

Colombia Telecomunicaciones S.A. E.S.P. BIC and its Subsidiary¹ As of June 30, 2022 and for the six months ended June 30, 2022

(Amounts in billions of pesos, unless otherwise indicated)

Colombia Telecomunicaciones S.A. E.S.P. BIC informs that today, August 12, 2022, have been sent to the Financial Superintendency of Colombia the **Condensed Consolidated and Separate Interim Financial Statements** as of June 30 and for the six months ended June 30, 2022.

I. Relevant Matters

1. Relevant Matters as of June 30, 2022

Colombia Telecomunicaciones S.A. E.S.P. BIC managed a significant number of transactions during the first half of 2022, which are disclosed in Note 1 to the financial statements reported at the end of June 2022.

In a context marked by a high uncertainty environment in global markets, **the Company**, at the end of the first half of 2022, sustained a good performance on financial and operational goals, with solid growth in services, accelerating commercial activity, boosting the profitability of terminals, and capturing market growth opportunities. These were supported by the expansion of optic fiber networks; a service operated with Kohlberg Kravis Roberts (KKR). **The Company** transferred the optic fiber network assets to Onnet, a Colombian company controlled by KKR, and subscribed shares equivalent to a 40% participation in Alamo HoldCo S.L.. This Spanish company owns 100% of the shares of Onnet, which will be responsible for deploying the country's largest neutral optic fiber network to the home. Therefore, it has driven **the Company's** transformation and laid the foundation for the future growth of the business amid an industry of accelerated changes and an increasingly competitive market. In the midst of this dynamic and within the framework of Telefónica Hispam's new regional operating model, **the Company** seeks to capture the value of regional scale and make the operation more efficient, guaranteeing customer services, advancing the agile methodology, and transforming the way of doing things.

2. Impact of the Ukraine-Russia Conflict in Latin America

The conflict between Russia and Ukraine has had significant repercussions in the economic sphere. It is expected that the technology and telecommunications industries in Latin America are not immune to the shockwaves of the conflict and may add new pressure to the chipset and semiconductor industry, among others. However, at the end of the first half of 2022, there is no evidence of impacts affecting **the Company's** results of operations, financial position, and liquidity.

The Company has implemented internal control measures through a protocol; thereby, any transactions with third parties located in Russia or third parties from other countries that were impacted by the sanctions imposed by the European Union, United Kingdom, United States, and other countries are duly authorized.

II. Operating Results

At the end of the first half of 2022, **the Company** continues to show positive commercial growth in the main products amid greater commercial dynamics, terminal sales, and the advance in optic fiber and digital services.

The Company's performance was leveraged on the year-on-year growth of mobile (+14.7%) and FTTH (+61.7%) customers, digital services in the wireline business, and mobile handsets. **Operating revenues from customer contracts** grew +15.8% year-on-year. **Operating income before depreciation and amortization [EBITDA]** grew 104.4%, and excluding the impact of the agreement with KKR, showed a slight decrease compared to the same period of the previous year due to higher commercial and network costs.

The Company's total number of **customers** at the end of June 30, 2022, reached 23.0 million as follows: **mobile customers** totaled 19.7 million (+14.7% year-on-year) after reporting positive net adds (+961k in 1H 2022). In contrast, net additions in 1H 2022 amounted to 219k accesses due to the growth in commercial activity and churn containment amid a very competitive market environment. In the **wireline business**, customers reached 1.4 million, and it continues to transform fixed connectivity through optic fiber, with excellent deployment results, reaching 648k accesses (+61.7% year-on-year), representing 53% of the total broadband customer base of 1.2 million, with 148k net adds in 1H 2022 (+109.0% year-on-year). Pay TV customers totaled 620 thousand, while IPTV accesses amounted to 423k (68% of total pay TV), partially offsetting the year-on-year decline in DTH (-29.6%) in 2022.

¹ Subsidiary as of June 30, 2022: Empresa Operaciones Tecnológicas y Comerciales S.A.S. - "Optecom".

III. Condensed Consolidated Interim Financial Results

1. Condensed Consolidated Interim Condensed Consolidated Statement of Comprehensive Income

Total operating revenues for the first half of 2022 reached \$4,194MM, an increase of 45.9% compared to the same period of 2021, which includes the effect of the agreement with KKR. **Revenues from customers** reached \$3,274MM, a year-on-year increase of 15.8% (\$2,828MM in the first half of 2021), mainly due to the good performance in all segments, both in mobile and fixed services, with outstanding commercial activity in handset sales, revenues from contract services and in the recharging park, fixed connectivity through fiber and digital services. **Revenues from handset** sales increased 57.7% compared to the first half of 2021, leveraged mainly by the commercial strategy as a result of the offers in the market.

