30, 2021 and for the nine-month period ended September 30, 2021  
with statutory auditor's report

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## Certification of the Legal Representative and Public Accountant

To the Shareholders of  
Colombia Telecomunicaciones S. A. E.S.P. BIC

November 11, 2021

The undersigned Legal Representative and Certified Public Accountant of Colombia Telecomunicaciones S. A. E.S.P. BIC (hereinafter "the Company") certify that for the issuance of the Condensed Consolidated Interim Statement of Financial Position as of September 30, 2021, and the Condensed Consolidated Interim Statement of Comprehensive Income, Condensed Consolidated Interim Statement of Changes in Equity and the Condensed Consolidated Interim Statement of Cash Flows for the nine-month period then ended, which pursuant to the regulations are made available to shareholders and third parties, the statements contained therein have been previously verified. The figures have been faithfully taken from the books of Colombia Telecomunicaciones S. A. E.S.P. BIC and its subsidiary. These explicit and implicit statements are as follows:

1. All assets and liabilities included in the condensed consolidated interim financial statements of the Company and its subsidiary as of September 30, 2021, exist, and all transactions included in such condensed consolidated interim financial statements have occurred during the nine months then ended.
2. All economic events occurring during the nine months ended September 30, 2021, have been recognized in the condensed consolidated interim financial statements.
3. Assets represent the potential to produce future economic benefits (rights), and liabilities represent the obligation to transfer the financial resource (obligations) obtained or payable by the Company and its subsidiary at September 30, 2021.
4. All items have been recognized at their appropriate values, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia - (NCIF).
5. All economic events affecting the Company and its subsidiary have been correctly classified, described, and disclosed in the condensed consolidated interim financial statements.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2021**

(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

Notes	As of september, 30		As of december, 31		
	2021		2020		
	(No Auditado)		(Auditado)		
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)	
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	5	44.992	171.544.176	186.403	710.710.921
Financial Assets	6	19.143	72.988.639	31	117.972
Debtors and other receivables, net	7	310.296	1.183.088.030	241.379	920.322.591
Prepaid Expenses	8	61.837	235.770.356	56.314	214.713.915
Contractual Assets	9	2.794	10.651.813	6.295	24.001.528
Inventories	10	71.072	270.982.433	37.259	142.060.679
Taxes and Public Administration	11	130.031	495.779.979	80.034	305.151.702
Assets held for sale	12	60.886	232.143.601	-	-
<b>Total current assets</b>		<b>701.051</b>	<b>2.672.949.027</b>	<b>607.715</b>	<b>2.317.079.308</b>
<b>Non-current assets:</b>					
Financial Assets	6	9.580	36.525.344	3.155	12.030.174
Debtors and other receivables, net	7	57.491	219.199.996	63.214	241.018.854
Prepaid Expenses	8	60.939	232.347.696	35.772	136.388.974
Contractual Assets	9	279	1.063.329	90	341.254
Right of use assets	13	217.432	829.017.005	235.618	898.357.174
Property, plant and equipment	14	1.155.890	4.407.143.735	1.248.406	4.759.885.380
Investment Properties		1.978	7.542.910	1.978	7.542.910
Intangibles	15	307.790	1.173.533.253	379.573	1.447.224.188
Goodwill	16	359.922	1.372.301.565	359.922	1.372.301.565
Taxes and Public Administration	11	80.159	305.626.363	62.381	237.843.023
Deferred Taxes	11	446.744	1.703.332.022	451.346	1.720.879.550
<b>Total Non-current assets</b>		<b>2.698.204</b>	<b>10.287.633.218</b>	<b>2.841.455</b>	<b>10.833.813.046</b>
<b>Total assets</b>		<b>3.399.255</b>	<b>12.960.582.245</b>	<b>3.449.170</b>	<b>13.150.892.354</b>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Financial Obligations	17	95.596	364.484.021	126.169	481.053.365
Suppliers and accounts payable	18	389.477	1.484.986.624	332.099	1.266.218.778
Contractual liabilities	9	25.178	95.997.609	23.566	89.850.211
Taxes and Public Administration	11	87.425	333.330.666	35.368	134.848.510
Deferred liabilities		680	2.591.018	680	2.591.776
Provisions and pension liabilities	19	41.107	156.735.170	45.754	174.448.142
<b>Total current liabilities</b>		<b>639.463</b>	<b>2.438.125.108</b>	<b>563.636</b>	<b>2.149.010.782</b>
<b>Non-current liabilities</b>					
Financial obligations	17	1.425.812	5.436.293.762	1.593.741	6.076.568.497
Suppliers and accounts payable	18	21.751	82.933.309	23.284	88.775.317
Contractual liabilities	9	536	2.043.406	1.202	4.584.479
Deferred liabilities		2.770	10.559.802	1.907	7.270.022
Provisions and pension liabilities	19	67.453	257.187.892	67.790	258.470.645
<b>Total Non-current liabilities</b>		<b>1.518.322</b>	<b>5.789.018.171</b>	<b>1.687.924</b>	<b>6.435.668.960</b>
<b>Total Liabilities</b>		<b>2.157.785</b>	<b>8.227.143.279</b>	<b>2.251.560</b>	<b>8.584.679.742</b>
<b>Total equity, attributable to controlling interests</b>	20	<b>1.241.470</b>	<b>4.733.438.966</b>	<b>1.197.610</b>	<b>4.566.212.612</b>
<b>Total liabilities and shareholders' equity</b>		<b>3.399.255</b>	<b>12.960.582.245</b>	<b>3.449.170</b>	<b>13.150.892.354</b>

Notes 1 to 30 are an integral part of these Condensed Consolidated Interim Financial Statements.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME AS OF SEPTEMBER 30, 2021 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

(Amounts expressed in thousands of Colombian pesos, except for net income per share or unless otherwise indicated)

Notes	For the nine-month period ended september 30,		For the nine-month period ended september 30,		
	(No Auditado)				
	2021	2020	2021	2020	
	(In thousands of US\$)				
<b>Operating income:</b>					
Income from contracts with customers	21	1.117.366	1.010.026	375.631	346.152
Other operating income	22	19.306	24.774	7.380	8.148
		<b>1.136.672</b>	<b>1.034.800</b>	<b>383.011</b>	<b>354.300</b>
Operating costs and expenses	23	(793.756)	(731.407)	(246.935)	(240.026)
<b>Operating profit before depreciation and amortization</b>					
		<b>342.916</b>	<b>303.393</b>	<b>136.076</b>	<b>114.274</b>
Depreciation and amortization	24	(278.784)	(273.354)	(91.774)	(86.049)
<b>Operational result</b>					
		<b>64.132</b>	<b>30.039</b>	<b>44.302</b>	<b>28.225</b>
Interest expense, net	25	(82.758)	(44.057)	(26.459)	(6.706)
<b>Profit before taxes</b>					
		<b>(18.626)</b>	<b>(14.018)</b>	<b>17.843</b>	<b>21.519</b>
Income and supplementary taxes	11	(8.958)	(32.193)	6.300	(18.890)
<b>Net profit for the period</b>					
		<b>(27.584)</b>	<b>(46.211)</b>	<b>24.143</b>	<b>2.629</b>
<b>Other comprehensible results:</b>					
<b>Items to be reclassified to the income statement</b>					
Valuation of hedging derivatives	11 y 20	73.841	(28.491)	14.321	(34.493)
deferred real estate tax	11 y 20	(2.397)	-	(2.397)	-
<b>Other comprehensive income</b>					
	20	<b>71.444</b>	<b>(28.491)</b>	<b>11.924</b>	<b>(34.493)</b>
<b>Net comprehensive income for the period</b>					
		<b>43.860</b>	<b>(74.702)</b>	<b>36.067</b>	<b>(31.864)</b>

Notes 1 to 30 are an integral part of these Condensed Consolidated Interim Financial Statements.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME AS OF SEPTEMBER 30, 2021 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

(Amounts expressed in thousands of Colombian pesos, except for net income per share or unless otherwise indicated)

	Notes	For the nine-month period ended september 30,		For the three-month period ended september 30,	
		2021	2020	2021	2020
(In thousands of COP\$)					
Operating income:					
Income from contracts with customers	21	4.260.258.564	3.850.996.473	1.432.195.751	1.319.799.387
Other operating income	22	73.610.900	94.457.364	28.139.249	31.065.096
		<b>4.333.869.464</b>	<b>3.945.453.837</b>	<b>1.460.335.000</b>	<b>1.350.864.483</b>
Operating costs and expenses	23	(3.026.410.194)	(2.788.687.578)	(941.507.346)	(915.165.779)
<b>Operating profit before depreciation and amortization</b>		<b>1.307.459.270</b>	<b>1.156.766.259</b>	<b>518.827.654</b>	<b>435.698.704</b>
Depreciation and amortization	24	(1.062.938.198)	(1.042.237.174)	(349.912.815)	(328.083.307)
<b>Operational result</b>		<b>244.521.072</b>	<b>114.529.085</b>	<b>168.914.839</b>	<b>107.615.397</b>
Interest expense, net	25	(315.539.024)	(167.980.178)	(100.883.241)	(25.568.848)
<b>Profit before taxes</b>		<b>(71.017.952)</b>	<b>(53.451.093)</b>	<b>68.031.598</b>	<b>82.046.549</b>
Income and supplementary taxes	11	(34.155.665)	(122.744.834)	24.021.018	(72.022.724)
<b>Net profit for the period</b>		<b>(105.173.617)</b>	<b>(176.195.927)</b>	<b>92.052.616</b>	<b>10.023.825</b>
<b>Other comprehensive results:</b>					
<b>Items to be reclassified to the income statement</b>					
Valuation of hedging derivatives	11 y 20	281.539.251	(108.628.799)	54.602.444	(131.513.096)
deferred real estate tax	11 y 20	(9.139.280)	-	(9.139.280)	-
<b>Other comprehensive income</b>	20	<b>272.399.971</b>	<b>(108.628.799)</b>	<b>45.463.164</b>	<b>(131.513.096)</b>
<b>Net comprehensive income for the period</b>		<b>167.226.354</b>	<b>(284.824.726)</b>	<b>137.515.780</b>	<b>(121.489.271)</b>

Notes 1 to 30 are an integral part of these Condensed Consolidated Interim Financial Statements.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND SUBSIDIARIES CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY AS OF SEPTEMBER 30, 2021 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

	Subscribed and paid-in capital	Premium on share placement	Reserves	Other equity instruments	Revaluation surplus and hedging derivatives	Results of post-employment benefit obligations	Accumulated results	Total	Non-controlling interests	Total Equity
	(In thousands of US\$)									
<b>Balances as of December 31, 2019</b>	<b>894</b>	<b>2.576.180</b>	<b>9.470</b>	<b>331.268</b>	<b>138.795</b>	<b>(3.249)</b>	<b>(1.318.847)</b>	<b>1.734.511</b>	-	<b>1.734.511</b>
Issue of shares	-	-	-	-	-	-	-	-	-	-
Payment of the perpetual equity instrument coupon (Note 20)	-	-	-	-	-	-	(14.435)	(14.435)	-	(14.435)
Payment of the perpetual equity instrument (Note 20)	-	-	-	(331.268)	-	-	(111.755)	(443.023)	-	(443.023)
Net profit for the period	-	-	-	-	-	-	(46.212)	(46.212)	-	(46.212)
Constitution of occasional reserves	-	-	9.160	-	-	-	(9.160)	-	-	-
Transactions with non-controlling interests and others	-	-	-	-	-	-	(450)	(450)	-	(450)
Transfers (Note 20)	-	-	-	-	(25.481)	-	25.481	-	-	-
Other comprehensive income for the period	-	-	-	-	(28.491)	-	-	(28.491)	-	(28.491)
<b>Balances as of September 30, 2020 (Unaudited)</b>	<b>894</b>	<b>2.576.180</b>	<b>18.630</b>	-	<b>84.823</b>	<b>(3.249)</b>	<b>(1.475.378)</b>	<b>1.201.900</b>	-	<b>1.201.900</b>
<b>Balances as of December 31, 2020</b>	<b>894</b>	<b>2.576.180</b>	<b>18.630</b>	-	<b>20.162</b>	<b>(3.498)</b>	<b>(1.414.758)</b>	<b>1.197.610</b>	-	<b>1.197.610</b>
Net profit for the period	-	-	-	-	-	-	(27.584)	(27.584)	-	(27.584)
Transfers (Note 20)	-	-	-	-	(5.512)	-	5.512	-	-	-
Other comprehensive income for the period (Note 20)	-	-	-	-	71.444	-	-	71.444	-	71.444
<b>Balances as of September 30, 2020 (Unaudited)</b>	<b>894</b>	<b>2.576.180</b>	<b>18.630</b>	-	<b>86.094</b>	<b>(3.498)</b>	<b>(1.436.830)</b>	<b>1.241.470</b>	-	<b>1.241.470</b>

Notes 1 to 30 are an integral part of these Condensed Consolidated Interim Financial Statements.

**COLOMBIA TELECOMUNICACIONES S. A. E. S.P. BIC AND SUBSIDIARIES CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY AS OF SEPTEMBER 30, 2021 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

	Subscribed and paid-in capital	Premium on share placement	Reserves	Other equity instruments	Revaluation surplus and hedging derivatives	Results of post-employment benefit obligations	Accumulated results	Total	Non-controlling interests	Total Equity
(In thousands of COP\$)										
<b>Balances as of December 31, 2019</b>	<b>3.410.059</b>	<b>9.822.380.645</b>	<b>36.105.611</b>	<b>1.263.049.667</b>	<b>529.191.883</b>	<b>(12.386.002)</b>	<b>(5.028.459.866)</b>	<b>6.613.291.997</b>	<b>703</b>	<b>6.613.292.700</b>
Issue of shares	16	-	-	-	-	-	-	16	-	16
Payment of the perpetual equity instrument coupon (Note 20)	-	-	-	-	-	-	(55.037.974)	(55.037.974)	-	(55.037.974)
Payment of the perpetual equity instrument (Note 20)	-	-	-	(1.263.049.667)	-	-	(426.095.333)	(1.689.145.000)	-	(1.689.145.000)
Net profit for the period	-	-	-	-	-	-	(176.195.927)	(176.195.927)	-	(176.195.927)
Constitution of occasional reserves	-	-	34.925.054	-	-	-	(34.925.054)	-	-	-
Transactions with non-controlling interests and others	-	-	-	-	-	-	(1.716.856)	(1.716.856)	(703)	(1.717.559)
Transfers (Note 20)	-	-	-	-	(97.151.934)	-	97.151.934	-	-	-
Other comprehensive income for the period	-	-	-	-	(108.628.799)	-	-	(108.628.799)	-	(108.628.799)
<b>Balances as of September 30, 2020 (Unaudited)</b>	<b>3.410.075</b>	<b>9.822.380.645</b>	<b>71.030.665</b>	<b>-</b>	<b>323.411.150</b>	<b>(12.386.002)</b>	<b>(5.625.279.076)</b>	<b>4.582.567.457</b>	<b>-</b>	<b>4.582.567.457</b>
<b>Balances as of December 31, 2020</b>	<b>3.410.075</b>	<b>9.822.380.645</b>	<b>71.030.665</b>	<b>-</b>	<b>76.869.358</b>	<b>(13.338.881)</b>	<b>(5.394.139.250)</b>	<b>4.566.212.612</b>	<b>-</b>	<b>4.566.212.612</b>
Net profit for the period	-	-	-	-	-	-	(105.173.617)	(105.173.617)	-	(105.173.617)
Transfers (Note 20)	-	-	-	-	(21.017.606)	-	21.017.606	-	-	-
Other comprehensive income for the period (Note 20)	-	-	-	-	272.399.971	-	-	272.399.971	-	272.399.971
<b>Balances as of September 30, 2020 (Unaudited)</b>	<b>3.410.075</b>	<b>9.822.380.645</b>	<b>71.030.665</b>	<b>-</b>	<b>328.251.723</b>	<b>(13.338.881)</b>	<b>(5.478.295.261)</b>	<b>4.733.438.966</b>	<b>-</b>	<b>4.733.438.966</b>

Notes 1 to 30 are an integral part of these Condensed Consolidated Interim Financial Statements.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS AS OF SEPTEMBER 30, 2021 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021.**

(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

		For the nine-month period ended september 30,			
		(Unaudited)			
Notes	2021		2020		
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)	
<b>Net cash flows from operating activities</b>					
		1.230.869	4.693.020.753	1.087.982	4.148.225.363
		(854.722)	(3.258.852.197)	(760.143)	(2.898.252.765)
		(80.086)	(305.351.244)	(39.146)	(149.253.325)
		(77.152)	(294.164.024)	(51.043)	(194.614.995)
		(26.292)	(100.246.870)	(34.873)	(132.962.469)
	17	(14.011)	(53.421.754)	(7.419)	(28.286.286)
		<b>178.606</b>	<b>680.984.664</b>	<b>195.358</b>	<b>744.855.523</b>
<b>Net cash flows used in investing activities</b>					
		6.588	25.117.967	39.765	151.614.858
		(164.792)	(628.314.903)	(253.307)	(965.800.333)
		<b>(158.204)</b>	<b>(603.196.936)</b>	<b>(213.542)</b>	<b>(814.185.475)</b>
<b>Net cash flows (used in) provided by financing activities</b>					
	17	209.817	799.983.799	833.697	3.178.695.620
		-	-	475.751	1.813.930.000
		1.490	5.681.330	164.299	626.435.756
		-	-	(22.270)	(84.911.387)
	17	52.339	(199.555.472)	(45.088)	(171.911.885)
	5 y 17	320.781	(1.223.064.130)	(138.802)	(529.220.993)
		-	-	(736.580)	(2.808.408.600)
	20	-	-	(524.006)	(1.997.915.000)
		<b>(161.813)</b>	<b>(616.954.473)</b>	<b>7.001</b>	<b>26.693.511</b>
		<b>(141.411)</b>	<b>(539.166.745)</b>	<b>(11.183)</b>	<b>(42.636.441)</b>
		186.403	710.710.921	107.818	411.083.341
	5	<b>44.992</b>	<b>171.544.176</b>	<b>96.635</b>	<b>368.446.900</b>
<b>Cash and cash equivalents as of January 1</b>					
		<b>186.403</b>	<b>710.710.921</b>	<b>107.818</b>	<b>411.083.341</b>
		130.715	498.384.457	94.470	360.188.831
		55.688	212.326.464	13.348	50.894.510
		<b>44.992</b>	<b>171.544.176</b>	<b>96.635</b>	<b>368.446.900</b>
<b>Cash and cash equivalents as of June 30</b>					
		37.043	141.237.368	62.159	236.999.042
		7.949	30.306.808	34.476	131.447.858

Notes 1 to 30 are an integral part of these Condensed Consolidated Interim Financial Statements.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021.**

(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

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**1. GENERAL INFORMATION**

**a) Economic Entity**

Colombia Telecomunicaciones S. A. E.S.P. BIC (hereinafter "the Company") was incorporated as a commercial corporation by shares in Colombia through Public Deed No. 1331 of June 16, 2003, with a term until December 31, 2092, and with its main domicile in Bogotá D.C. located at transversal 60 No. 114 A 55. A 55. The Company, whose capital is majority-owned by individuals, is subject to the legal regime set forth in Law 1341 of 2009 and other applicable regulations, thus classified as a public utilities company (E.S.P.).

The Company's main corporate purpose is the organization, operation, provision, provision and exploitation of telecommunications activities, networks and services, such as local, extended local and national and international long distance basic public switched telephony, mobile services, cellular mobile telephony services in any territorial, national or international order, carriers, teleservices, telematic services, value added services, satellite services in their different modalities, television services in all their modalities including cable television, broadcasting services, wireless technologies, video, computer application hosting services, data center services, private and public telecommunications network operation services and total information systems operations, services of provision and/or generation of contents and applications, information services and any other activity, product or service qualified as telecommunications, and/or information and communication technologies (ICT) such as, resources, tools, equipment, computer programs, applications, networks and media, which allow the compilation, processing, storage, transmission of information, such as, for example, the compilation, processing, storage, transmission and distribution of information, as well as the provision of information and communication technologies (ICT), processing, storage, transmission of information such as voice, data, text, video and images, including their complementary and supplementary activities, within the national territory and abroad and in connection with the exterior, using for this purpose goods, assets and rights of its own or exercising the use and enjoyment of goods, assets and rights of third parties. Likewise, the Company may develop the commercial activities that have been defined in its bylaws.

On September 27, 2017, the Company acquired the majority shareholding of the companies Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. and Metropolitana de Comunicaciones S. A. E.S.P. equivalent to 99.99% and 99.97%, respectively. In this way, Telefónica S. A. acquired control of these companies through Colombia Telecomunicaciones S. A. E.S.P. BIC, and on November 9 and 8, 2017, the aforementioned control situation was registered in the Chamber of Commerce of Bucaramanga and Barranquilla, respectively. On April 9, 2018, the Company registered the situation of Business Group of the Company, Empresa de Telecomunicaciones de Bucaramanga S.A. E.S.P., and Metropolitana de Comunicaciones S.A. E.S.P. with the controlling company Telefónica S.A. at the Chamber of Commerce.

On May 27, 2020, by means of Public Deed No. 769 granted in the Notary Office Sixteen (16) of the Circle of Bogotá D.C., the statutory reform of merger was solemnized, by virtue of which Colombia Telecomunicaciones S.A. E.S.P. BIC absorbed Metrotel and Telebucaramanga. The referred public deed was registered in the Mercantile Registry of the Chamber of Commerce of Bogotá D.C. on May 28, 2020.

On July 28, 2020, the Company registered in the Chamber of Commerce the modification of the Company's status as a Business Group, in the sense of indicating that this is only between the Company and the controlling company Telefónica S.A.

The companies Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. and Metropolitana de Comunicaciones S. A. E.S.P. were owners of 100% of the shares of the company Operaciones Tecnológicas y Comerciales S. A. S. S. - "Optecom", for which reason, upon request of the Company to Optecom Colombia S. A. S. S., S. S., this company proceeded to (i) cancel the titles of Metrotel and Telebucaramanga; (ii) issue in the name of Colombia Telecomunicaciones S. A. E.S.P. BIC the titles corresponding to the 2,330 shares owned by Metrotel and Telebucaramanga; and (iii) register in the share registry book the company Colombia Telecomunicaciones S. A. E.S.P. BIC as shareholder of Optecom. Consequently, Colombia Telecomunicaciones S. A. E.S.P. BIC has a share corresponding to 100% of the capital stock of Optecom. The situation of control over Optecom is predicated of Telefónica S. A., who registered it before the Chamber of Commerce of Barranquilla on November 8, 2018.

The company Operaciones Tecnológicas y Comerciales S. A. S. S. - "Optecom" was incorporated under Colombian law on October 22, 2013 as a simplified joint stock company (S. A. S. S.). The main corporate purpose consists of performing one or more of the activities provided for in Law 1341 of 2009 for providers of networks and services of information and communications technologies and other activities proper and complementary to the information and communications technologies sector. The term of duration of the company is indefinite; the address registered as domicile and main office is Via 40 73-290 Office 409 (Barranquilla - Colombia).

In accordance with the above, as of March 8, 2021, the corporate name of the Company is "COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC," and its corporate purpose included the activities associated with the adoption of the legal status of Sociedad de Beneficio e Interés Colectivo (BIC) and the import, commercialization, installation, and leasing of equipment for private security and surveillance.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021.**

(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

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**b) Integration of Subsidiaries and Merger Process**

With the prepayment of the operating contract with Parapat in 2017 and the transfer to the Company of the shares it held in Empresa Metropolitana de Telecomunicaciones S. A. E.S.P. and Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. - (the Subsidiaries), the Company has achieved with the Subsidiaries: (i) operational integration without affecting service; (ii) integral process management, (iii) unification of the brand and offer and (iv) significant synergies. A detail of this process is presented in the Financial Statements as of December 31, 2020.

**c) Statutory Reform (i) Adoption of the legal status of Benefit and Collective Interest Company (BIC) and (ii) inclusion of activities that the Company undertakes to develop as a BIC company and activities for the supply of security telecommunications solutions.**

At an ordinary meeting held on March 16, 2020, the General Shareholders' Meeting of Colombia Telecomunicaciones S. A. E.S.P. BIC approved (i) the adoption by Colombia Telecomunicaciones S. A. ESP of the legal status of Benefit and Collective Interest Company (BIC) and (ii) to amend articles one and four of the Bylaws to add in the corporate name the expression "Benefit and Collective Interest" or the acronym "BIC" and to include in the corporate purpose the following activities: (a) To acquire goods or contract services from companies of local origin or belonging to women and minorities and to give preference in the execution of contracts to suppliers of goods and services that implement equitable and environmental standards; (b) To create a manual for its employees, in order to consign the values and expectations of the corporation; (c) To disclose to its workers the financial statements of the corporation; (d) Establish a reasonable salary remuneration for its workers and analyze the salary differences between its best and worst paid employees to establish equity standards; (e) Provide employment options that allow workers to have flexibility in the working day and create teleworking options, without affecting the remuneration of its workers; (f) Conduct annual environmental audits on energy, water and waste efficiency and disclose the results to the general public and train employees on the social and environmental mission of the company; (g) Monitor greenhouse gas emissions generated by business activities, implement recycling or waste reuse programs, progressively increase the renewable energy sources used by the company, and encourage its suppliers to conduct their own environmental assessments and audits in relation to electricity and water use, waste generation, greenhouse gas emissions, and use of renewable energies; (h) Encourage volunteer activities and create alliances with foundations that support social works in the interest of the community; and (i) Import, commercialize, install and lease private security and surveillance equipment.

On February 25, 2021, the General Assembly of Holders of Ordinary Bonds Issue 2019 of the Company approved the amendment of article four of the Company's Bylaws, in the terms of the approval made by the General Assembly of Shareholders of the Company".

On March 8, 2021, by means of public deed No. 0749 of the Eleventh Notary Office of the Circle of Bogota, the amendment to the bylaws consisting of the modification of articles one and four of the Bylaws related to the "Name and Nature" and "Corporate Purpose," respectively, was notarized. As of said date, the corporate name of the Company is "COLOMBIA TELECOMUNICACIONES S.A. ESP BIC" and its corporate purpose included the activities associated with the adoption of the legal status of Sociedad de Beneficio e Interés Colectivo (BIC) and the importation, commercialization, installation, and leasing of equipment for private security and surveillance.

**d) Agreement for the acquisition of assets with DIRECTV Colombia Ltda.**

On May 24, 2021, Colombia Telecomunicaciones S. A. ESP BIC entered into an agreement for the acquisition of the fixed or dedicated wireless internet business (Fixed Wireless Access -FWA) of DirecTV Colombia Ltda., which includes obligations, representations, and indemnity terms usual and under market conditions for this type of transactions.

On July 9, 2021, an amendment agreement was signed in which the structure of the transaction was changed without changing the obligations, representations, and indemnity terms initially stipulated. The closing of the transaction is expected to take place at the end of the fourth quarter of the year, once the corresponding authorizations have been obtained from the corresponding authorities.

**g) Transaction with Kohlberg Kravis Roberts ("KKR")**

On July 16, 2021, the Board of Directors of Colombia Telecomunicaciones S.A. E.S.P. BIC authorized the legal representative and/or any of his alternates to sign the following contracts:

- (i) (i) A purchase and sale agreement over the fiber optic assets owned by the Group with a Colombian company ("InfraCo") controlled by Kohlberg Kravis Roberts ("KKR"). In exchange, the Group will receive an upfront payment of USD320 million, which may be subject to post-closing adjustments on terms customary for this type of transaction. In addition, the Group may in the future receive increased revenue from the outcome of the network deployment activities of up to an additional USD 100 million.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021.**

(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

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- (ii) An agreement whereby the Company will subscribe a 40% interest in a Spanish company controlled by KKR ("HoldCo"), with KKR holding the remaining 60%. The Group's investment in HoldCo will be made with a portion of the proceeds from the sale of the fiber optic assets, and HoldCo will be the sole shareholder of InfraCo.
- (iii) Various commercial agreements between the Group and InfraCo for the provision of wholesale connectivity services by InfraCo to the Group, the development of fiber optic network deployment activities, and other associated services.

In line with the authorizations granted by the Board of Directors, on July 16, 2021, the Group entered into the agreement described in (ii) above.

In number (ii) above. The execution of the contracts in (i) and (iii) above and the completion of the operations of all the aforementioned contracts are subject to the respective contractual stipulations and to obtain the corresponding regulatory authorizations. InfraCo will implement a business plan to expand the fiber-optic network, thus reaching more Colombian homes.

**e) Prepayment of Syndicated Loan (Club Deal).**

During the 2021 period, the syndicated loan was prepaid in the amount of USD250 million (\$923,064 million), with cash flow generated by the Group of USD112.5 million (\$399,752 million) and the remaining USD137.5 million (\$523,312 million) with funds obtained from new debt.

**f) Replacement of financial debt.**

On June 28, 2021, the Group entered into a loan in sustainable format for \$200,000 million; the resources were used to prepay the syndicated loan (Club Deal) for the amount of USD53 million (Note 1 paragraph e).

On July 6, 2021, under the sustainable credit format, the Group entered into a new credit operation for a total of \$500,000 million in two tranches, as follows: i) Tranche A for an amount equivalent to \$300,000 million for the replacement of the current obligation and Tranche B for an amount equivalent to \$200,000 million for the payment of the syndicated credit (Club Deal) for USD53 million (Note 1 paragraph e).

On July 26, the Group entered into a new short-term loan in foreign currency for USD 26 million; the resources were used to prepay the balance of the syndicated loan (Club Deal) for the amount of \$100,000 million (Note e).

**g) Settlement agreement with Empresa de Teléfonos de Bogotá S.A. E.S.P. ("ETB").**

On August 2, 2021, Colombia Telecomunicaciones S.A. E.S.P. BIC entered into a settlement agreement with ETB, by virtue of which the parties definitively and res judicata settle the claims of the executive process and prevent any possible conflict or claim based on the application of the access charges established in Resolutions 463 of 2001 and 489 of 2002 prior to December 31, 2007, associated to the access, use and interconnection agreements entered into on November 11 and 13, 1998. ETB will pay the Group the amount of \$114,900,000, in one lump sum, within 90 calendar days from the date of execution of the settlement agreement.

On August 27, the Group was notified of the ruling by which the Administrative Court of Cundinamarca, Third Section - Subsection A-, approved the settlement agreement entered into with Empresa de Teléfonos de Bogotá S.A. E.S.P. and declared the executive process identified with the case number 25000232600020090063601 as terminated. By virtue of the agreement, the parties settle definitively and with the effects of res judicata, the claims of the mentioned executive process and prevent any possible conflict or claim based on the application of the access charges established in Resolutions 463 of 2001 and 489 of 2002 prior to December 31, 2007, associated to the access, use and interconnection contracts, entered into on November 11 and 13, 1998.

**h) Tax Reform 2021**

On September 14, 2021, the Colombian Congress approved the Tax Reform Law 2155. The text of the reform highlights the increase of the income tax rate from 30% to 35% as of 2022 and the decrease of the benefit from 100% to 50% of the tax discount of industry and commerce tax payments as of 2022; these were the most relevant issues considered by the Group at the closing of September 30, 2021.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021.**

(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

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## **2. OPERATIONS**

### **2.1. Impacts of the Economic and Sanitary Emergency caused by Covid-19.**

The Group continues with the development of the activities of its corporate purpose, within the framework of the provisions issued by the National Government and the local authorities, acting in a responsible and preventive manner and adopting the measures tending to guarantee the continuity in the operation, the rendering of services and the adequate attention to customers, suppliers, collaborators, contractors, and stakeholders, in a timely manner to carry out the measures issued by the health authorities of the National Government and those implemented by our Organization. The Group, faced with COVID-19, has managed to counteract the risks and maintain a balance in the operation, with a positive evolution in the results. At the end of September 2021, the impacts have been limited.

### **2.2. Ongoing Business**

With the extension of the COVID-19 pandemic into 2021, the Group continues to analyze the implications, including the measurement of assets and liabilities, accounting estimates, and appropriate disclosures, and the Group's ability to continue as a going concern.

Management continues to have a reasonable expectation that the Group has adequate resources to continue as a going concern for at least the next 12 months and that the going concern basis of accounting remains appropriate. The Group has resources of \$171,544,176 comprising cash and cash equivalents, other highly liquid assets, and undrawn credit facilities available at the date of issuance of these condensed consolidated interim financial statements.

In addition, to respond to a severe negative scenario, the Group's management maintains the ability to take mitigating actions to reduce costs, optimize the Group's cash flow and preserve liquidity, as indicated in the latest annual financial statements as of December 31, 2020.

Based on the Group's liquidity position at the date of issuance of these condensed consolidated interim financial statements, and in light of the uncertainty surrounding the future development of the outbreak, management continues to have a reasonable expectation that it has adequate resources to continue in operation and that the going concern basis of accounting remains sufficient.

These Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis. They do not include any adjustments to the carrying amounts and classification of reported assets, liabilities, and expenses that might otherwise be required if a going concern basis were not appropriate.

## **3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

### **3.1. Professional Accounting Standards Applied**

#### **3.1.1. Basis of Presentation**

These interim financial statements ended September 30, 2021, and for the six months ended on that date have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's latest annual consolidated financial statements as of and for the year ended December 31, 2020 ('latest annual financial statements'). They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transactions that are important to understand the Group's financial position and performance changes since the last annual financial statements.

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for land, buildings, and derivative financial instruments, which have been measured at fair value.