Other operating income of \$920MM increased primarily due to the agreement with KKR during the first half of 2022. This transaction generated a net income of \$841MM.

Operating costs and expenses reached \$2,582MM in the first half of 2022, an increase of 23.8% (\$497MM) compared to the same period of 2021, mainly due to commercial costs for the sale of mobile terminals and B2B projects associated with higher revenues and optic fiber deployment services.

EBITDA - an indicator that measures performance and operating income before depreciation and amortization reached \$1,612MM at the end of 1H2022, up 104.4% compared to the same half of 2021 when it totaled \$789MM. **EBITDA growth** during 1H2022 has been driven not only by the agreement with KKR but also by the good revenue performance, supported by the increase in mobile handset sales.

Depreciation and amortization expenses during the first half of 2022 reached \$694MM with a decrease of 2.6% (\$19MM) compared to the same period of 2021. **Financial income net** was \$229MM with a net increase of 6.5% year-over-year (\$14MM) mainly due to expenses associated with the obligation acquired in the renewal of the spectrum use in the 1,900 MHz band.

Net income for the first half of 2022 presents a benefit of \$84MM and includes an **income tax expense** of \$601MM (**net income** for the first half of 2021 was -\$197M).

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 June 30, 2022, reached \$14,240MM. **Current assets** total \$2,881MM and **non-current assets** total \$11,360MM. The main changes in assets compared to the closing as of December 31, 2021, are summarized below:

Current assets present a net increase of 2.4% (\$66MM) mainly due to higher commercial activity with corporate customers for integrated solutions, equipment, and connectivity services and in the residential segment for optic fiber services. This impacted the growth of debtors, the costs of obtaining and fulfilling contracts with customers, and increased inventory stock to meet commercial offers. In contrast, there is a decrease in cash and cash equivalents due to the prepayment of financial debt and the compensation of the balance in favor of income tax with tax liabilities in accordance with the authorization by the U.A.E. Dirección de Impuestos y Aduanas Nacionales - DIAN (National Tax and Customs Directorate).

Non-current assets increased by 7.2% (\$761MM) primarily due to the renewal of the license for the use of the radio spectrum in the 1,900 MHz band until 2041 and the recognition of the long-term account receivable resulting from the agreement with KKR, which at the end of June 30, 2022, reached \$709MM. In contrast, the deferred asset decreases mainly as a result of the use of the tax credits generated by offsetting the tax profit as of June 2022 due to the agreement with KKR. Additionally, the Company has subscribed shares equivalent to a 40% participation in Alamo HoldCo S.L., which as of June 30, 2022, reached \$126MM.

Total consolidated liabilities reached \$9,173MM at the close of June 30, 2022, and presented a net increase of 9.2% (\$775MM). The main variations compared to the closing as of December 31, 2021, are summarized below:

Current liabilities reached \$3,091MM, which presents a net increase of 17.2%, as a result of the obligation to pay 30% in the short term for the renewal of the license for the use of the radio electric spectrum in the 1,900 MHz band, increase in suppliers mainly for the acquisition of mobile terminals, deployment of mobile and fixed network and installation services due to the higher commercial activity over the semester. On the other hand, decrease due to the compensation of tax liabilities related to VAT and withholding tax return payable for the year 2021, with the balance in favor of income tax for 2020 in accordance with the authorization of the National Tax and Customs Directorate.

Non-current liabilities reached \$6,082MM, an increase of 5.6% (\$321MM), net, mainly due to the recognition of the deferred liability for the Company's exclusivity commitment generated by the contract for the supply of connectivity services for the optic fiber network business for ten (10) years, the recognition of 70% for the renewal of the license for the use of the radio

spectrum in the 1,900 MHz band and the decrease due to the prepayment of a foreign currency loan with a financial institution for USD 132 million.

At the end of June 30, 2022, the **consolidated equity, net** reached \$5.067MM, with a net increase of 1.0% (\$52MM) generated principally by the net result of the first half of 2022. This was leveraged by the benefit derived from the KKR agreement, the good commercial performance, and additionally on the valuation result of hedging instruments. This was due to the increase in the Libor and IBR curves associated with the swap instruments and the exchange rate devaluation of 4.27% during the first half of 2022.

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 published Financial Statements and Notes to the Financial Statements. Financial indicators are included in such Financial Statements.