The carrying amounts of assets and liabilities recognized and designated as hedged items in fair value hedging relationships that would otherwise have been carried at amortized cost have been adjusted for changes in fair values attributable to the risks being hedged in the respective effective hedging relationships.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021.**

(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

The condensed consolidated interim financial statements are presented in Colombian pesos, the Group's functional currency. All values in Colombian pesos are rounded to the nearest thousand, except where otherwise indicated.

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when items are revalued. Balances denominated in foreign currencies are expressed in Colombian pesos at the representative exchange rates of \$3,812.77 and \$3,432.50 per US \$1 as of September 30, 2021, and December 31, 2020, respectively.

The condensed consolidated interim financial statements for the year ended September 30, 2021, were authorized for issuance by the Chief Executive Officer of Colombia Telecomunicaciones S.A. E.S.P. BIC on November 11, 2021.

**3.1.2. Condensed Consolidated Interim Financial Statements**

The Group prepares its Condensed Consolidated Interim Financial Statements that include the Group's information as a single company using the full integration methodology, adding assets, liabilities, and transactions for the period, excluding those transactions carried out between the Company and its subsidiary.

The subsidiary is consolidated from the date on which Colombia Telecomunicaciones S. A. E.S.P. BIC obtains control and will continue to be consolidated until the date on which such control ceases and/or is disposed of. The subsidiary prepares individual financial statements for the same reporting period as that of Colombia Telecomunicaciones S. A. E.S.P. BIC, applying uniform accounting policies. All balances, transactions, unrealized gains, and losses arising from transactions between Group entities are eliminated.

**3.1.3. Investment in Subsidiaries**

The equity method accounts for investments in subsidiaries in which the Group has control by directly owning more than 50% of the capital stock. Under this method, investments are initially recorded at cost and subsequently adjusted, with credit or debit to income, as appropriate, to recognize the share in the profits or losses of the subsidiary after elimination of unrealized intercompany profits. The cash distribution of the profit of this company is recorded as a reduction in the value of the investment.

The participation of Colombia Telecomunicaciones S. A. E.S.P. BIC in Operaciones Tecnológicas y Comerciales S. A. S. at September 30, 2021 and December 31, 2020 is 100%.

The main figures of the financial statements of the subsidiary companies that consolidate Colombia Telecomunicaciones S. A. E.S.P. BIC, are as follows:

**Operaciones Tecnológicas y Comerciales S. A. S.**

The financial information is presented below:

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Total assets	5.885	22.439.333	2.688	10.249.081
Total liabilities	5.440	20.741.832	2.369	9.033.141
Total equity	445	1.697.501	319	1.215.940
Results for the period	(136)	(518.440)	(195)	(742.055)

**3.1.4. Accounting Estimates and Judgments**

The preparation of Condensed Consolidated Interim Financial Statements in accordance with the Accounting and Financial Reporting Standards accepted in Colombia - (hereinafter NCIF) requires the use of certain critical accounting estimates.

Based on the preceding, Management makes judgments, estimates, and assumptions that could affect the amounts of revenues, costs, and expenses, assets, and liabilities reported at the date of the Condensed Consolidated Interim Financial Statements, including the respective disclosures in future periods. Although they may differ from their final effect, Management believes that the estimates and assumptions used were appropriate in each circumstance.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021.**

(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

The estimates and judgments used are continually evaluated and are based on historical experience and other factors, including the expectation of the occurrence of future events that are considered reasonable under the circumstances. The judgments made by management during the nine months ended September 30, 2021, were the same as those described and used in the last annual financial statements as of December 31, 2020.

### 3.2. Accounting Policies

The Group's main accounting policies are described in the accounting policies section of the annual report as of December 31, 2020 and have been consistently applied for the period covered by these Condensed Consolidated Interim Financial Statements.

## 4. REGULATORY CHANGES

Decree 1432 of 2020 updated the technical frameworks of the Accounting and Financial Reporting Standards accepted in Colombia incorporating the amendment to IFRS 16, Leases: rent reductions related to Covid-19 that can be applied immediately in 2020 which did not have a significant impact on these financial statements.

No other standards, interpretations, or amendments were added to the standards that had already been compiled by Decree 2270 of 2019, considering the regulations incorporated by Decrees 2420 and 2496 of 2015, 2131 of 2016, 2170 of 2017, and 2483 of 2018.

Decree 938 of August 19, 2021, amends the Financial Reporting Technical Annex for Group 1. The provisions of the Decree will be effective as of January 1, 2023. However, the reform of the Benchmark Interest Rate (amendments to IFRS 9, IAS 39, and IFRS 7) and the reform of the Benchmark Interest Rate - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16) may be applied early as of the 2021 financial year.

The latest annual financial statements as of December 31, 2020, includes the standards incorporated into the accounting framework accepted in Colombia, the application of which must be evaluated on a mandatory basis in periods subsequent to January 1, 2021.

## 5. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is as follows:

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Cash	4	14.888	1	5.015
Banks in national and foreign currency	37.039	141.222.480	130.713	498.379.442
Temporary investments (1)	7.949	30.306.808	55.689	212.326.464
	<b>44.992</b>	<b>171.544.176</b>	<b>186.403</b>	<b>710.710.921</b>

The variation as of September 30, 2021, corresponds mainly to payments made on financial liabilities through own resources and new sources of financing; additionally, payments were made to suppliers and contractors for capex and corporate projects.

Cash and cash equivalents include balances in foreign currency at September 30, 2021 for USD 4,963 thousand (\$18,922,778) and at December 31, 2020 for USD 5,182 thousand (\$17,787,215) (Note 26). As of September 30, 2021 and December 31, 2020, restricted securities in banks amount to \$8,106,699 and \$5,297,896, respectively.

- 1) Includes investments in collective funds whose rates for the periods ended September 30, 2021 and 2020 ranged between 1.19% and 1.81% and between 2.41% and 5.17% respectively and a Time Deposit for USD 5 million equivalent to \$19,063,850 (December 31, 2020 - \$17,162,500). Yields on temporary investments and bank investments recognized during the nine months ended September 30, 2021, and 2020 were \$1,526,057 and \$7,957,646, respectively (Note 25).

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(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

**6. FINANCIAL ASSETS**

The balance of financial assets as of September 30, 2021 is as follows:

	At fair value through profit or loss	At fair value with changes in OCI	Total financial assets at fair value	At amortized cost	Total financial assets
(In thousands of US\$)					
<b>Current financial assets:</b>					
Hedging instruments (1)	18.391	721	19.112	-	19.112
Deposits and guarantees (2)	-	-	-	31	31
	<b>18.391</b>	<b>721</b>	<b>19.112</b>	<b>31</b>	<b>19.143</b>
<b>Non-current financial assets:</b>					
Deposits and guarantees (2)	-	-	-	3.692	3.692
Hedging instruments (1)	5.819	53	5.872	-	5.872
Other financial assets	-	-	-	16	16
	<b>5.819</b>	<b>53</b>	<b>5.872</b>	<b>3.708</b>	<b>9.580</b>
	<b>24.210</b>	<b>774</b>	<b>24.984</b>	<b>3.739</b>	<b>28.723</b>
(In thousands of COP\$)					
	At fair value through profit or loss	At fair value with changes in OCI	Total financial assets at fair value	At amortized cost	Total financial assets
<b>Current financial assets:</b>					
Hedging instruments (1)	70.119.692	2.750.975	72.870.667	-	72.870.667
Deposits and guarantees (2)	-	-	-	117.972	117.972
	<b>70.119.692</b>	<b>2.750.975</b>	<b>72.870.667</b>	<b>117.972</b>	<b>72.988.639</b>
<b>Non-current financial assets:</b>					
Deposits and guarantees (2)	-	-	-	14.077.620	14.077.620
Hedging instruments (1)	22.185.000	202.724	22.387.724	-	22.387.724
Other financial assets	-	-	-	60.000	60.000
	<b>22.185.000</b>	<b>202.724</b>	<b>22.387.724</b>	<b>14.137.620</b>	<b>36.525.344</b>
	<b>92.304.692</b>	<b>2.953.699</b>	<b>95.258.391</b>	<b>14.255.592</b>	<b>109.513.983</b>

- (1) Corresponds to the valuation of hedging derivatives, using the NDF-Non Delivery Forward and CCS - Cross Currency Swap market curves at the end of the period, including the net adjustment for own and counterparty credit risk Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA).

As of September 30, 2021, there is a positive valuation of debt forward contracts and trade accounts mainly impacted by the volatility of exchange rates (as of September 30, 2021, for \$3,812.77 and as of December 31, 2020, for \$3,432.50).

- (2) Corresponds to deposits constituted by court order on which the Group is advancing the necessary processes for their resolution.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021.**

(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

The balance of financial assets as of December 31, 2020, is as follows:

	<b>At amortized cost</b>	<b>Total financial assets</b>
	<i>(In thousands of US\$)</i>	
<b>Current financial assets:</b>		
Deposits and guarantees (1)	31	31
	<b>31</b>	<b>31</b>
<b>Non-current financial assets:</b>		
Deposits and guarantees (1)	3.139	3.139
Other financial assets	16	16
	<b>3.155</b>	<b>3.155</b>
	<b>3.186</b>	<b>3.186</b>
	<b>A costo amortizado con</b>	<b>Total activos financieros</b>
	<i>(In thousands of COP\$)</i>	
<b>Current financial assets:</b>		
Deposits and guarantees (1)	117.972	117.972
	<b>117.972</b>	<b>117.972</b>
<b>Non-current financial assets:</b>		
Deposits and guarantees (1)	11.970.174	11.970.174
Other financial assets	60.000	60.000
	<b>12.030.174</b>	<b>12.030.174</b>
	<b>12.148.146</b>	<b>12.148.146</b>

**7. DEBTORS AND OTHER ACCOUNTS RECEIVABLE, NET**

The balance of debtors and other accounts receivable is as follows:

	<b>As of september, 30</b>		<b>As of december, 31</b>	
	<b>2021</b>		<b>2020</b>	
	<i>(In thousands of US\$)</i>	<i>(In thousands of COP\$)</i>	<i>(In thousands of US\$)</i>	<i>(In thousands of COP\$)</i>
<b>Current</b>				
Customers by sale and provision of services (1)	228.399	870.833.746	204.565	779.958.081
Portfolio by equipment sold at installments (2)	84.940	323.855.873	75.714	288.679.136
Other debtors (3)	50.151	191.216.383	33.585	128.053.198
Portfolio with national operators (4)	43.011	163.992.905	14.544	55.453.330
Related parties (Note 27)	9.922	37.829.348	13.879	52.916.854
Commercial agents and distribution channels (5)	4.182	15.944.048	1.458	5.559.343
Portfolio Impairment (6)	(110.309)	(420.584.273)	(102.366)	(390.297.351)
	<b>310.296</b>	<b>1.183.088.030</b>	<b>241.379</b>	<b>920.322.591</b>
<b>Non-current:</b>				
Customers by sale and provision of services (1)	30.407	115.934.650	34.245	130.567.672
Other debtors (3)	14.411	54.946.172	16.126	61.485.456
Portfolio with national operators (4)	12.673	48.319.174	47.978	182.929.672
Portfolio of grants and contributions (6)	-	-	9.996	38.111.870
Portfolio Impairment (6)	-	-	(45.131)	(172.075.816)
	<b>57.491</b>	<b>219.199.996</b>	<b>63.214</b>	<b>241.018.854</b>
	<b>367.787</b>	<b>1.402.288.026</b>	<b>304.593</b>	<b>1.161.341.445</b>

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021.**

(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

Debtors and other accounts receivable include balances in foreign currency as of September 30, 2020, for USD 8,677 thousand (\$33,083,405) and as of December 31, 2020, for USD 4,690 thousand (\$16,098,425) (Note 26).

- (1) As of September 30, 2021, the current portion presents growth mainly due to projects with corporate clients and SMEs related to integrated solutions, equipment, connectivity, and digital services. The decrease in the non-current portion corresponds to the transfer to the short term of the portfolio with the customer Corporación Red Nacional Académica RENATA.
- (2) The portfolio for equipment sold in installments presents an increase due to increased commercial activity and market strategy with mobile terminals. In July 2021, a terminal portfolio sale was made for a value of \$102,000 million.
- (3) As of September 30, 2021, the current portion presents an increase in the portfolio for turnkey projects, international roaming services, sale of real estate and equipment, and commercial support mainly. The non-current portion presents variation due to transfers to the short term.

As of September 30, 2021, and December 31, 2020, it includes trust rights for \$32,738,898 and \$32,692,973, respectively, of the Biannual Plan III (Note 18).

- (4) As of the third quarter of 2021, the portfolio with Empresa de Teléfonos de Bogotá S.A. E.S.P., for \$114,900,000 was transferred to the short term according to the transaction agreement (Note 1), making the necessary adjustments to cancel the balance of the account receivable from this operator.
- (5) As of September 30, 2021, the increase corresponds to a greater commercial activity of the operation, mainly in retail sales channels.
- (6) During the period ended September 30, 2021, a net recovery of \$66,708,379 (recovery of \$116,701,814 and expense of \$49,993,435) was recognized for portfolio impairment and as of September 30, 2020, an expense of \$80,415,014 (Note 23). The decrease in the expense at the end of the third quarter of 2021 is mainly due to the portfolio recovery with Empresa de Teléfonos de Bogotá S.A. E.S.P. The long-term portion of the impairment decreases due to the recovery of the aforementioned provision and the write-off of portfolio balances, with no effect on results.

## 8. PREPAID EXPENSES

The balance of prepaid expenses is as follows:

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>Current:</b>				
Cost of equipment at clients' homes (1)	18.585	70.858.762	21.731	82.854.548
Cost of fulfilling contracts with clients (2)	12.772	48.698.588	13.842	52.777.455
Costs for obtaining contracts with clients (3)	11.235	42.837.923	3.985	15.194.681
Support and maintenance (4)	8.449	32.215.588	13.153	50.147.652
Others (5)	3.716	14.168.677	346	1.317.908
Radio spectrum (6)	3.033	11.562.629	-	-
Insurance policies (7)	2.289	8.727.115	1.456	5.556.339
Irrevocable use rights - capacity	1.758	6.701.074	1.801	6.865.332
	<b>61.837</b>	<b>235.770.356</b>	<b>56.314</b>	<b>214.713.915</b>
<b>Non-current:</b>				
Costs for obtaining contracts with clients (3)	26.219	99.968.876	10.337	39.412.044
Cost of equipment at clients' homes (1)	18.065	68.876.589	10.563	40.273.290
Cost of fulfilling contracts with clients (2)	12.547	47.839.936	8.258	31.484.459
Irrevocable use rights - capacity	1.727	6.584.314	3.245	12.371.672
Support and maintenance	1.891	7.210.374	2.703	10.306.638
Insurance policies (7)	490	1.867.607	666	2.540.871
	<b>60.939</b>	<b>232.347.696</b>	<b>35.772</b>	<b>136.388.974</b>
	<b>122.776</b>	<b>468.118.052</b>	<b>92.086</b>	<b>351.102.889</b>

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021.**

(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

- (1) Amortization as of September 30, 2021 and 2020 recognized in income for costs of customer premises equipment was \$76,261,049 and \$81,508,599, respectively (Note 23). The non-current portion is increased by commercial activity when compared to the same period of 2020.
- (2) Amortization of customer contract compliance costs for the period ended September 30, 2021 and 2020 recognized in income was \$50,402,217 and \$45,806,330, respectively (Note 23). Services increase the non-current portion for equipment installation at customers' homes, generated by commercial activity during the 2021 period.
- (3) Amortization as of September 30, 2021 and 2020 recognized in income was \$25,012,360 and \$587,411, respectively (Note 23). The increase is generated by the higher commercial activity at the end of the third quarter of 2021, compared to the end of 2020.
- (4) The decrease corresponds mainly to the effect, net of amortization, and additions of management applications, licenses, and platforms.
- (5) The increase corresponds mainly to operating leases of technical sites, property taxes effective 2021, regulatory fee contribution, and SAP applications acquired during the 2021 period.
- (6) As of September 30, 2021, it corresponds to the consideration to the Communications Fund, which is amortized during the 2021 period.
- (7) The increase corresponds mainly to the acquisition of an all-risk policy effective 2021.