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

As of June 30, 2022 and for the six-month period ending on June 30, 2022
with statutory auditor's report

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF JUNE 30, 2022 AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022**

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Certification of the Legal Representative and Public Accountant

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

August 11, 2022

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 Consolidated Statement of Financial Position as of June 30, 2022, and the Condensed Consolidated Interim Statement of Comprehensive Income, the Condensed Consolidated Interim Statement of Changes in Equity and the Condensed Consolidated Interim Statement of Cash Flows for the six-month period ended on that date, in accordance with the regulations are made available to the 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 June 30, 2022, exist and all transactions included in such condensed consolidated interim financial statements have occurred during the six-month period then ended.
2. All economic events of the Company and its subsidiary during the six months ended June 30, 2022, 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 economic resource (obligations) obtained or payable by the Company and its subsidiary as of June 30, 2022.
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 INTERIM STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022**

(figures expressed in thousands of Colombian pesos or unless otherwise stated)

| Note | As of June, 30 | | As of December, 31 | | |
|--------------------------------|------------------------|-------------------------|------------------------|-------------------------|-----------------------|
| | 2022 | | 2021 | | |
| | (Unaudited) | | (Audited) | | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) | |
| Assets | | | | | |
| Current Assets | | | | | |
| | 5 | 55.009 | 228.354.255 | 132.027 | 548.069.973 |
| | 6 | 13.248 | 54.994.022 | 14.136 | 58.679.746 |
| | 7 | 319.799 | 1.327.553.737 | 208.748 | 866.557.853 |
| | 8 | 74.146 | 307.794.365 | 54.843 | 227.665.541 |
| | 9 | 2.173 | 9.019.326 | 2.024 | 8.403.507 |
| | 10 | 109.769 | 455.672.332 | 71.083 | 295.081.224 |
| | 11 | 119.772 | 497.197.570 | 138.406 | 574.550.585 |
| | 12 | - | - | 56.670 | 235.248.343 |
| | | 693.916 | 2.880.585.607 | 677.937 | 2.814.256.772 |
| Non-current assets: | | | | | |
| | 6 | 44.837 | 186.125.866 | 37.483 | 155.597.808 |
| | 7 | 235.711 | 978.485.213 | 50.940 | 211.461.876 |
| | 13 | 30.306 | 125.808.331 | - | - |
| | 8 | 92.253 | 382.961.494 | 66.430 | 275.766.182 |
| | 9 | 392 | 1.626.045 | 263 | 1.092.113 |
| | 14 | 237.515 | 985.975.519 | 193.400 | 802.845.757 |
| | 15 | 1.022.029 | 4.242.657.076 | 1.070.798 | 4.445.105.434 |
| | | 1.938 | 8.045.056 | 1.938 | 8.045.056 |
| | 16 | 344.908 | 1.431.786.015 | 264.267 | 1.097.027.847 |
| | 17 | 326.612 | 1.355.833.947 | 330.579 | 1.372.301.565 |
| | 11 | 82.104 | 340.831.816 | 77.785 | 322.900.595 |
| | 11 | 317.862 | 1.319.511.395 | 459.164 | 1.906.087.454 |
| | | 2.736.467 | 11.359.647.773 | 2.553.047 | 10.598.231.687 |
| | | 3.430.383 | 14.240.233.380 | 3.230.984 | 13.412.488.459 |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| | 18 | 134.715 | 559.232.099 | 45.575 | 189.189.792 |
| | 19 | 497.663 | 2.065.902.589 | 440.024 | 1.826.631.482 |
| | 9 | 21.883 | 90.841.412 | 23.206 | 96.334.508 |
| | 11 | 46.899 | 194.685.921 | 87.735 | 364.206.760 |
| | 20 | 9.933 | 41.233.643 | 624 | 2.590.789 |
| | 21 | 33.577 | 139.385.186 | 38.054 | 157.970.460 |
| | | 744.670 | 3.091.280.850 | 635.218 | 2.636.923.791 |
| Non-current liabilities | | | | | |
| | 18 | 1.303.351 | 5.410.485.653 | 1.306.649 | 5.424.176.346 |
| | 19 | 18.718 | 77.700.698 | 19.692 | 81.747.324 |
| | 9 | 121 | 501.647 | 470 | 1.949.300 |
| | 20 | 83.031 | 344.678.870 | 2.449 | 10.167.548 |
| | 21 | 59.883 | 248.580.313 | 58.509 | 242.873.323 |
| | | 1.465.104 | 6.081.947.181 | 1.387.769 | 5.760.913.841 |
| | | 2.209.774 | 9.173.228.031 | 2.022.987 | 8.397.837.632 |
| | 22 | 1.220.609 | 5.067.005.349 | 1.207.997 | 5.014.650.827 |
| | | 3.430.383 | 14.240.233.380 | 3.230.984 | 13.412.488.459 |

Notes 1 to 32 are an integral part of these condensed interim financial statements.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022 and 2021

(figures expressed in thousands of Colombian pesos, except net income per share or unless otherwise stated)

| | Notes | Six-month period ended June 30, | | Three-month period ended June 30, | |
|--|-------|---------------------------------|-----------------|-----------------------------------|-----------------|
| | | (Unaudited) | | | |
| | | 2022 | 2021 | 2022 | 2021 |
| (In thousands of US\$) | | | | | |
| Operating income: | | | | | |
| Income from contracts with customers | 23 | 788.600 | 681.262 | 412.135 | 340.746 |
| Other operating income | 24 | 221.649 | 10.954 | 11.246 | 4.906 |
| | | 1.010.249 | 692.216 | 423.381 | 345.652 |
| Operating costs and expenses | 25 | (621.880) | (502.240) | (328.575) | (251.860) |
| Operating profit before depreciation and amortization | | 388.369 | 189.976 | 94.806 | 93.792 |
| Depreciation and amortization | 26 | (167.280) | (171.763) | (83.796) | (85.766) |
| Operational result | | 221.089 | 18.213 | 11.010 | 8.026 |
| Interest expense, net | 27 | (55.094) | (51.709) | (30.065) | (25.605) |
| the equity method | 13 | (987) | - | (599) | - |
| Profit before taxes | | 165.008 | (33.496) | (19.654) | (17.579) |
| Income and supplementary taxes | 11 | (144.803) | (14.015) | (29.482) | (5.626) |
| Net profit for the period | | 20.205 | (47.511) | (49.136) | (23.205) |
| Other comprehensive income | | | | | |
| Items to be reclassified to the income statement | | | | | |
| Valuation of hedging derivatives | 11 | (7.593) | 54.668 | (6.232) | 32.848 |
| Other comprehensive income | | (7.593) | 54.668 | (6.232) | 32.848 |
| Net comprehensive income for the period | | 12.612 | 7.157 | (55.368) | 9.643 |

| | Notes | Six-month period ended June 30, | | Three-month period ended June 30, | |
|--|-------|---------------------------------|----------------------|-----------------------------------|----------------------|
| | | (In thousands of COP\$) | | | |
| | | 2022 | 2021 | 2022 | 2021 |
| Operating income: | | | | | |
| Income from contracts with customers | 23 | 3.273.643.980 | 2.828.062.813 | 1.710.857.806 | 1.414.507.655 |
| Other operating income | 24 | 920.112.033 | 45.471.651 | 46.684.664 | 20.367.711 |
| | | 4.193.756.013 | 2.873.534.464 | 1.757.542.470 | 1.434.875.366 |
| Operating costs and expenses | 25 | (2.581.552.533) | (2.084.902.848) | (1.363.984.626) | (1.045.522.399) |
| Operating profit before depreciation and amortization | | 1.612.203.480 | 788.631.616 | 393.557.844 | 389.352.967 |
| Depreciation and amortization | 26 | (694.412.559) | (713.025.383) | (347.855.349) | (356.030.641) |
| Operational result | | 917.790.921 | 75.606.233 | 45.702.495 | 33.322.326 |
| Interest expense, net | 27 | (228.707.764) | (214.655.783) | (124.808.076) | (106.292.633) |
| the equity method | 13 | (4.098.703) | - | (2.484.867) | - |
| Profit before taxes | | 684.984.454 | (139.049.550) | (81.590.448) | (72.970.307) |
| Income and supplementary taxes | 11 | (601.107.987) | (58.176.683) | (122.387.224) | (23.353.938) |
| Net profit for the period | | 83.876.467 | (197.226.233) | (203.977.672) | (96.324.245) |
| Other comprehensive income | | | | | |
| Items to be reclassified to the income statement | | | | | |
| Valuation of hedging derivatives | 11 | (31.521.945) | 226.936.807 | (25.870.747) | 136.359.217 |
| Other comprehensive income | | (31.521.945) | 226.936.807 | (25.870.747) | 136.359.217 |
| Net comprehensive income for the period | | 52.354.522 | 29.710.574 | (229.848.419) | 40.034.972 |

Notes 1 to 32 are an integral part of these condensed interim financial statements.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF JUNE 30, 2022 AND FOR THE SIX MONTHS ENDED JUNE 30, 2022
(figures expressed in thousands of Colombian pesos, unless otherwise stated)