**9. CONTRACTUAL ASSETS AND LIABILITIES**

The changes in contractual assets and liabilities as of September 30, 2021 are as follows:

	As of December 31, 2020	High	Amortization	Transfers	Reversal	As of September 30, 2021
	(In thousands of US\$)					
<b>Current contractual asset (1)</b>						
Contractual asset	6.550	2.151	(6.512)	646	-	2.835
Impairment corrections	(255)	(1)	-	-	215	(41)
	<b>6.295</b>	<b>2.150</b>	<b>(6.512)</b>	<b>646</b>	<b>215</b>	<b>2.794</b>
<b>Non-current contractual asset (1)</b>						
Contractual asset	90	835	-	(646)	-	279
Impairment corrections	-	(1)	-	0	-	(1)
	<b>90</b>	<b>834</b>	<b>-</b>	<b>(646)</b>	<b>-</b>	<b>278</b>
	<b>6.385</b>	<b>2.984</b>	<b>(6.512)</b>	<b>-</b>	<b>215</b>	<b>3.072</b>
<b>Current contractual liabilities (2)</b>	23.566	121.137	(120.191)	666	-	25.178
<b>Non-current contractual liability</b>	1.202	-	-	(666)	-	536
	<b>24.768</b>	<b>121.137</b>	<b>(120.191)</b>	<b>-</b>	<b>-</b>	<b>25.714</b>

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(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

	As of December 31, 2020	High	Amortization	Transfers	Reversal	As of September 30, 2021
	(In thousands of COP\$)					
<b>Current contractual asset (1)</b>						
Contractual asset	24.975.592	8.202.356	(24.833.244)	2.463.915	-	10.808.619
Impairment corrections	(974.064)	(4.951)	-	1.853	820.356	(156.806)
	<b>24.001.528</b>	<b>8.197.405</b>	<b>(24.833.244)</b>	<b>2.465.768</b>	<b>820.356</b>	<b>10.651.813</b>
<b>Non-current contractual asset (1)</b>						
Contractual asset	341.254	3.187.566	-	(2.463.915)	-	1.064.905
Impairment corrections	-	-	-	(1.853)	277	(1.576)
	<b>341.254</b>	<b>3.187.566</b>	<b>-</b>	<b>(2.465.768)</b>	<b>277</b>	<b>1.063.329</b>
	<b>24.342.782</b>	<b>11.384.971</b>	<b>(24.833.244)</b>	<b>1.853</b>	<b>820.356</b>	<b>11.715.142</b>
<b>Current contractual liabilities (2)</b>	89.850.211	461.866.101	(458.259.776)	2.541.073	-	95.997.609
<b>Non-current contractual liability</b>	4.584.479			(2.541.073)	-	2.043.406
	<b>94.434.690</b>	<b>461.866.101</b>	<b>(458.259.776)</b>	<b>-</b>	<b>-</b>	<b>98.041.015</b>

- (1) As of September 30, 2021, the current contractual asset decreases due to amortizations of the period and changes in the term of the current obligations in the massive offers, which leads to the reversal of the associated impairment.

The increase in the non-current portion corresponds to the change in permanence and benefits transferred to corporate clients as of September 30, 2021.

- (2) The variation in contractual liabilities corresponds to increases in commercial activity generated by convergent offers, mainly due to plan changes and migrations, advances from corporate and wholesale customers for the provision of services.

## 10. INVENTORIES

The balance of inventories, net of allowance for doubtful accounts, is as follows:

	As of september, 30		As of december, 31	
	2021	2020	2021	2020
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Mobile phones and accessories (1)	35.962	137.114.522	16.513	62.959.195
Equipment in transit (2)	17.280	65.884.942	3.428	13.073.739
Materials and equipment (3)	12.394	47.255.423	12.363	47.136.771
IT equipment	6.976	26.599.190	6.216	23.700.621
	<b>72.612</b>	<b>276.854.077</b>	<b>38.520</b>	<b>146.870.326</b>
Provision for obsolescence (4)	(1.540)	(5.871.644)	(1.261)	(4.809.647)
	<b>71.072</b>	<b>270.982.433</b>	<b>37.259</b>	<b>142.060.679</b>

- (1) The increase as of September 30, 2021, is generated by higher commercial activity, mainly in mobile smartphones to meet short-term commercial offers.

- (2) Increase as of September 30, 2021, corresponds to equipment in the process of nationalization to attend installations in customers' homes and commercial offers in mobile smartphones.

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(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

- (3) Mainly includes modems, corporate services equipment, and paging equipment.
- (4) During the nine months ended September 30, 2021 and 2020, provision expense of \$1,061,997 and \$1,061,375, respectively, was recognized (Note 23).

During the nine months ended September 30, 2021, and 2020, the consumption of inventories carried at the cost of sales of \$585,056,397 and \$415,993,944, respectively, was recognized (Note 23).

**11. TAXES AND PUBLIC ADMINISTRATIONS**

The balance of assets for taxes and public administrations is presented below:

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Credit balance (1)	69.226	263.944.434	62.810	239.479.116
Self withholdings and income withholdings (2)	45.885	174.950.439	-	-
Tax discount (3)	10.419	39.724.860	12.368	47.155.910
Advances, withholdings and self-withholdings of ICA (4)	4.467	17.030.022	4.824	18.394.187
Sales tax withholdings	34	130.224	32	122.489
	<b>130.031</b>	<b>495.779.979</b>	<b>80.034</b>	<b>305.151.702</b>
<b>No Current</b>				
Tax discounts (3)	80.159	305.626.363	62.381	237.843.023
	<b>80.159</b>	<b>305.626.363</b>	<b>62.381</b>	<b>237.843.023</b>

- (1) Corresponds to the corporate income tax credit balance for the taxable year 2020, an amount that will be offset with the withholding tax, VAT, and national consumption tax returns during the year 2021.
- (2) The balance as of September 30, 2021, corresponds to the recognition of the corporate tax self-withholdings for the year 2021, calculated on the liquidation base income and the withholdings made by the financial entities to the Group on the collection from the customers of the credit and debit card operations.
- (3) The current tax discount as of September 30, 2021, corresponds to 50% of the industry and commerce tax effectively paid during the current period. The non-current tax discount includes VAT on the purchase of real productive fixed assets. The net increase is due to the recognition of these tax discounts during the taxable year 2021, which will be used in subsequent periods. As of September 30, \$7,005,048 corresponding to fiber optic assets were transferred to assets held for sale (Note 12).
- (4) As of September 30, there is a net decrease due to the application of self-withholdings and withholdings for ICA in the annual returns for 2020, settled and filed during 2021, and the constitution of self-withholdings and withholdings for ICA in 2021, which will be applied in the annual returns in the first half of 2022.

The balance of liabilities for taxes and public administrations is presented below:

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Withholdings and self-withholdings (1)	50.655	193.134.377	11.446	43.639.129
Sales tax - VAT (1)	33.776	128.781.891	20.775	79.208.459
National consumption tax (1)	2.010	7.662.166	934	3.562.424
Other current taxes	984	3.752.232	1.198	4.568.726
Import taxes (2)	-	-	1.015	3.869.772
	<b>87.425</b>	<b>333.330.666</b>	<b>35.368</b>	<b>134.848.510</b>

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(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

- (1) As of September 30, 2021, includes the amount payable for VAT, withholding tax, and national excise tax returns for the first half of 2021, which will be offset with the balance in favor of income tax and its complementary taxes for the taxable year 2020. The balances presented at the end of 2020 corresponded to withholding tax for the month of December 2020, VAT, and national excise tax for the sixth two-month period of 2020, which were settled and paid during January 2021.
- (2) The balance as of December 31, 2020, for this concept was paid in January 2021.

**Deferred Tax Assets and Liabilities**

The balance of deferred tax assets and liabilities is presented below:

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>Deferred tax assets:</b>				
Intangibles and property, plant and equipment	50.764	193.551.410	33.633	128.233.424
Other assets	1.087	4.145.374	1.035	3.947.804
Employee benefits	-	-	2.115	8.063.080
<b>Deferred tax asset on deductible temporary differences (1)</b>	<b>51.851</b>	<b>197.696.784</b>	<b>36.783</b>	<b>140.244.308</b>
<b>Deferred tax asset for tax losses (2)</b>	<b>403.794</b>	<b>1.539.574.347</b>	<b>424.093</b>	<b>1.616.969.604</b>
<b>Total deferred tax asset</b>	<b>455.645</b>	<b>1.737.271.131</b>	<b>460.876</b>	<b>1.757.213.912</b>
<b>Deferred tax liability:</b>				
Taxable temporary differences	8.901	33.939.109	9.530	36.334.362
<b>Total deferred tax liability</b>	<b>8.901</b>	<b>33.939.109</b>	<b>9.530</b>	<b>36.334.362</b>
<b>Total net deferred tax</b>	<b>446.744</b>	<b>1.703.332.022</b>	<b>451.346</b>	<b>1.720.879.550</b>

The changes in deferred tax assets and liabilities are presented below:

	As of december,31	Movement in results	Movement in Other	As of September,30
	2020		Comprehensive Income	2021
<b>Deferred tax assets:</b>				
Intangibles and property, plant and equipment	57.032	17.918	-	74.950
Real estate revaluation	(23.399)	1.611	(2.397)	(24.185)
Other assets	1.035	52	-	1.087
Employee benefits	2.115	(2.115)	-	-
<b>Deferred tax asset on deductible temporary differences (1)</b>	<b>36.783</b>	<b>17.466</b>	<b>(2.397)</b>	<b>51.852</b>
<b>Deferred tax asset for tax losses (2)</b>	<b>424.093</b>	<b>(20.299)</b>	<b>-</b>	<b>403.794</b>
<b>Total deferred tax asset</b>	<b>460.876</b>	<b>(2.833)</b>	<b>(2.397)</b>	<b>455.646</b>
<b>Deferred tax liability:</b>				
Taxable temporary differences	9.530	(628)	-	8.902
<b>Total deferred tax liability</b>	<b>9.530</b>	<b>(628)</b>	<b>-</b>	<b>8.902</b>
<b>Total net deferred tax</b>	<b>451.346</b>	<b>(2.205)</b>	<b>(2.397)</b>	<b>446.744</b>

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(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

	As of december,31	Movement in results	Movement in Other Comprehensive Income	As of September,30
	2020			2021
	(In thousands of COP\$)			
<b>Deferred tax assets:</b>				
Intangibles and property, plant and equipment	217.450.033	68.316.575	-	285.766.608
Real estate revaluation	(89.216.609)	6.140.691	(9.139.280)	(92.215.198)
Other assets	3.947.804	197.570	-	4.145.374
Employee benefits	8.063.080	(8.063.080)	-	-
<b>Deferred tax asset on deductible temporary differences (1)</b>	<b>140.244.308</b>	<b>66.591.756</b>	<b>(9.139.280)</b>	<b>197.696.784</b>
<b>Deferred tax asset for tax losses (2)</b>	<b>1.616.969.604</b>	<b>(77.395.256)</b>	<b>-</b>	<b>1.539.574.348</b>
<b>Total deferred tax asset</b>	<b>1.757.213.912</b>	<b>(10.803.500)</b>	<b>(9.139.280)</b>	<b>1.737.271.132</b>
<b>Deferred tax liability:</b>				
Taxable temporary differences	36.334.362	(2.395.252)	-	33.939.110
<b>Total deferred tax liability</b>	<b>36.334.362</b>	<b>(2.395.252)</b>	<b>-</b>	<b>33.939.110</b>
<b>Total net deferred tax</b>	<b>1.720.879.550</b>	<b>(8.408.248)</b>	<b>(9.139.280)</b>	<b>1.703.332.022</b>

The balances as of September 30 of deferred tax assets and liabilities include the update of income tax rates from 30% to 35% as of 2022, as established in the Tax Reform Law 2155 of September 14, 2021.

- (1) The net increase is generated by the update of the income tax rate and the use of the temporary deductible difference for useful lives in the purchases of fixed assets during 2021 and the effect of the reversal of the deferred tax asset, constituted on the actuarial calculation of employee benefits.
- (2) The net decrease corresponds to the utilization of tax credits on taxable income, generated as of September 30, 2021, and the restatement of tax credits to be recovered as of 2022, at the income tax rate of 35%.

The deferred tax recognized in Other Comprehensive Income is presented below:

	For the nine-month period ended september 30,			
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Valuation of hedging instruments (1)	73.841	281.539.251	(33.013)	(125.870.226)
Deferred tax hedge valuation	-	-	4.694	17.897.900
<b>Hedge valuation result, net of taxes</b>	<b>73.841</b>	<b>281.539.251</b>	<b>(28.319)</b>	<b>(107.972.326)</b>
Real estate revaluation	-	-	(172)	(656.473)
deferred real estate tax (2)	(2.397)	(9.139.280)	-	-
<b>Surplus from revaluation of land and buildings, net</b>	<b>71.444</b>	<b>272.399.971</b>	<b>(28.491)</b>	<b>(108.628.799)</b>

- 1) As of September 30, 2021, the valuation of hedges is positive, mainly due to the exchange rate effect in the CCS associated with the senior bond (long-term exchange rate portion) and the positive valuation of the NDF's associated with the debt and trade accounts.
- 2) Corresponds to the deferred tax on real estate property as a result of the update of income tax rates from 30% to 35% as of 2022, as established in the Tax Reform Law 2155 of September 14, 2021.

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(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

**Provision for Income Taxes and Complementary Taxes**

The current and deferred income tax expense in results is composed as follows:

	<b>For the nine-month period ended september 30,</b>			
	<b>2021</b>		<b>2020</b>	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Current income tax	(6.583)	(25.100.217)	(5.454)	(20.796.513)
Casual income tax	(170)	(647.200)	(95)	(361.344)
<b>Current income and complementary tax (1)</b>	<b>(6.753)</b>	<b>(25.747.417)</b>	<b>(5.549)</b>	<b>(21.157.857)</b>
Deferred tax:				
Deductible temporary differences (2)	17.465	66.591.756	(24.733)	(94.303.093)
Taxable temporary differences (3)	628	2.395.253	(383)	(1.458.613)
Tax credits (4)	(20.298)	(77.395.257)	(1.528)	(5.825.271)
<b>Deferred income tax</b>	<b>(2.205)</b>	<b>(8.408.248)</b>	<b>(26.644)</b>	<b>(101.586.977)</b>
<b>Income tax and complementary</b>	<b>(8.958)</b>	<b>(34.155.665)</b>	<b>(32.193)</b>	<b>(122.744.834)</b>

The Group did not use the alternative procedure provided for in Decree 1311 of 2021. Consequently, the effects of the update of the income tax rates generated by Law 2155 of 2021 on the deferred tax, which do not relate to items that were previously recognized outside the results and that are recognized directly in the other comprehensive income together with the item that originates them, were recognized in the condensed consolidated interim statement of income as of September 30, 2021.

- (1) As of September 30, 2021, the current tax was determined on the net income of \$80,892,043, which will be imputed with the tax discount of the industry and commerce tax effectively paid. For the closing of September 2020, the net income was \$65,125,034.
- (2) As of September 30, 2021, a net income is presented due to the update of the income tax rate and the use of the temporary deductible difference for useful lives in the purchases of fixed assets during the period of 2021, as well as the effect of the reversal of the deferred tax asset constituted on the actuarial calculation of employee benefits.
- (3) As of September 30, 2021, the use of the deferred tax liability is recognized, and the income tax rate is updated.
- (4) As of September 30, 2021, the use of the Group's tax credits, derived from the offset of tax losses against taxable income for the period and the restatement of tax credits to be recovered beginning in 2022 at the income tax rate of 35%, was recognized.

**Tax Losses**

Management estimates that no significant differences imply the modification of the tax assessed nor the imposition of penalties that entail the recognition of contingencies in the financial statements.

In accordance with current tax legislation, losses generated in income tax and complementary taxes and/or income tax for equity - CREE before 2017, must be offset with the net income obtained in 2017 and subsequent periods, taking into account the formula established in numeral 5, Article 290 of Law 1819 of 2016. Tax losses determined may not be adjusted for tax purposes.

Below is the summary of tax losses at the closing of September 30, 2021:

<b>Tax</b>	<b>Year of origin</b>	<b>Adjusted losses</b>	<b>Loss compensation</b>	<b>Loss balance</b>
			(In thousands of US\$)	
Rent	Between 2007 y 2017	1.332.547	(32.352)	1.300.195
CREE	2015	78.071	-	78.071
		<b>1.410.618</b>	<b>(32.352)</b>	<b>1.378.266</b>

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(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

<u>Tax</u>	<u>Year of origin</u>	<u>Adjusted losses</u>	<u>Loss compensation</u>	<u>Loss balance</u>
			(In thousands of COP\$)	
Rent	Between 2007 y 2017	5.080.693.989	(123.351.734)	4.957.342.255
CREE	2015	297.667.938	-	297.667.938
		<b>5.378.361.927</b>	<b>(123.351.734)</b>	<b>5.255.010.193</b>

**12. ASSETS HELD FOR SALE**

On July 16, 2021, the Board of Directors of Colombia Telecomunicaciones S.A. E.S.P. BIC approved the execution of the sale and purchase agreement on the fiber optic assets owned by the Group with a Colombian company ("InfraCo") controlled by Kohlberg Kravis Roberts (Note 1). The carrying value of assets classified as assets held for sale is \$232,143,601, which includes \$7,005,048 corresponding to VAT on the purchase of these fixed assets (Note 11 and Note 14).