| | Subscribed and paid-in capital | Premium on share placement | Reserves | Revaluation surplus and hedging derivatives | Results of post- employment benefit obligations | Accumulated results | Total Equity |
|---|--------------------------------------|----------------------------------|--------------------|--|--|------------------------|----------------------|
| (In thousands of US\$) | | | | | | | |
| Balances as of December 31, 2020 | 821 | 2.366.149 | 17.111 | 18.517 | (3.213) | (1.299.414) | 1.099.971 |
| Net profit for the period | - | - | - | - | - | (47.511) | (47.511) |
| Transfers (Note 22) | - | - | - | (4.474) | - | 4.474 | - |
| Other comprehensive income for the period (Note 22) | - | - | - | 54.668 | - | - | 54.668 |
| Balances as of June 30, 2021 (Unaudited) | 821 | 2.366.149 | 17.111 | 68.711 | (3.213) | (1.342.451) | 1.107.128 |
| Balances as of December 31, 2021 | 821 | 2.366.149 | 17.111 | 97.180 | (3.099) | (1.270.165) | 1.207.997 |
| Net profit for the period | - | - | - | - | - | 20.205 | 20.205 |
| Distributable reserves | - | - | 24.472 | - | - | (24.472) | - |
| Transfers (Note 22) | - | - | - | (1.370) | - | 1.370 | - |
| Other comprehensive income for the period (Note 22) | - | - | - | (7.593) | - | - | (7.593) |
| Balances as of June 30, 2020 (Unaudited) | 821 | 2.366.149 | 41.583 | 88.217 | (3.099) | (1.273.062) | 1.220.609 |
| (In thousands of COP\$) | | | | | | | |
| Balances as of December 31, 2020 | 3.410.075 | 9.822.380.645 | 71.030.665 | 76.869.358 | (13.338.881) | (5.394.139.250) | 4.566.212.612 |
| Net profit for the period | - | - | - | - | - | (197.226.233) | (197.226.233) |
| Transfers (Note 22) | - | - | - | (18.572.314) | - | 18.572.314 | - |
| Other comprehensive income for the period (Note 22) | - | - | - | 226.936.807 | - | - | 226.936.807 |
| Balances as of June 30, 2021 (Unaudited) | 3.410.075 | 9.822.380.645 | 71.030.665 | 285.233.851 | (13.338.881) | (5.572.793.169) | 4.595.923.186 |
| Balances as of December 31, 2021 | 3.410.075 | 9.822.380.645 | 71.030.665 | 403.414.338 | (12.863.307) | (5.272.721.588) | 5.014.650.827 |
| Net profit for the period | - | - | - | - | - | 83.876.467 | 83.876.467 |
| Distributable reserves | - | - | 101.588.959 | - | - | (101.588.959) | - |
| Transfers (Note 22) | - | - | - | (5.687.918) | - | 5.687.918 | - |
| Other comprehensive income for the period (Note 22) | - | - | - | (31.521.945) | - | - | (31.521.945) |
| Balances as of June 30, 2020 (Unaudited) | 3.410.075 | 9.822.380.645 | 172.619.624 | 366.204.475 | (12.863.307) | (5.284.746.162) | 5.067.005.349 |

Notes 1 to 32 are an integral part of these condensed interim financial statements.

**COLOMBIA TELECOMUNICACIONES S.A. E.S.P. BIC AND ITS SUBSIDIARY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

(figures expressed in thousands of Colombian pesos, unless otherwise stated)

| | | Six-month period ended June 30, | | | |
|--|---------------------------|---------------------------------|---------------------------|----------------------------|--|
| | | 2022 | | 2021 | |
| Notes | (Unaudited) | | | | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) | |
| Net cash flows from operating activities | | | | | |
| | 796.514 | 3.306.496.401 | 713.567 | 2.962.167.856 | |
| | (696.984) | (2.893.326.625) | (511.971) | (2.125.304.298) | |
| | (45.010) | (186.850.097) | (32.584) | (135.261.498) | |
| | (39.911) | (165.679.539) | (45.605) | (189.316.064) | |
| | (34.326) | (142.492.777) | (10.191) | (42.302.974) | |
| 18 | (9.663) | (40.111.106) | (8.584) | (35.632.545) | |
| | (29.380) | (121.963.743) | 104.632 | 434.350.477 | |
| Net cash flows used in investing activities | | | | | |
| | 165.287 | 686.140.469 | - | - | |
| | 1.481 | 6.148.391 | 5.594 | 23.221.033 | |
| | (59.908) | (248.689.523) | (98.838) | 410.298.864 | |
| | 106.860 | 443.599.337 | (93.244) | (387.077.831) | |
| Net cash flows (used in) provided by financing activities | | | | | |
| | - | - | 48.179 | 200.000.000 | |
| | 5.549 | 23.035.653 | 3.840 | 15.941.711 | |
| 5 y 18 | (126.789) | (526.326.240) | (144.035) | (597.920.590) | |
| 18 | (33.258) | (138.060.725) | (32.043) | (133.015.518) | |
| | (154.498) | (641.351.312) | (124.059) | (514.994.397) | |
| | (77.018) | (319.715.718) | (112.671) | (467.721.751) | |
| | 132.027 | 548.069.973 | 171.206 | 710.710.921 | |
| 5 | 55.009 | 228.354.255 | 58.535 | 242.989.170 | |
| | 132.027 | 548.069.973 | 171.206 | 710.710.921 | |
| | 105.740 | 438.949.908 | 120.058 | 498.384.457 | |
| | 26.287 | 109.120.065 | 51.148 | 212.326.464 | |
| | 55.009 | 228.354.255 | 58.535 | 242.989.170 | |
| | 51.408 | 213.404.346 | 51.821 | 215.116.354 | |
| | 3.601 | 14.949.909 | 6.714 | 27.872.816 | |

Notes 1 to 32 are an integral part of these condensed interim financial statements.

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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, being 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, but not limited to, the following 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. 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 to 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. 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", therefore, at the request of the Company to Optecom, 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 securities corresponding to the 2,330 shares held by Metrotel and Telebucaramanga; and (iii) register Colombia Telecomunicaciones S. A. E.S.P. BIC in the share registry book as a 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. - "Optecom" was incorporated under Colombian law on October 22, 2013 as a simplified joint stock company (S. A. S.). The main corporate purpose consists of the performance of 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 the company is indefinite; the address registered as the domicile and main office is located at Calle 74 No. 57 - 35, 2nd floor (Barranquilla, Colombia).

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b) Bylaw Reform, (i) Adoption of the legal status of a Benefit and Collective Interest Company (BIC), and (ii) inclusion of activities that the Company undertakes to develop as a BIC and activities for the provision of security telecommunications solutions.

In an ordinary meeting held on March 16, 2020, the General Shareholders' Meeting of Colombia Telecomunicaciones S. A. E.S.P. approved (i) the adoption of Colombia Telecomunicaciones S. A. E.S.P. 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 Notary Office Eleven of the Bogota Circle, the amendment to the by-laws was notarized, consisting of the modification of articles one and four of the Company's by-laws regarding the "Name and Nature" and "Corporate Purpose," respectively. As of said date, 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 importation, commercialization, installation, and leasing of equipment for private security and surveillance.

c) Transaction with Kohlberg Kravis Roberts ("KKR")

On January 11, 2022, after obtaining the necessary regulatory authorizations and the fulfillment of certain conditions agreed on July 16, 2021, the transactions approved by the Board of Directors of Colombia Telecomunicaciones S. A. E.S.P. BIC were completed. Consequently, Colombia Telecomunicaciones S. A. E.S.P. BIC perfected the sale of the fiber optic business (hereinafter FTTH) to Onnet Fibra Colombia S. A. S. ("Onnet") for an amount equivalent to USD 328.9 million (\$1,307,473.1) million, which had the following effects:

The sale of the fiber optic assets business was received for the amount of USD 187.3 (\$757,190.5) million in cash. As a result of the transaction, Colombia Telecomunicaciones S. A. E.S.P. BIC generated a net operating result of \$840,799 million.

- i. An account receivable equivalent to \$550,282.6 million (USD 141.63) million is recognized, on which, simultaneously, a portion is paid in equity instruments corresponding to 40%; therefore, Colombia Telecomunicaciones S. A. E.S.P. BIC has subscribed shares equivalent to a 40% participation in Alamo HoldCo S.L., a Spanish company that owns 100% of the shares of Onnet Fibra Colombia S. A. S. for \$183,409.2 (USD 47.2) million and will maintain an account receivable with Alamo HoldCo S.L., for the transaction of \$366,873.4 million (USD 94.43) million. Additionally, the costs incurred in the acquisition of this minority participation for \$13,775.5 million are incorporated as a higher value of the investment, and a lower value is recognized for the transfer of control, affected by the syndicated financial debt acquired by Onnet Fibra Colombia S. A. S. for \$67,277.7 million.
- ii. With the closing of the sale of the fiber optic assets business, the Company proceeded to derecognize from the condensed consolidated interim financial statements the assets associated with the business subject to the transaction for \$235,180,145 (Note 12).

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- iii. The price of the transaction is based on two concepts: the sale of a business and the exclusivity commitment of Colombia Telecomunicaciones S.A. E.S.P. BIC, through the contract for the supply of connectivity services through the fiber optic network, the latter recognized in deferred liabilities, the current portion for \$38,643 million and the non-current portion at the closing of the transaction for \$358,829 million. This exclusivity has a duration of ten (10) years. Hence, its deferral period is the same term on a straight-line basis, and at the date of these condensed consolidated interim financial statements, the balance is \$340,059 million.
- iv. The negotiation included the agreement of an Earn-Out, which was agreed upon between the parties based on the analysis of the Master business plan. On March 23, 2022, the modification of the operation entered into with KKR was subscribed so that Colombia Telecomunicaciones S. A. E.S.P. BIC will be able to: (i) receive a higher income by way of an increase in the sale price of the fiber optic business in the amount of USD 50.00 million in cash in three payments over time and (ii) USD 33.33 million for capitalization in Alamo HoldCo Sp for a total of USD 83.33 million. The amendment will not alter the Company's interest in Alamo HoldCo S.L., equivalent to 40% of the share capital.