Below is the composition of the cost and depreciation of assets held for sale:

	<u>As of september, 30 2021</u>	
	(In thousands of US\$)	(In thousands of COP\$)
<b>Cost</b>		
Fiber Optic Network FTTH	76.959	293.428.721
buildings	2.299	8.767.389
assets under construction	1.563	5.959.760
	<b>80.821</b>	<b>308.155.870</b>
<b>accumulated depreciation</b>		
Fiber Optic Network FTTH	(19.668)	(74.992.010)
buildings	(267)	(1.020.259)
	<b>(19.935)</b>	<b>(76.012.269)</b>
	<b>60.886</b>	<b>232.143.601</b>

**13. RIGHT-OF-USE ASSETS**

The cost of right-of-use assets and the related accumulated depreciation is presented below:

<u>Concept</u>	<u>As of september, 30 of 2021</u>			<u>As of december, 31 of 2020</u>		
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net value in books</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net value in books</u>
	(In thousands of USD)					
Land and buildings (1)	222.159	(98.860)	123.299	204.449	(69.071)	135.378
Technical installations	137.703	(45.357)	92.346	128.701	(29.345)	99.356
Transport equipment	3.802	(2.015)	1.787	3.776	(2.890)	884
	<b>363.664</b>	<b>(146.232)</b>	<b>217.432</b>	<b>336.926</b>	<b>(101.306)</b>	<b>235.618</b>

<u>Concept</u>	<u>As of september, 30 of 2021</u>			<u>As of december, 31 of 2020</u>		
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net value in books</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net value in books</u>
	(In thousands of COP\$)					
Land and buildings (1)	847.040.642	(376.931.175)	470.109.467	779.513.226	(263.350.134)	516.163.092
Technical installations	525.031.112	(172.935.836)	352.095.276	490.703.578	(111.884.343)	378.819.235
Transport equipment	14.495.219	(7.682.957)	6.812.262	14.394.193	(11.019.344)	3.374.847
	<b>1.386.566.973</b>	<b>(557.549.968)</b>	<b>829.017.005</b>	<b>1.284.610.997</b>	<b>(386.253.821)</b>	<b>898.357.174</b>

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(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

For the nine-month periods ended September 30, 2021 and 2020, depreciation expense recognized in income was \$183,764,262 and \$163,453,304 (Note 24).

- (1) The increase in the cost as of September 30, 2021, corresponds to the subscription, renewal, and increases in lease rental fees for land and sites for technical facilities, generating higher depreciation expense for the nine months ended September 30, 2021, compared to the same period of 2020.

**14. PROPERTY, PLANT, AND EQUIPMENT**

The cost of property, plant, and equipment and the related accumulated depreciation is presented below:

Concept	As of september, 30 of 2021			As of december, 31 of 2020		
	Cost	Accumulated depreciation	Net value in books	Cost	Accumulated depreciation	Net value in books
	<i>(In thousands of USD)</i>					
Land and buildings (1)	779.094	(443.477)	335.617	788.043	(437.355)	350.688
Switching, access and transmission	2.163.906	(1.494.104)	669.802	2.190.794	(1.411.714)	779.080
Assets under construction (2)	90.943	-	90.943	50.919	-	50.919
Subsidized projects (3)	(24)	-	(24)	(2.664)	-	(2.664)
Furniture, information and transport equipment	142.585	(83.033)	59.552	139.098	(68.715)	70.383
	<b>3.176.504</b>	<b>(2.020.614)</b>	<b>1.155.890</b>	<b>3.166.190</b>	<b>(1.917.784)</b>	<b>1.248.406</b>

Concept	As of september, 30 of 2021			As of december, 31 of 2020		
	Cost	Accumulated depreciation	Net value in books	Cost	Accumulated depreciation	Net value in books
	<i>(In thousands of COP\$)</i>					
Land and buildings (1)	2.970.506.526	(1.690.876.128)	1.279.630.398	3.004.630.380	(1.667.535.650)	1.337.094.730
Switching, access and transmission	8.250.476.247	(5.696.674.530)	2.553.801.717	8.352.992.061	(5.382.540.698)	2.970.451.363
Assets under construction (2)	346.745.543	-	346.745.543	194.142.354	-	194.142.354
Subsidized projects (3)	(92.964)	-	(92.964)	(10.156.901)	-	(10.156.901)
Furniture, information and transport equipment	543.643.566	(316.584.525)	227.059.041	530.346.831	(261.992.997)	268.353.834
	<b>12.111.278.918</b>	<b>(7.704.135.183)</b>	<b>4.407.143.735</b>	<b>12.071.954.725</b>	<b>(7.312.069.345)</b>	<b>4.759.885.380</b>

For the nine-month periods ended September 30, 2021 and 2020, depreciation expense recognized in income was \$486,618,732 and \$481,149,877, respectively (Note 24).

- (1) Includes provision for decommissioning of sites as of September 30, 2021 and December 31, 2020 for \$59,752,535 and \$57,139,641, respectively (Note 19).
- (2) The decrease corresponds to i) Transfer of fiber optic assets for \$225,138,553 to Assets held for sale (Note 12) and ii) Depreciation for the period.
- (3) The variation corresponds to new acquisitions of goods and services for the construction of fixed assets mainly related to the 4G mobile network and optical fiber deployment.
- (4) Subsidized projects correspond to resources associated with the payment for spectrum allocation (15Mhz granted in 2011). Their objective is the deployment of technical sites to bring connectivity to localities and educational institutions.

The decrease corresponds to the approval by the Nation of the projects executed by the Group, which were distributed within the concepts of construction and transmission and access equipment.

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**15. INTANGIBLES**

The cost and accumulated amortization of intangible assets are presented below:

Concept	As of september, 30 of 2021			As of december, 31 of 2020		
	Cost	Accumulated	Net book value	Cost	Accumulated	Net value in
	<i>(In thousands of USD)</i>					
Qualifying degrees (1)	602.232	(403.476)	198.756	602.233	(341.454)	260.779
Network and office equipment software (2)	278.726	(180.197)	98.529	247.530	(142.771)	104.759
Rights (3)	16.583	(6.078)	10.505	16.583	(5.433)	11.150
Customer List (4)	12.093	(12.093)	-	12.093	(9.208)	2.885
	<b>909.634</b>	<b>(601.844)</b>	<b>307.790</b>	<b>878.439</b>	<b>(498.866)</b>	<b>379.573</b>

Concept	As of september, 30 of 2021			As of december, 31 of 2020		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net value in books
	<i>(In thousands of COP\$)</i>					
Qualifying degrees (1)	2.296.177.445	(1.538.362.500)	757.814.945	2.296.177.445	(1.301.885.117)	994.292.328
Network and office equipment software (2)	1.062.719.228	(687.050.459)	375.668.769	943.773.108	(544.351.315)	399.421.793
Rights (3)	63.225.314	(23.175.775)	40.049.539	63.225.314	(20.713.507)	42.511.807
Customer List (4)	46.107.000	(46.107.000)	-	46.107.000	(35.108.740)	10.998.260
	<b>3.468.228.987</b>	<b>(2.294.695.734)</b>	<b>1.173.533.253</b>	<b>3.349.282.867</b>	<b>(1.902.058.679)</b>	<b>1.447.224.188</b>

For the nine-month periods ended September 30, 2021 and 2020, the amortization expense recognized in income was \$392,555,204 and \$397,633,993, respectively (Note 24).

- (1) Includes the renewal of the use of the spectrum of the mobile operation and the economic compensation of the arbitration award for the reversion of assets.
- (2) Includes mainly software and licenses for data center, network equipment, and office equipment.
- (3) Includes mainly Irrevocable Right of Use - IRU's of Optical Fiber.
- (4) As of March 31, 2021, the amortization of the customer list was completed.

**16. GOODWILL**

Goodwill recorded as of September 30, 2021, and December 31, 2020 amounts to \$1,372,301,565.

**Impairment of long-term assets**

As of September 30, 2021, and considering the pandemic situation started in 2020, the Group performed a sensitivity analysis by adjusting the assumptions of the model used at the end of 2020, mainly on the WACC, which was set at 10.70% and on it a sensitivity of a step of +/- 1%. The other key assumptions to determine the recoverable value of the cash-generating unit were disclosed in the annual financial statements for the year ended December 31, 2020.

Based on the behavior of the key market assumptions as of September 30, 2021, no factors or circumstances were identified that indicate that the carrying value of the long-term assets is above their recoverable value.

However, this evaluation and assumptions correspond to the best estimate available to the Group at the end of the third quarter of 2021. It is possible that the emergence of new external and internal factors could trigger an adjustment during the course of the year, a matter that the Group constantly monitors at the end of the 2021 fiscal year.

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**17. FINANCIAL LIABILITIES**

The balance of financial liabilities is presented below:

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>Current:</b>				
Financial leasing (1)	60.001	228.771.106	71.909	274.173.145
Financial obligations (2)	25.806	98.392.343	-	-
Hedging instruments (3)	6.442	24.560.246	41.265	157.332.298
Interest payable	3.347	12.760.326	12.995	49.547.922
	<b>95.596</b>	<b>364.484.021</b>	<b>126.169</b>	<b>481.053.365</b>
<b>No Corriente:</b>				
Financial obligations (2)	555.721	2.118.834.990	652.467	2.487.705.076
Senior bonus (4)	496.650	1.893.611.017	446.491	1.702.367.609
Financial leasing (1)	241.312	920.066.930	248.731	948.355.235
Local bond (5)	130.910	499.129.082	130.861	498.943.191
Hedging instruments (3)	1.219	4.651.743	115.191	439.197.386
	<b>1.425.812</b>	<b>5.436.293.762</b>	<b>1.593.741</b>	<b>6.076.568.497</b>
	<b>1.521.408</b>	<b>5.800.777.783</b>	<b>1.719.910</b>	<b>6.557.621.862</b>

During the nine-month periods ended September 30, 2021 and 2020, interest on financial liabilities was recognized for \$143,267,303 and \$212,131,660, respectively (Note 25).

1) The movement in the finance lease liability for the nine months ended September 30, 2021, is presented below:

	As of	High	Payments (a)	Transfers	Others (b)	As of
	december, 31					september, 30
	of 2020					of 2021
	(In thousands of US\$)					
<b>Current</b>						
Financial leasing	71.676	19.849	(66.154)	38.888	(4.415)	59.844
Financial liability - Renting	233	19	(196)	101	-	157
	<b>71.909</b>	<b>19.868</b>	<b>(66.350)</b>	<b>38.989</b>	<b>(4.415)</b>	<b>60.001</b>
<b>Not current</b>						
Financial leasing	248.619	31.570	-	(38.888)	-	241.301
Financial liability - Renting	112	-	-	(101)	-	11
	<b>248.731</b>	<b>31.570</b>	<b>-</b>	<b>(38.989)</b>	<b>-</b>	<b>241.312</b>
	<b>320.640</b>	<b>51.438</b>	<b>(66.350)</b>	<b>-</b>	<b>(4.415)</b>	<b>301.313</b>

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(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

	As of december, 31 of 2020	High	Payments (a)	Transfers	Others (b)	As of september, 30 of 2021
	(In thousands of COP\$)					
<b>Current</b>						
Financial leasing	273.284.743	75.679.486	(252.229.269)	148.271.304	(16.832.366)	228.173.898
Financial liability - Renting	888.402	71.989	(747.957)	384.774	-	597.208
	<b>274.173.145</b>	<b>75.751.475</b>	<b>(252.977.226)</b>	<b>148.656.078</b>	<b>(16.832.366)</b>	<b>228.771.106</b>
<b>Not current</b>						
Financial leasing	947.927.769	120.367.773	-	(148.271.304)	-	920.024.238
Financial liability - Renting	427.466	-	-	(384.774)	-	42.692
	<b>948.355.235</b>	<b>120.367.773</b>	<b>-</b>	<b>(148.656.078)</b>	<b>-</b>	<b>920.066.930</b>
	<b>1.222.528.380</b>	<b>196.119.248</b>	<b>(252.977.226)</b>	<b>-</b>	<b>(16.832.366)</b>	<b>1.148.838.036</b>

(a) Includes capital lease payments of \$199,555,472 and interest of \$53,421,754.

(b) Corresponds to payment by means of crossover between financial liabilities versus financial assets.

- The increase in the current portion corresponds to the new debt of USD 25.8 million. The decrease in the non-current portion with respect to year-end 2020 corresponds mainly to the payment of USD 250 million (\$923,064,000) associated with the Syndicated Loan (Club Deal) with own resources and using new debt for \$200,000 million and an additional \$300,000 million used in the replacement of current debt (Note 5).
- The decrease in the liability valuation of hedging instruments at the end of September 2021 compared to the end of December 2020 is mainly explained by the devaluation of the peso against the dollar, the increase in local and foreign interest rate curves.
- As of September 30, 2021, and December 31, 2020, the face value of the outstanding senior notes is USD 500 million, equivalent to \$1,906,385 million and \$1,716,250 million. The associated transaction costs were \$12,744 million and \$13,882 million, respectively, which were measured at amortized cost.

The increase as of September 30, 2021, corresponds to the devaluation of the peso against the US dollar by 9.971% during the first nine months of 2021.

At the end of September 2021, the interest payable on the bond amounted to \$19,397,470 and on December 31, 2020, to \$38,701,438.

- At September 30, 2021, and December 31, 2020, the nominal value of the local bond is \$500,000 million. Transaction costs are \$871 million and \$1,057 million, respectively. At September 30, 2021 and December 31, 2020 interest payable on the bond amounted to \$3,044,040 and \$2,742,350 respectively.

The following are the maturities of the financial obligations at September 30, 2021:

Maturities	Current		Non-current:				Total no corriente	Total
	2021 (1)	2022	2023	2024	2025	Siguientes años		
	(In thousands of USD\$)							
Financial obligations	25.806	-	-	52.455	503.265	-	555.720	581.526
Senior bond	-	-	-	-	-	496.650	496.650	496.650
Financial leasing	60.001	10.330	41.510	36.548	32.997	119.928	241.313	301.314
Hedging instruments	3.346	33.881	31.347	27.717	(111.583)	19.858	1.220	4.566
Local bond	-	-	-	91.005	-	39.905	130.910	130.910
Interests	6.442	-	-	-	-	-	-	6.442
	<b>95.595</b>	<b>44.211</b>	<b>72.857</b>	<b>207.725</b>	<b>424.679</b>	<b>676.341</b>	<b>1.425.813</b>	<b>1.521.408</b>

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Maturities	Current		Non-current:				Total no corriente	Total
	2021 (1)	2022	2023	2024	2025	Siguientes años		
	(In thousands of COP\$)							
Financial obligations	98.392.343	-	-	200.000.000	1.918.834.990	-	2.118.834.990	2.217.227.333
Senior bond	-	-	-	-	-	1.893.611.017	1.893.611.017	1.893.611.017
Financial leasing	228.771.106	39.384.800	158.266.225	139.348.269	125.811.238	457.256.398	920.066.930	1.148.838.036
Hedging instruments	12.760.326	129.178.880	119.519.205	105.680.294	- 425.440.598	75.713.962	4.651.743	17.412.069
Local bond	-	-	-	346.980.360	-	152.148.722	499.129.082	499.129.082
Interests	24.560.246	-	-	-	-	-	-	24.560.246
	<b>364.484.021</b>	<b>168.563.680</b>	<b>277.785.430</b>	<b>792.008.923</b>	<b>1.619.205.630</b>	<b>2.578.730.099</b>	<b>5.436.293.762</b>	<b>5.800.777.783</b>

(1) Corresponds to the period from October 1, 2021 to September 30, 2022.

**18. SUPPLIERS AND ACCOUNTS PAYABLE**

The balance of suppliers and accounts payable is as follows:

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>Current:</b>				
Creditors and suppliers (1)	299.961	1.143.682.756	230.258	877.923.866
Related parties (Note 27)	40.727	155.283.815	40.032	152.633.776
Suppliers of fixed assets (2)	29.360	111.942.920	38.211	145.688.022
Labor wages payable (3)	6.924	26.400.507	10.074	38.409.132
Spectrum licensing providers (4)	5.850	22.303.578	9.905	37.765.625
Other accounts payable	3.667	13.980.930	841	3.205.739
Parafiscal contributions	2.988	11.392.118	2.778	10.592.618
	<b>389.477</b>	<b>1.484.986.624</b>	<b>332.099</b>	<b>1.266.218.778</b>
<b>Non-current:</b>				
Spectrum licensing providers	12.762	48.657.824	12.252	46.714.188
Government grants (Note 7)	8.587	32.738.898	8.575	32.692.973
Related parties (Note 27)	402	1.536.587	2.457	9.368.156
	<b>21.751</b>	<b>82.933.309</b>	<b>23.284</b>	<b>88.775.317</b>
	<b>411.228</b>	<b>1.567.919.933</b>	<b>355.383</b>	<b>1.354.994.095</b>

Suppliers and accounts payable include balances in foreign currency at September 30, 2021 of USD 93,006 thousand (\$354,610,487) and at December 31, 2020 of USD 73,711 thousand (\$253,013,008) (Note 26).