Once the sale of the business is materialized, contracts are established between the Company and Onnet Fibra Colombia S. A. S., highlighting the following agreements:

- i. Onnet Fibra Colombia S. A. S. will provide connectivity services to the Company (and other customers) regulated by the sale agreement signed between the parties. The service includes the provision of connectivity services through the infrastructure acquired by Onnet Fibra Colombia S. A. S.
- ii. Onnet Fibra Colombia S. A. S. and the Company have agreed on a fiber optic network deployment plan, which includes a fiber optic network, a primary access network, and MBH (Mobile Backhaul) services. Onnet Fibra Colombia S. A. S. will own this network, and it is through this network that Onnet will provide PRST (Provider of Telecommunication Networks and Services) connectivity services to the Company and other operators.
- iii. Operation and maintenance agreements, on which the Company will provide the O&M service at market value, on the fiber optic network of Onnet Fibra Colombia S. A. S. This service includes the operation, maintenance, and repair of the passive and active elements of the network.

2. OPERATIONS

2.1. Ongoing business

In the development of the activities inherent to its corporate purpose, the Group analyzes the measurement of assets and liabilities, accounting estimates, and appropriate disclosures and the Group's capacity 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 Group's basis of accounting continues to be adequate. The Group has resources comprising cash and cash equivalents of \$228,354,255, other highly liquid assets, and undrawn credit facilities available at the date of issue 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.

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.

2.2. Impact of the Ukraine-Russia Conflict in Latin America

The conflict between Russia and Ukraine has had significant repercussions in the economic sphere. It is estimated that the technology and telecommunications industries in Latin America are not alien to the shockwaves of the conflict and may add new pressure to the chipset and semiconductor industry, among others. However, at the end of the first half of 2022, no impacts are evident that would affect the Group's results of operations, financial position, and liquidity.

The Group has implemented internal control measures through a protocol so that any transaction with third parties located in Russia or third parties from other countries that were affected by the sanctions imposed by the European Union, the United Kingdom, the United States, and other countries, are duly authorized.

2.3. Main Regulatory Matters

The main regulatory issues as of June 30, 2022, are as follows:

Renewal of the 1,900Mhz Spectrum.

On June 17, Resolution No. 2143 was issued by the Colombian Ministry of Information and Communications Technologies (MinTIC), which resolves the appeal for renewal of the 1,900 MHz spectrum permit for Colombia Telecomunicaciones S.A. E.S.P. BIC. The total value of the economic consideration for the access, use, and exploration of the radio electric spectrum amounts to \$555,137 million, which payment will be made as follows:

The first payment will be due during the third quarter of 2022 and is equivalent to 20% of the value foreseen in the resolution. The second payment will be 10% of the value of the resolution, which will be paid during the first quarter of 2023, and payments of 5% will be deferred, which will have to be made in the first quarter of each year from the year 2024 until 2037.

The application of the payments will have a financial impact due to its updating. The impact will be calculated with the average interest rate of the yield of the 10-year Treasury Securities TES Class B in pesos according to the current and official zero coupon curve of the Bank of the Republic of Colombia.

In accordance with the above, the Group recognized an intangible asset of \$555,137 million for the spectrum license (Note 16), which was granted in the aforementioned renewal, and an account payable of \$590,882 million for the value of the obligation acquired with the government (MinTIC) (Note 18), and includes financial indexation of \$35,745 million (Note 27).

Interconnection

In accordance with Law 1341 of 2009, network providers must allow the interconnection of their networks and access and use of their facilities to any provider that requests it. The interconnection regime under which the Group has its Interconnection contracts in force is found in Title IV of Resolution 5050 of 2016 of the CRC.

On February 11, 2022, the Commission issued Resolution 6522, which adjusts the general interconnection rules. Among other provisions, it obliges to offer signaling used within the network of each operator, and in case of disagreement, the SIP protocol prevails. Companies that provide VoLTE service to their users must allow VoLTE interconnection to third parties requesting it and include at least one interconnection node with these capabilities in the Basic Interconnection Offer. This is a very favorable measure for technological modernization and future reduction of operating costs.

The current tariff scheme for access charges between telecommunications operators is found in Resolution 5050 of 2016, modified by Resolution 5108 of 2017.

Regarding National Automatic Roaming (RAN), Resolution CRC 5107 of 2017 regulated the price of this essential facility for voice, data, and SMS. Likewise, resolution CRC 5108 of 2018 regulated the volume of discounts and the base price methodology to charge mobile virtual operators.