- 1) The increase as of September 30, 2021, compared to year-end 2020, corresponds mainly to the execution of projects with corporate clients and installation of fixed services with clients, costs with content providers, and the purchase of smartphone equipment.
- 2) The decrease as of September 30, 2021, compared to the end of 2020, is mainly due to higher capex acquisitions at the end of 2020.
- 3) The decrease as of September 30, 2021, compared to the end of 2020, is mainly due to the social benefits (severance payments) consolidated at the end of 2020, transferred to the corresponding funds at the beginning of 2021.
- 4) As of September 30, 2021, compared to the end of 2020, there is a decrease in current liabilities due to payments and executions of obligations to be made.

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**19. PROVISIONS AND PENSION LIABILITIES**

The balance of pension provisions and liabilities is as follows:

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>Current:</b>				
For taxes and consideration (1)	24.496	93.399.048	26.661	101.651.989
For employee benefits (2)	9.651	36.797.880	8.982	34.247.276
Pension liability (3)	5.139	19.594.470	5.140	19.594.470
For voluntary withdrawal	846	3.227.093	1.688	6.437.320
For tax claims	563	2.145.517	382	1.457.463
For contingencies (Note 28)	412	1.571.162	2.901	11.059.624
	<b>41.107</b>	<b>156.735.170</b>	<b>45.754</b>	<b>174.448.142</b>
<b>Non-current:</b>				
Pension liability (3)	49.270	187.853.904	50.005	190.658.366
For dismantling (4)	15.672	59.752.535	14.986	57.139.641
For contingencies (Note 28)	2.511	9.581.453	2.799	10.672.638
	<b>67.453</b>	<b>257.187.892</b>	<b>67.790</b>	<b>258.470.645</b>
	<b>108.560</b>	<b>413.923.062</b>	<b>113.544</b>	<b>432.918.787</b>

- (1) The decrease corresponds mainly to the payment of annual industry and commerce tax returns (ICA).
- (2) Includes the provision for vacations and other employee benefits for compliance and performance.
- (3) The Group recognizes post-employment benefits corresponding to retirement pensions. The post-employment benefit plan in effect at that date does not have any type of asset related to it.
- (4) Corresponds to the estimated costs associated with the dismantling or retirement of property, plant, and equipment. There is no expected timetable for the outflow of resources since there is no expectation of its use in the short term (Note 14).

**20. SHAREHOLDERS' EQUITY, NET**

The authorized, subscribed, and paid-in capital as of September 30, 2021, and December 31, 2020, is presented below:

**(a) Capital Stock**

	(In thousands of US\$)	(In thousands of COP\$)
Authorized capital	381.578	1.454.870.740
Subscribed and paid capital	894	3.410.076
Nominal value (in USD and COP \$)	0,0003	1

As of September 30, 2021, the equity interest did not change compared to the end of December 2020.

**(b) Other Perpetual Equity Instruments**

On March 27, 2020, the Group repaid the subordinated perpetual equity instrument issued on March 30, 2015, in the amount of USD 500 million, affecting equity of \$1,689,145,000 and financial liabilities of \$308,770,000 for a total payment of \$1,997,915,000.

In the Statement of Changes in Shareholders' Equity in the accumulated results line item, for the nine months ended September 30, 2020, the interest coupon payment of \$55,037,974 was included.

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**(c) Other Comprehensive Income**

The Group recognized in Other Comprehensive Income (OCI) in the nine months ended September 30, 2021, and 2020 net gain of \$272,399,971 and a net loss of \$(108,628,799), respectively (Note 11).

The volatility of exchange rates mainly generates the variation as of September 30, 2021, on the new hedges contracted in the nine months ended September 30, 2021, compared to the same period of 2020 where the early redemption of derivative instruments (Swaps) for the prepayment of the senior bond was made. Additionally, deferred real estate tax was recorded for \$(9,139,280) effect of the update of income tax rates from 30% to 35% as of 2022, as established in the Tax Reform Law 2155 of September 14, 2021.

**(d) Revaluation surplus net of tax**

During the nine-month periods ended September 30, 2021, and 2020, the Group transferred directly to retained earnings the write-offs and the value of depreciation realized on revalued assets, as well as their corresponding impact on deferred taxes for \$21,017,606 and \$97,151,934, respectively.

**(e) Equity attributable to non-controlling interests**

On May 27, 2020, the statutory merger reform was solemnized, by virtue of which Colombia Telecomunicaciones S. A. E.S.P. BIC absorbed Metrotel and Telebucaramanga, issuing 16,497 ordinary shares of Colombia Telecomunicaciones S. A. E.S.P. BIC as consideration to the minority shareholders of the absorbed companies. These absorbed companies owned 100% of the shares of the company Operaciones Tecnológicas y Comerciales S. A. S. - "Optecom". This company proceeded to cancel the shares of Metrotel and Telebucaramanga and issue the corresponding shares in the name of Colombia Telecomunicaciones S. A. E.S.P. BIC (Note 1). Consequently, Colombia Telecomunicaciones S. A. E.S.P. BIC has an interest corresponding to 100% of the capital stock of Optecom. Therefore, at the closing of September 30, 2021, and December 2020, there are no non-controlling interests.

**21. OPERATING INCOME**

Revenues from contracts with customers are presented below:

	For the nine-month period ended september 30,			
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>Mobile Services (1)</b>				
Data services	295.451	1.126.487.071	294.018	1.121.023.242
Voice services	116.241	443.199.206	111.495	425.104.833
Added value services	41.262	157.320.632	38.069	145.146.545
	<b>452.954</b>	<b>1.727.006.909</b>	<b>443.582</b>	<b>1.691.274.620</b>
<b>Fixed services (2)</b>				
Data services	145.785	555.845.532	135.700	517.393.633
Technological capabilities and solutions	112.118	427.479.574	77.915	297.072.371
Fixed voice services	51.136	194.968.402	66.147	252.204.725
Television revenue	47.358	180.565.445	51.575	196.642.513
	<b>356.397</b>	<b>1.358.858.953</b>	<b>331.337</b>	<b>1.263.313.242</b>
Sale of terminal equipment (3)	132.171	503.939.689	84.088	320.609.769
Digital Services (4)	101.140	385.621.813	78.788	300.400.838
Interconnection	59.146	225.510.378	57.516	219.294.305
Other data - virtual mobile operator	7.603	28.986.912	9.267	35.332.954
Sale of equipment for fixed services (5)	5.637	21.493.150	3.631	13.844.381
Roaming revenue	2.292	8.742.143	1.789	6.820.600
Leasing investment properties	26	98.617	28	105.764
	<b>308.015</b>	<b>1.174.392.702</b>	<b>235.107</b>	<b>896.408.611</b>
	<b>1.117.366</b>	<b>4.260.258.564</b>	<b>1.010.026</b>	<b>3.850.996.473</b>

As of September 30, 2021, and 2020 include operating income with related parties of \$38,666,320 and \$39,091,563, respectively (Note 27).

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- (1) Mobile services present a year-on-year growth in postpaid and prepaid services, mainly due to the increased commercial activity of the unlimited offer and access to the different digital services applications.
- (2) The increase for the period ended September 30, 2021, continues to be leveraged on corporate services, with growth in integrated solutions and equipment installation and the deployment of fiber optic technology, which offset the decrease in basic line and television services.
- (3) During the period ended September 30, 2021, there was a higher commercial activity of mobile smartphones compared to the same period of 2020, which was impacted by the containment measures.
- (4) The increase corresponds to higher demand in digital services, computer storage, data security, and data processing applications, compared to the same period of 2020.
- (5) During the nine months ended September 30, 2021, there was an increase mainly due to the sale of equipment, compared to the same period of 2020.

**22. OTHER OPERATING INCOME**

The Group's other operating income is presented below:

	<b>For the nine-month period ended september 30,</b>			
	<b>2021</b>		<b>2020</b>	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Other operating income (1)	10.400	39.654.622	12.179	46.434.755
Work carried out for fixed assets (2)	7.358	28.053.533	12.595	48.022.609
Sale of movable and immovable property (3)	1.548	5.902.745	-	-
	<b>19.306</b>	<b>73.610.900</b>	<b>24.774</b>	<b>94.457.364</b>

As of September 30, 2021, and 2020, other operating income with related parties of \$8,477,196 and \$17,797,598, respectively, is included (Note 27).

- 1) The decrease corresponds to lower invoicing fees for the assignment of physical space, professional services, and use of the Adquira platform by suppliers, indemnities for breach of contract, and government subsidies.
- 2) Correspond to work performed by Group personnel. The decrease for the nine months ended September 30, 2021, corresponds to lower project execution compared to the same period in 2020.
- 3) Corresponds to the profit generated on the sale of real estate in 2021.

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**23. OPERATING COSTS AND EXPENSES**

Operating costs and expenses are presented below:

	For the nine-month period ended september 30,			
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Equipment cost (Notes 8 and 10) (1)	173.448	661.317.446	130.483	497.502.543
Labor costs	88.862	338.811.879	87.428	333.343.182
Other costs and operating expenses (2)	66.917	255.138.550	52.787	201.265.584
Interconnection and roaming (3)	66.470	253.435.961	56.971	217.216.962
Renting and third party activities to clients (4)	64.355	245.372.202	43.187	164.661.870
Maintenance of equipment and installations	51.403	195.986.974	51.142	194.991.773
Taxes and considerations	47.217	180.027.004	47.037	179.342.490
Content providers (5)	46.511	177.334.949	39.787	151.697.999
Media rental and other network infrastructures	45.884	174.946.729	42.901	163.573.094
commissions for sales and obtaining contracts (6)	36.045	137.430.882	45.345	172.888.472
Power service	34.515	131.598.221	32.291	123.116.411
Advertising (7)	31.491	120.069.588	22.451	85.601.360
Computer Services	30.523	116.375.966	30.718	117.120.233
Contract compliance cost (Note 8)	13.219	50.402.218	12.014	45.806.330
Customer services	12.027	45.856.786	12.871	49.075.646
Other costs and expenses and non-recurring	2.085	7.951.221	2.625	10.007.240
Provision for inventories (Note 10)	280	1.061.997	279	1.061.375
Portfolio impairment (Note 7) (8)	(17.496)	(66.708.379)	21.090	80.415.014
	<b>793.756</b>	<b>3.026.410.194</b>	<b>731.407</b>	<b>2.788.687.578</b>

As of September 30, 2021, and 2020, costs and expenses with related parties of \$244,997,796 and \$209,961,080, respectively, are included (Note 27).

- (1) During the nine months ended September 30, 2021 and 2020, consumption of inventories carried at cost of sales of \$585,056,397 and \$415,993,944 (Note 10) and amortization of customer premises equipment costs of \$76,261,049 and \$81,508,599 (Note 8), respectively, were recognized. The increase in the nine months ended September 30, 2021, corresponds to higher commercial activity.
- (2) The increase in the nine months ended September 30, 2021, corresponds to campaigns granting benefits to customers in the recovery of the commercial portfolio, compared to the same period of 2020.
- (3) The increase during the nine months ended September 30, 2021, corresponds to higher interconnection traffic in access charges and roaming service costs mainly due to the opening of international trips, compared to the same period of 2020.
- (4) The variation in the nine months ended September 30, 2021, corresponds to higher commercial activity, mainly in integrated solutions with corporate customers, compared to the same period of 2020.
- (5) The increase in the nine months ended September 30, 2021, corresponds to the execution of new projects with corporate clients, compared to the same period of 2020.
- (6) During the nine months ended September 30, 2021, and 2020, includes the amortization of contract acquisition costs of \$25,012,360 and \$587,411, respectively (Note 8).
- (7) The increase during the nine months ended September 30, 2021, corresponds to a higher volume of media campaigns compared to the same period of 2020.
- (8) The decrease during the nine months ended September 30, 2021, is mainly due to the recovery of the portfolio of Empresa de Teléfonos de Bogotá S.A. E.S.P. as a result of the transactional and portfolio agreement with customers leveraged on the collection campaigns carried out with customers.

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**24. DEPRECIATION AND AMORTIZATION**

Depreciation and amortization are presented below:

	For the nine-month period ended september 30,			
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Depreciation of property, plant and equipment (Note 14)	127.629	486.618.732	126.194	481.149.877
Amortization of intangible assets (Note 15)	102.958	392.555.204	104.290	397.633.993
Depreciation of assets for rights of use (Note 13)	48.197	183.764.262	42.870	163.453.304
	<b>278.784</b>	<b>1.062.938.198</b>	<b>273.354</b>	<b>1.042.237.174</b>

**25. FINANCIAL EXPENSES, NET**

Financial income (expense), net is presented below:

	For the nine-month period ended september 30,			
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>Income:</b>				
Clients' interest in arrears	3.699	14.104.237	3.333	12.708.568
Income from temporary investments and bank loans (Note 5)	400	1.526.057	2.087	7.957.646
Interest hedging operations, net (1)	-	-	25.944	98.917.314
	<b>4.099</b>	<b>15.630.294</b>	<b>31.364</b>	<b>119.583.528</b>
<b>Expenses:</b>				
Interest on loans, financial obligations and bonds (2) (Note 17)	(37.576)	(143.267.303)	(55.637)	(212.131.660)
Interest hedging transactions, net (1)	(25.354)	(96.668.019)	-	-
Financial expenses for leases (3)	(12.301)	(46.900.159)	(7.559)	(28.820.178)
Other financial expenses (4)	(7.631)	(29.097.571)	(6.462)	(24.636.671)
Financial update of liabilities (5)	(3.422)	(13.049.679)	(3.435)	(13.097.093)
Tax on financial transactions	(93)	(357.035)	(281)	(1.072.210)
	<b>(86.377)</b>	<b>(329.339.766)</b>	<b>(73.374)</b>	<b>(279.757.812)</b>
Exchange difference loss, net	(480)	(1.829.552)	(2.047)	(7.805.894)
	<b>(86.857)</b>	<b>(331.169.318)</b>	<b>(75.421)</b>	<b>(287.563.706)</b>
	<b>(82.758)</b>	<b>(315.539.024)</b>	<b>(44.057)</b>	<b>(167.980.178)</b>

- 1) The financial expense for hedging operations corresponds to the valuation of the hedges contracted associated with the new senior bond. As of September 30, 2020, financial income was generated by the early redemption of derivative instruments (Swaps) associated with the prepayment of the senior bond.
- 2) During the nine months ended September 30, 2021 and 2020, includes interest on the senior bond for \$68,973,180 and \$131,249,000, local bond for \$23,008,500 and \$24,584,130 and other interest on loans with local and foreign banks for \$51,285,623 and \$56,298,530, respectively.
- 3) The increase in the nine months ended September 30, 2021, compared to the same period of 2020, corresponds to new contracts and renewals of finance leases for longer terms.
- 4) Includes financial fees for loan prepayments and license indexations.
- 5) Corresponds mainly to the financial restatement of pension liabilities.

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**26. RISK MANAGEMENT**

**26.1. Financial Risks**

**26.1.1. Risk Management Policy**

The Group could be exposed to various financial market risks as a result of i) the normal course of its business and ii) the financial debt contracted to finance its business. The main risks are exchange rate, interest rate, liquidity, and credit risks. In the process of assessing financial risks, no significant impacts were identified. A summary of these risks is presented below:

**Credit Risk**

Credit risk arises from cash and cash equivalents (deposits in banks and financial institutions) and credit exposure to wholesale and retail customers, which includes outstanding balances of accounts receivable and committed transactions. Based on the preceding, Management does not expect the Group to incur significant losses from the performance of its counterparties.

**Risk Management**

The Group actively managed the risks through the use of derivative financial instruments, on exchange rate and interest rate, as well as taking into account the net positions of the balance sheet to take advantage of natural hedges that are directly offset, avoiding incurring in bid-offer spread over costs in the hedging operations.

**Exchange Rate Risk**

The main objective of the exchange rate risk management policy is to protect the value of assets and liabilities denominated in dollars and euros against changes in the exchange rate of the Colombian peso with respect to these currencies.

As of September 30, 2021, and December 31, 2020, the Group's debt in US dollars, including the senior bond maturing in 2030, was equivalent to USD 741 million and USD 978 million, respectively. Additionally, considering the ordinary flow of the Group's business, hedges of trade accounts corresponding to OPEX (Operating Expenses) and CAPEX (Capital Expenditure) invoices in foreign currency were made, which were recorded in the Condensed Consolidated Interim Statement of Financial Position. Finally, highly probable future cash flow hedges were contracted through NDF (Non-Delivery Forwards) and options with terms up to one year to hedge a portion of the OPEX and CAPEX in foreign currency of the budget during the following year.

The following is a summary of the balances of assets and liabilities held in thousands of dollars and expressed in thousands of Colombian pesos at the end of each period:

	<b>As of september, 30</b>	<b>As of december, 31</b>
	<b>2021</b>	<b>2020</b>
	(In thousands of US\$)	
<b>Assets</b>		
Debtors and other receivables (Note 7)	8.677	4.690
Cash and cash equivalents (Note 5)	4.963	5.182
Related Parties (Note 27)	2.112	4.655
<b>Total assets</b>	<b>15.752</b>	<b>14.527</b>
<b>Liabilities</b>		
Financial obligations	745.990	978.327
Suppliers and accounts payable (Note 18)	93.006	73.711
Related Parties (Note 27)	18.699	19.750
<b>Total liabilities</b>	<b>857.695</b>	<b>1.071.788</b>
<b>Passive, net position</b>	<b>(841.943)</b>	<b>(1.057.261)</b>

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	As of september, 30	As of december, 31
	2021	2020
	(In thousands of COP\$)	
<b>Assets</b>		
Debtors and other receivables (Note 7)	33.083.405	16.098.425
Cash and cash equivalents (Note 5)	18.922.778	17.787.215
Related Parties (Note 27)	8.052.570	15.978.288
<b>Total assets</b>	<b>60.058.753</b>	<b>49.863.928</b>
<b>Liabilities</b>		
Financial obligations	2.844.288.292	3.358.107.428
Suppliers and accounts payable (Note 18)	354.610.487	253.013.008
Related Parties (Note 27)	71.294.986	67.791.875
<b>Total liabilities</b>	<b>3.270.193.765</b>	<b>3.678.912.311</b>
<b>Passive, net position</b>	<b>(3.210.135.012)</b>	<b>(3.629.048.383)</b>

### Interest Rate Risk

After hedging, the variable rate exposure is 36.74% of total debt, within the framework of a risk management policy in line with the expansionary monetary policy stance of Banco de la República in the medium term.

### 26.2. Risks of the Corporate Purpose and the Business

The Group's business is conditioned both by intrinsic factors, exclusive to the Group and by certain exogenous factors that are common to any company in its sector, the most significant of which are as follows:

#### Markets Subject to Continuous Technological Evolution.

The Group's success depends, to a certain extent, on its adaptability to technological evolution in the times required by the market, anticipating technological changes and market demands. Technological evolution is permanent, offering the market new products, services, and technologies, which oblige us to keep them constantly updated. The development of constant technological innovation also generates the obsolescence of some of the products and services offered by the Group, as well as their technology, significantly reducing revenue margins by having an obligation to invest in the development of new products, technology, and services and at the same time continue to provide maintenance in legacy technologies, which will remain in force until we achieve the migration of all users or the regulation allows their controlled shutdown. In addition, the convergence of new technologies allows new entrant operators the possibility of not being subject to the regulatory standards that have been in force in the past, leaving us in a disadvantageous position vis-à-vis these new players in the sector.

Consequently, it could be costly for the Group to develop the products and technologies necessary to continue competing efficiently with current or future competitors, which is why new alliances are being sought to alleviate these costs. It is important to consider that the increase in costs could have a negative impact on the business, its financial situation, and the economic results or cash generation of the Group.

The Group, as a major player in the communications market, must continue to upgrade its networks associated with mobile and fixed-line services in a satisfactory manner and in a timely manner to maintain and increase its customer base in each of its markets to enhance its financial performance, as well as to comply with applicable regulatory requirements. Among other things, the Group may need to upgrade the operation of its networks to increase the personalization of its services, the virtualization of equipment, the increase of processing and data storage capacities, and the increase of coverage in some of its markets. Equally important is the need to expand and maintain the level of customer service, network management, and administrative systems.

#### Risks Associated with Unplanned Network Outages

Network interruptions are situations inherent to the operation of any element that constitutes it, which affect service, causing dissatisfaction among users due to the impossibility of communication and a significant risk of requirements from control entities that could result in high impact sanctions for the Group. The only possibility of minimizing or reaching a controlled level of risk on unforeseen network interruptions is focused on being able to periodically and efficiently guarantee a preventive and corrective maintenance model on network equipment, and the investment in elements that have completed their useful life and that guarantee redundancy to support the service in the event of eventual failures.

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## Country Risk

In the third quarter of 2021, we have a favorable GDP performance, completely overcoming the impact of the protests and blockades of April and May and the third wave of Covid-19 contagions. In July, economic activity measured through the Economic Tracking Indicator advanced 3.2% MoM and 14.5% YoY. Thus, the level of economic activity exceeded for the first time the pre-pandemic benchmark level (February 2020), standing 3% above it. In the first seven months of 2021, the economy grew 9.4% YoY. The favorable dynamics observed in July were maintained in August and September as the economy operated without any mobility restrictions, and both the public order and epidemiological situations remained under control.

As of September 2021, inflation advanced to 4.51% accumulated 12 months, above the Bank of the Republic's target range (2% to 4%). Food inflation has mostly explained inflationary pressures due to local and external supply shocks. In turn, the normalization of the tariffs of some regulated services, with the termination of the aid and subsidies implemented in the context of the pandemic (low base of comparison), and the increase of some of the tariffs have explained the advance of inflation. The recovery of economic activity and the increase in inflation and inflation expectations led Banco de la República to start the monetary policy normalization cycle in September, bringing the reference rate to 2% (+25 bps).

As of September 30, 2021, the exchange rate was quoted at an average of \$3,703.40 and closed at \$3,812.77, devaluating 7.9% and 11.1% with respect to the close of 2020, respectively. On May 19, 2021, Standard and Poor's downgraded Colombia's sovereign rating from BBB- to BB+, revising the outlook from negative to stable, after the tax reform that sought to increase the Government's net income by 2% of the GDP was withdrawn from Congress. On July 1, Fitch Ratings made the same decision, with which the country lost its investment-grade from two rating agencies.

## Price Risk

The Group is exposed to the price risk of the goods and services it acquires for the development of its operations, for which it negotiates purchases with small and large suppliers (including global suppliers) to ensure a continuous supply of such goods and services. This model, through which significant savings are achieved in local and regional negotiations, avoids a high risk of concentration and dependence, which could result in the medium and long term in a dependence that could hardly be solved by not having alternative suppliers to manage pressure levers to avoid breaches in product quality, delivery times, non-agreed increases in prices or margins of maneuver that could not be solved by having a single supplier in some of the layers of the network.

## 27. RELATED PARTIES

### 27.1. Accounts receivable

The balances of accounts receivable between the Group and its shareholders, economic-related parties, and associated companies are as follows:

#### Current

##### a) Accionistas

	As of september, 30		As of december, 31	
	2021	2020	2021	2020
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>From outside</b>				
Telefónica Hispanoamérica S.A. (Antes Telefónica Latinoamérica Holding S.L)	-	-	-	1.804
<b>Total actionists from abroad</b>	-	-	-	<b>1.804</b>

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**b) Vinculados económicos**

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>National</b>				
Tiws Colombia II S.A.S.	6.797	25.913.813	8.223	31.353.050
Telefonica Cybersecurity Tech Colombia	22	82.110	-	-
Wayra Colombia S.A.S.	6	24.600	28	105.653
Telxius Cable Colombia S.A.	-	-	465	1.771.759
	<b>6.825</b>	<b>26.020.523</b>	<b>8.716</b>	<b>33.230.462</b>

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>From outside</b>				
TIWS II	802	3.059.423	1.745	6.652.978
Telefónica S.A.	496	1.891.050	736	2.807.747
Otecel S.A.	360	1.371.901	343	1.307.959
Telefónica del Perú S.A.	315	1.202.631	101	383.843
Telefónica Móviles España S.A.	282	1.076.027	271	1.034.360
Telefónica Digital España S.A.	272	1.037.127	442	1.685.051
Telefónica Venezolana C.A.(a)	234	892.612	247	941.771
Telefónica Móviles El Salvador S.A.	79	301.272	174	663.046
Telefónica Móviles Argentina S.A.	76	288.245	102	388.203
Pegaso Pcs. S.A. de C.V.	71	270.150	816	3.112.920
Telefonica Germany GMBH & CO OHG	49	185.376	73	276.464
Terra Networks Mexico S.A. de CV	12	47.652	52	199.250
Telefonica Brasil S.A	5	19.135	-	-
Telefónica Móviles Uruguay S.A.	2	8.157	-	-
Telefónica de Costa Rica	-	-	34	128.612
Telefónica Compras Electrónicas	-	-	12	44.530
Telefónica USA Inc.	-	-	4	14.897
	<b>3.055</b>	<b>11.650.758</b>	<b>5.152</b>	<b>19.641.631</b>
<b>Total national and foreign affiliates</b>	<b>9.880</b>	<b>37.671.281</b>	<b>13.868</b>	<b>52.872.093</b>

**c) Associated Companies**

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>National</b>				
Telefónica Factoring Colombia S.A.	42	158.067	11	42.957
	<b>42</b>	<b>158.067</b>	<b>11</b>	<b>42.957</b>
<b>Total accounts receivable with related parties (Note 7)</b>	<b>9.922</b>	<b>37.829.348</b>	<b>13.879</b>	<b>52.916.854</b>

The balances in foreign currency of domestic accounts receivable with related parties as of September 30, 2021, and December 31, 2020, for USD 2,112 thousand (\$8,052,570) and USD 4,655 thousand (\$15,978,288), respectively (Note 26).

The decrease as of September 30, 2021, compared to the end of 2020, corresponds mainly to collection, reconciliation, and crossing of accounts with Tiws Colombia II S. A. S., Telxius Cable Colombia S.A, TIWS II, and Pegaso Pcs. S.A. de C.V. for housing, data center, and interconnection and roaming services.

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**27.2. Accounts payable**

The balances of liabilities between the Group and its shareholders and related economic parties are as follows:

**Current**

**a) Economic relationships**

	As of december, 31			
	2021		2020	
	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>National</b>				
Telefonica Cybersecurity Tech Colombia	8.198	31.258.132	1.325	5.050.742
Tiws Colombia II S.A.S.	7.781	29.667.008	6.428	24.507.869
Telxius Cable Colombia S.A.	2.473	9.430.074	3.732	14.228.593
	<b>18.452</b>	<b>70.355.214</b>	<b>11.485</b>	<b>43.787.204</b>
	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>From outside</b>				
TIWS II	4.839	18.449.884	11.517	43.911.169
Telefónica S.A.	4.606	17.561.910	6.037	23.017.233
Telefónica Digital España S.A.	3.080	11.743.635	980	3.737.989
Telefónica Móviles Argentina S.A.	2.242	8.547.304	945	3.602.653
Telefónica Global Technology	2.055	7.834.760	1.090	4.156.882
Telefónica de Argentina S.A.	1.045	3.984.192	449	1.713.000
Telefónica USA Inc.	906	3.454.025	1.042	3.971.914
Telefónica Compras Electrónicas	622	2.370.874	826	3.150.260
Terra Networks Mexico S.A. de CV	397	1.512.771	240	913.687
Telefonica IOT & Big Data Tech, S.A	387	1.476.059	-	-
Otecel S.A.	349	1.329.916	327	1.245.458
Telefónica del Perú S.A.	341	1.300.749	179	682.891
Media Network Latin América	209	795.776	3.242	12.359.857
Pegaso Pcs. S.A. de C.V.	205	781.788	473	1.802.720
Telefónica Servicios Audiovisuales	202	769.453	100	382.756
Telefónica Global Roaming	197	751.116	216	822.084
Telefónica Móviles España S.A.	168	640.440	403	1.534.948
Telefónica Venezolana C.A.	159	604.717	123	468.935
Telefonica Cybersecurity Tech S.L	61	232.781	-	-
Telefónica Ingeniería de Seguridad	47	179.837	234	892.885
Telefonica Educacion Digital	37	141.493	-	-
Telefónica Móviles de Chile	33	126.677	47	179.316
Telefónica Brasil S.A	20	75.781	10	39.881
Telefónica Móviles El Salvador S.A.	3	12.417	1	4.971
Telefónica Móviles Uruguay S.A.	2	5.789	8	30.796
E-Plus Mobilfunk GMBH & CO	-	304	-	325
Telefónica Broadcast Services S.L.U	-	-	9	32.746
Telefónica de Costa Rica	-	-	3	12.888
<b>Total national and foreign economic associates</b>	<b>22.212</b>	<b>84.684.448</b>	<b>28.501</b>	<b>108.668.244</b>

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**b) Associated Companies**

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
From outside				
O2 T. UK Limited	63	244.153	46	178.328
<b>Total with related parties</b>	<b>63</b>	<b>244.153</b>	<b>46</b>	<b>178.328</b>
	<b>22.275</b>	<b>84.928.601</b>	<b>28.547</b>	<b>108.846.572</b>
<b>Total suppliers and accounts payable with related parties (Note 17)</b>	<b>40.727</b>	<b>155.283.815</b>	<b>40.032</b>	<b>152.633.776</b>

**Non-current**

**Shareholders**

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Share-based payments				
Telefónica S.A.	402	1.536.587	2.457	9.368.156
<b>Total suppliers and accounts payable with related parties (Note 17)</b>	<b>402</b>	<b>1.536.587</b>	<b>2.457</b>	<b>9.368.156</b>

The foreign currency balances of accounts payable in relation to related parties as of September 30, 2021, and December 31, 2020, are USD 18,699 thousand (\$71,294,986) and USD 19,750 thousand (\$67,791,875) respectively (Note 26).

The decrease as of September 30, 2021, compared to the end of 2020, corresponds to the settlement of the Performance Share Plan (PSP) and Talent for the future Share Plan (TFSP) 2018 to 2020 cycle.

**27.3. Revenues, Costs, and Expenses with Related Parties**

The Group carries out transactions with its related parties on an arm's length and arm's length basis. The following summarizes the Group's revenues, costs, and expenses during the nine-month periods ended September 30, 2021, and 2020 with shareholders, economic-related parties, and associated companies.

**a) Shareholders**

	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2021	2020	2021	2020
	(In thousands of US\$)			
From outside				
Telefónica Hispanoamérica S.A. (Antes Telefónica Latinoamérica Holding S.L.)	-	-	-	66
<b>Total actionists from abroad</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66</b>

	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2021	2020	2021	2020
	(In thousands of COP\$)			
From outside				
Telefónica Hispanoamérica S.A. (Antes Telefónica Latinoamérica Holding S.L.)	-	-	-	251.988
<b>Total actionists from abroad</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>251.988</b>

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**b) Financial Related Parties**

	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2021	2020	2021	2020
	(In thousands of US\$)			
<b>National</b>				
Tiws Colombia II S.A.S.	4.247	4.295	5.629	5.217
Telxius Cable Colombia S.A.	458	505	7.774	8.329
Wayra Colombia S.A.S.	89	84	-	-
Telefonica Cybersecurity Tech Colombia	43	-	8.547	724
Telefónica Learning Services Colombia	-	51	-	-
	<b>4.837</b>	<b>4.935</b>	<b>21.950</b>	<b>14.270</b>

	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2021	2020	2021	2020
	(In thousands of COP\$)			
<b>National</b>				
Tiws Colombia II S.A.S.	16.193.984	16.377.154	21.460.765	19.890.439
Telxius Cable Colombia S.A.	1.747.009	1.925.840	29.640.320	31.758.322
Wayra Colombia S.A.S.	340.568	322.128	-	-
Telefonica Cybersecurity Tech Colombia	162.669	-	32.588.202	2.759.337
Telefónica Learning Services Colombia	-	193.422	-	-
	<b>18.444.230</b>	<b>18.818.544</b>	<b>83.689.287</b>	<b>54.408.098</b>

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	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2021	2020	2021	2020
	(In thousands of US\$)			
<b>From outside</b>				
TWS II	4.966	5.293	10.083	10.630
Telefónica S.A.	507	2.770	11.489	9.624
Telefónica Empresas Chile S.A.	420	-	-	130
Telefónica del Perú S.A.	270	130	255	10
Telefónica Móviles El Salvador S.A.	262	252	5	1
Telefónica Móviles España S.A.	259	129	140	382
Telefónica Ingeniería de Seguridad	186	-	-	404
Telefónica Digital España S.A.	173	1.027	5.140	689
Pegaso Pcs. S.A. de C.V.	90	3	129	30
Telefónica Móviles de Chile	62	48	6	8
Telefónica Global Roaming	48	-	154	166
Terra Networks Mexico S.A. de CV	28	37	539	279
Telefónica Brasil S.A.	24	33	20	31
Telefonica Chile S.A.	23	-	-	-
Telefónica Móviles Argentina S.A.	21	35	8	12
Otecel S.A.	18	14	27	27
Telefónica Venezolana C.A.	18	64	13	7
Telefónica Móviles Uruguay S.A.	4	3	-	2
Telefónica Compras Electrónicas	3	31	1.322	1.694
Telefónica USA Inc.	1	11	1.436	696
E-Plus Mobilfunk GMBH & CO	-	1	-	-
Telefonica Germany GMBH & CO OHG	-	1	10	11
Telefónica de Costa Rica	-	4	5	4
Telefónica Global Technology	-	-	4.792	7.883
Media Network Latin América	-	-	2.459	6.017
Telefonica Cybersecurity Tech S.L	-	-	1.234	-
Telefonica On The Spot Services	-	-	1.171	-
Telxius Cable América S.A. (antes TWS AMERICA)	-	-	1.130	1.130
Telxius Cable	-	-	388	388
Telefónica Servicios Audiovisuales	-	-	280	188
Telefonica de Contenidos SAU	-	-	38	204
Telefónica Educación Digital, S.L.U.	-	-	24	-
Pegaso Recursos Humanos S.A. de C.V.	-	-	8	-
Telefónica de España S.A.U.	-	-	-	80
	<b>7.383</b>	<b>9.886</b>	<b>42.305</b>	<b>40.727</b>
<b>Total national and foreign economic associates</b>	<b>12.220</b>	<b>14.821</b>	<b>64.255</b>	<b>54.997</b>

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	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2021	2020	2021	2020
	(In thousands of COP\$)			
<b>From outside</b>				
TIWS II	18.931.816	20.179.089	38.442.624	40.530.190
Telefónica S.A.	1.930.739	10.562.207	43.804.210	36.692.668
Telefónica Empresas Chile S.A.	1.599.142	-	-	494.646
Telefónica del Perú S.A.	1.025.903	495.060	972.816	39.508
Telefónica Móviles El Salvador S.A.	995.924	959.942	17.667	3.386
Telefónica Móviles España S.A.	982.908	493.233	533.863	1.457.005
Telefónica Ingeniería de Seguridad	710.218	-	-	1.540.610
Telefónica Digital España S.A.	660.386	3.915.052	19.598.845	2.628.180
Pegaso Pcs. S.A. de C.V.	344.287	10.583	490.612	114.521
Telefónica Móviles de Chile	237.871	184.198	21.493	31.925
Telefónica Global Roaming	184.275	-	588.173	631.785
Terra Networks Mexico S.A. de CV	106.573	140.815	2.054.216	1.063.041
Telefónica Brasil S.A	92.508	125.098	74.683	117.879
Telefonica Chile S.A.	88.689	-	-	-
Telefónica Móviles Argentina S.A.	81.247	132.263	29.098	47.142
Otecel S.A.	70.383	53.461	104.020	103.712
Telefónica Venezolana C.A.	68.962	242.641	48.610	27.374
Telefónica Móviles Uruguay S.A.	14.447	11.874	1.601	6.696
Telefónica Compras Electrónicas	12.692	119.028	5.042.006	6.458.436
Telefónica USA Inc.	3.359	40.129	5.473.526	2.652.087
E-Plus Mobilfunk GMBH & CO	1.642	2.149	-	83
Telefonica Germany GMBH & CO OHG	723	3.202	40.030	42.152
Telefónica de Costa Rica	-	15.976	18.636	13.858
Telefónica Global Technology	-	-	18.271.619	30.057.871
Media Network Latin América	-	-	9.374.880	22.941.572
Telefonica Cybersecurity Tech S.L	-	-	4.703.828	-
Telefonica On The Spot Services	-	-	4.465.860	-
Telxius Cable América S.A. (antes TIWS AMERICA)	-	-	4.309.854	4.309.854
Telxius Cable	-	-	1.480.679	1.480.679
Telefónica Servicios Audiovisuales	-	-	1.068.527	716.114
Telefonica de Contenidos SAU	-	-	144.124	777.758
Telefónica Educación Digital, S.L.U.	-	-	92.208	-
Pegaso Recursos Humanos S.A. de C.V.	-	-	32.001	-
Telefónica de España S.A.U.	-	-	-	305.312
	<b>28.144.694</b>	<b>37.686.000</b>	<b>161.300.309</b>	<b>155.286.044</b>
<b>Total national and foreign economic associates</b>	<b>46.588.924</b>	<b>56.504.544</b>	<b>244.989.596</b>	<b>209.694.142</b>

**c) Associated Companies**

	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2021	2020	2021	2020
	(In thousands of US\$)			
<b>National</b>				
Telefónica Factoring Colombia S.A.	81	67	-	-
	<b>81</b>	<b>67</b>	<b>-</b>	<b>-</b>
<b>From outside</b>				
O2 T. UK Limited	64	33	2	5
	<b>64</b>	<b>33</b>	<b>2</b>	<b>5</b>
	<b>12.365</b>	<b>14.921</b>	<b>64.257</b>	<b>55.068</b>

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	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2021	2020	2021	2020
	(In thousands of COP\$)			
<b>National</b>				
Telefónica Factoring Colombia S.A.	310.417	253.786	-	-
	<b>310.417</b>	<b>253.786</b>	<b>-</b>	<b>-</b>
<b>From outside</b>				
O2 T. UK Limited	244.175	130.831	8.200	14.950
	<b>244.175</b>	<b>130.831</b>	<b>8.200</b>	<b>14.950</b>
	<b>47.143.516</b>	<b>56.889.161</b>	<b>244.997.796</b>	<b>209.961.080</b>

The Group has not granted or received guarantees or pledges to its economic-related parties.

The following is a summary of the transactions by the concept of revenues, costs, and expenses that occurred during the period with related parties, according to the nature of the good or service rendered between the parties, as follows:

**Operating income:**

	For the nine-month period ended september 30,			
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Fixed services	5.212	19.871.291	5.688	21.688.424
Fixed interconnection	2.897	11.043.763	2.892	11.027.523
Digital services	1.024	3.904.455	1.232	4.697.248
Roaming revenue	512	1.953.018	417	1.589.171
Sale of terminal equipment	443	1.687.689	3	12.255
Mobile services	54	206.104	20	76.942
	<b>10.142</b>	<b>38.666.320</b>	<b>10.252</b>	<b>39.091.563</b>
Other operating income	2.223	8.477.196	4.669	17.797.598
	<b>12.365</b>	<b>47.143.516</b>	<b>14.921</b>	<b>56.889.161</b>

**Operating Costs and Expenses:**

	For the nine-month period ended september 30,			
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Media rental	18.455	70.363.933	19.379	73.887.600
Advertising	10.407	39.680.688	9.403	35.850.780
Renting and third party activities to clients	8.947	34.106.888	4.469	17.039.751
Other non-recurring costs and expenses (1)	7.811	29.780.379	8.175	31.169.852
Other costs and operating expenses (2)	7.569	28.859.148	2.987	11.388.242
Interconnection and roaming	6.875	26.213.348	7.609	29.010.303
Content providers	2.016	7.686.551	1.747	6.660.659
Labor expenses	1.104	4.210.387	152	580.324
Maintenance	652	2.486.775	927	3.535.021
Terminal cost	333	1.270.307	46	176.313
Sales commissions	88	339.392	174	662.235
	<b>64.257</b>	<b>244.997.796</b>	<b>55.068</b>	<b>209.961.080</b>

(1) Includes mainly licenses and software applications.

(2) Includes mainly consulting and project integration, rental, and equipment costs, among others.

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**Information on Key Management Personnel Remuneration**

The remuneration received by the Group's key employees according to their hierarchies is presented below:

	For the nine-month period ended september 30,			
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Salaries, salaries and other benefits	3.121	11.900.004	3.520	13.421.597
Institutional plans	1.859	7.087.245	1.069	4.074.697
Executive remuneration plan (shares and annual bonus)	1.220	4.651.874	827	3.155.005
Bonus for voluntary withdrawal	517	1.969.499	-	-
Others	91	345.551	179	684.293
	<b>6.808</b>	<b>25.954.173</b>	<b>5.595</b>	<b>21.335.592</b>

**28. CONTINGENCIES**

The Group is subject to claims for regulatory proceedings, labor, tax assessments, and others arising in the ordinary course of business. Management evaluates these situations based on their probable, possible, and remote nature, the likelihood of their occurrence, and the amounts involved to decide on the amounts recognized and/or disclosed in the financial statements. This analysis, which may require considerable judgment, includes reviewing legal proceedings instituted against and claims not yet initiated, all supported by reports and evaluation of the Group's legal advisors. A provision is recognized when the Group has a present obligation as a result of a past event; an outflow of resources will probably be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

As of September 30, 2021, 2,704 processes are in progress, of which 110 correspond to probable contingencies, 972 are classified as possible, and 1,622 are classified as remote.

**1. Probable Proceedings**

The following is a detail of the proceedings classified as highly probable (Note 19).

	As of september, 30		As of december, 31	
	2021		2020	
	(In thousands of US\$)			
Cantidad	Valor	Cantidad	Valor	
<b>Currents:</b>				
Administrative investigations of users (1)	19	412	28	2.901
	<b>19</b>	<b>412</b>	<b>28</b>	<b>2.901</b>
<b>Non-currents:</b>				
Legal proceedings (2)	50	1.809	49	1.850
Labor processes	31	401	66	674
Administrative, regulatory and competency investigations	10	301	4	232
Tax processes	-	-	1	43
	<b>91</b>	<b>2.511</b>	<b>120</b>	<b>2.799</b>
	<b>110</b>	<b>2.923</b>	<b>148</b>	<b>5.700</b>

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	As of september, 30		As of december, 31	
	2021		2020	
	Cantidad	Valor	Cantidad	Valor
	(In thousands of COP\$)			
<b>Currents:</b>				
Administrative investigations of users (1)	19	1.571.162	28	11.059.624
	<b>19</b>	<b>1.571.162</b>	<b>28</b>	<b>11.059.624</b>
<b>Non-currents:</b>				
Legal proceedings (2)	50	6.897.585	49	7.053.446
Labor processes	31	1.531.839	66	2.571.134
Administrative, regulatory and competency investigations	10	1.152.029	4	883.405
Tax processes	-	-	1	164.653
	<b>91</b>	<b>9.581.453</b>	<b>120</b>	<b>10.672.638</b>
	<b>110</b>	<b>11.152.615</b>	<b>148</b>	<b>21.732.262</b>

(1) Includes requests for complaints and claims (RCC) from customers through the Superintendence of Industry and Commerce.

(2) Mainly includes requests for civil and administrative proceedings.

## 2. Possible Contingencies

The Group is a party to litigation classified as low probability, which is currently being processed before judicial, administrative, and arbitration bodies.

Taking into consideration the reports of the Group's legal advisors in these proceedings, it is reasonable to estimate that these lawsuits will not significantly affect the Group's economic-financial situation or solvency.

### a. Legal Proceedings

Proceedings aimed at obtaining a decision by the jurisdictional authority called upon to resolve the disputed issue. They include civil, contentious-administrative, criminal, constitutional, and other proceedings. There are 496 open proceedings classified as possible for a value of \$77,202,970.

### b. Labor Proceedings

Labor lawsuits seeking payment of labor rights arising from the relationships that the plaintiffs have or have had directly with the Group or with a third party, in the latter case, seeking the solidarity of Colombia Telecomunicaciones S.A. E.S.P. There are 386 open processes classified as possible for an amount of \$38,064,248.

### c. Administrative Investigations

Processes initiated by administrative authorities through the formulation of charges, ex officio, or complaints from third parties, tending to determine the responsibility of the investigated party in the infringement of regulations.

Contingencies for administrative investigations are classified as follows:

i) Taxes: Proceedings under discussion for taxes with different municipalities in the country, corresponding to claims, such as industry and commerce tax (ICA), public lighting tax, among others. There are 19 administrative and judicial processes underway with possible qualifications, valued at \$2,977,128.

ii) Petitions, Complaints, and Claims: Administrative proceedings initiated by the Superintendence of Industry and Commerce - SIC, for positive administrative silences, habeas data, or non-compliance with resolutions. There are 52 possible processes for \$9,089,697.

iii) Regulatory: Administrative proceedings initiated by oversight and control authorities for alleged failures to comply with telecommunications regulatory standards. There are 19 possible proceedings for \$13,655,145.

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**29. FINANCIAL INDICATORS NOT DEFINED IN THE ACCOUNTING AND FINANCIAL REPORTING STANDARDS ACCEPTED IN COLOMBIA**

The following are the financial indicators calculated by the Group and which are an integral part of the financial analysis performed:

**1) EBITDA**

	For the nine-month period ended september 30,			
	2021		2020	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Net profit for the period	(27.584)	(105.173.617)	(46.211)	(176.195.927)
More:				
Depreciation and amortization (Note 24)	278.784	1.062.938.198	273.354	1.042.237.174
Financial expense, net (Note 25)	82.758	315.539.024	44.057	167.980.178
Income and complementary taxes (Note 11)	8.958	34.155.665	32.193	122.744.834
<b>EBITDA</b>	<b>342.916</b>	<b>1.307.459.270</b>	<b>303.393</b>	<b>1.156.766.259</b>

EBITDA: corresponds to income before depreciation and amortization, financial expense, and income and deferred taxes.

EBITDA growth during the nine months ended September 30, 2021, corresponds mainly to the good performance in all segments (B2C, B2B, and Wholesale) leveraged on service revenues, supported by postpaid services, digital and prepaid reactivation, as well as the large contribution of revenues from mobile terminals (Smartphone), and on the other hand, the capture of efficiencies in non-commercial costs.

**2) Financial Indicators**

The following are the financial indicators calculated by the Group and which are an integral part of the financial analysis performed:

**2.1) Indebtedness ratios.**

This indicator measures to what extent and in what form short-term and long-term creditors participate in the Group's financing.

	As of september, 30	As of december, 31
	2021	2020
a) Total debt level (1)	63,478%	65,278%
b) Level of short-term debt (2)	29,635%	25,033%

(1) The level of total indebtedness decreases mainly due to the partial prepayment of the Syndicated Loan (Club Deal).

(2) The level of short-term indebtedness increases due to new contracts and longer-term renewals of financial leases.

**2.2) Solvency Ratios**

The solvency ratio indicates how many resources are available in assets compared to liabilities.

	As of september, 30	As of december, 31
	2021	2020
Solvency ratio (1)	1,575	1,532

(1) It presents a slight growth mainly due to new contracts and longer-term renewals of financial leases.

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**2.3) Profitability indexes**

Profitability is an index that measures the relationship between profits or benefits and the investment or resources used to obtain them.

	For the nine-month period ended september 30,	
	2021	2020
a) Operating margin (1)	5,642%	2,903%
b) OIBDA margin	30,168%	29,319%

(1) The improvement in the third quarter of 2021 corresponds mainly to the positive evolution of operating revenues leveraged on integrated solutions services, digital and the contribution of mobile terminals (Smartphone) revenues.

**2.4) Liquidity Ratios**

Indicates the short-term availability to meet its short-term commitments.

	As of september, 30	As of september, 30
	2021	2020
a) Net working capital (In thousands of US\$)	61.589	44.080
a) Net working capital (In thousands of COP\$)	234.823.919	168.068.526
b) Current ratio	1,096	1,078
c) Acid test	0,985	1,012

These indicators are static measures of the resources available at a given time to meet short-term obligations. In this sense, the analysis of short-term liquidity and solvency should consider the cash flow projections made by the Group, which guarantee a going concern.

The variation corresponds mainly to using available cash to prepay long-term loans (syndicated loan) or in progress.

**3) Operating Information**

**3.1) Accesses**

	2021			2020	
	Sep-30	Jun-30	Mar-31 (Units 000)	Dec-31	Sep-30
<b>End Clients Access</b>	<b>21.024</b>	<b>20.321</b>	<b>19.834</b>	<b>19.410</b>	<b>18.901</b>
Basic Line (1)	1.411	1.419	1.431	1.430	1.465
Data	1.170	1.166	1.167	1.155	1.171
TV	535	527	527	527	527
Mobile Services	17.908	17.209	16.709	16.298	15.738
Prepaid	13.043	12.477	12.189	11.935	11.406
Postpaid	4.865	4.732	4.520	4.363	4.332

(1) Includes fixed wireless and voice over IP accesses.

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**3.2) ARPU**

	2021			2020	
	Sep-30	Jun-30	Mar-31 (USD\$)	Dec-31	Sep-30
LB-BA-TV (1)	8,75	8,77	8,83	8,63	8,75
Total Mobile (2)	3,05	3,13	3,21	3,32	3,38
<i>Prepaid</i>	0,71	0,71	0,74	0,91	0,84
<i>Postpaid</i>	9,74	10,00	10,37	10,61	10,11

	2021			2020	
	Sep-30	Jun-30	Mar-31 (COP\$)	Dec-31	Sep-30
LB-BA-TV (1)	33.345	33.451	33.653	32.922	33.345
Total Mobile (2)	11.645	11.931	12.222	12.660	12.897
<i>Prepaid</i>	2.690	2.714	2.810	3.471	3.197
<i>Postpaid</i>	37.148	38.141	39.554	40.471	38.547

(1) Includes monthly fixed tariffs and excludes data and rental revenues.

(2) Excludes revenues from Mobile Virtual Network Operators - MVNOs.

**30. EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE**

The following are the events that occurred between October 1 and the date of issuance of the financial statements, which do not affect the figures as of September 30, 2021. The Group is currently following up on each of the events to identify their impact on the financial figures in the fourth quarter of the year.

- 1) On October 1, 2021, Empresa de Teléfonos de Bogotá S.A. E.S.P. advanced the payment of the agreed value according to the transaction agreement for \$114,900,000 (Note 1).
- 2) On October 4, 2021, the Group paid in advance a short-term loan with a local financial entity for USD 26 million (\$97,582 million) initially estimated for payment in December 2021.