On May 14, 2021, the regulator modified the conditions for the remuneration of the RAN service with the issuance of Resolution CRC 6298. It maintained the current price cap for voice RAN and defined its application to the geographic scope of the list of 460 municipalities determined in the regulation itself, at the value of the mobile access charge. The list by municipality also applies to the regulated data RAN price. This list of municipalities will be updated on January 1, 2024.

With the modification of the National Numbering Plan, the Group complied with the provisions of CRC Resolution 5967 of 2020 within the established deadlines. With this measure, the national long-distance prefixes were eliminated, and the prefix 60 was placed before all fixed national numbering. The coexistence of the two systems was allowed until November 30, 2021. In the phase known as establishment, from December 1, 2021, to February 28, 2022, if the user dials using the previous method, the Group is obliged to include a telephone recording informing of the changes.

For incoming international calls, coexistence runs from September 1, 2021, to January 31, 2022, and establishment from February 1 to May 30, 2022.

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3. BASES DE PRESENTACIÓN Y PRINCIPALES POLÍTICAS Y PRÁCTICAS BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

3.1. Professional Accounting Standards Applied

3.1.1. Basis of Presentation

These condensed consolidated interim financial statements ended June 30, 2022, 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 December 31, 2021. 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 important for understanding the changes in the Group's financial position and performance since the last annual financial statements.

These condensed consolidated interim 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.

The condensed consolidated interim financial statements are presented in Colombian pesos, which is the Group's functional currency, and all values in Colombian pesos are rounded to the nearest thousand unless 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 \$4,151.21 and \$3,981.16 per USD 1 as of June 30, 2022, and December 31, 2021, respectively.

The condensed consolidated interim financial statements for the period ended June 30, 2022, were authorized for issuance by the General Manager of Colombia Telecomunicaciones S. A. E.S.P. BIC on August 11, 2022.

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 its 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 between Group entities are eliminated.

3.1.3. Investments in companies

3.1.3.1. Investment in Subsidiaries

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

Additionally, the proportional share in the variations in other equity accounts of the subsidiaries, other than income for the period, is also recorded as a greater or lesser value of the investments indicated above, with a credit or debit to the equity method surplus account.

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3.1.3.2. Investments in Associates

The equity method accounts for investments in associates in which the Group has significant influence. 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 associate after the elimination of unrealized intercompany profits. The cash distribution of the profits of these companies is recorded as a reduction in the value of the investment.

Additionally, the proportional participation in the variations in other equity accounts of the associates, other than income for the period, is also recorded as an increase or decrease in the value of the investments indicated above, with a credit or debit to the equity method surplus account.

In a transaction involving an associate or a joint venture, the extent to which the gain or loss is recognized depends on whether the assets sold or contributed constitute a business:

- When the entity: sells or contributes assets, which constitute a business, to a joint venture or associate; or loses control of a subsidiary that contains a business but retains control or significant influence; the gain or loss from that transaction is recognized in full.
- Conversely, when the entity: sells or contributes assets that do not constitute a business to a joint venture or associate; or loses control of a subsidiary that does not contain a business but retains joint control or significant influence in a transaction involving an associate or joint venture; the gain or loss resulting from that transaction is recognized only to the extent of the unrelated investor's interest in the joint venture or associate, the entity's share of the gain or loss is eliminated.

Por lo anterior, de acuerdo con las condiciones del contrato por la venta del negocio de fibra óptica, Colombia Telecomunicaciones S. A. E.S.P. BIC., ha suscrito acciones equivalentes a una participación del 40% en Alamo HoldCo S.L., y considerando que la operación constituye la venta de un negocio con una posterior inversión en una asociada, en la presentación de estos estados financieros intermedios consolidados condensados, se reconocerá la utilidad o pérdida proveniente de esta transacción por completo.

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 reported amounts of revenues, costs and expenses, assets and liabilities 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.

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 six-month period ended June 30, 2022, were the same as those described and used in the last annual consolidated financial statements as of December 31, 2021.

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, 2021 and have been applied for the period covered by these Condensed Consolidated Interim Financial Statements.

3.2.1. Non-current assets held for sale

Non-current assets held for sale correspond to those the Group has in their current conditions available for sale, based on a highly probable sale plan. They are recorded at the lower of their net book value and fair value less costs to sell and will not be subject to depreciation while they are classified as held for sale. The Group will measure the costs to sell at their present value when the sale is estimated to occur beyond one year. Any increase in the present value of the cost of sales arising in the course of the sale will be presented in the statement of income as a finance cost.

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4. REGULATORY CHANGES

Decree 938 of August 19, 2021, updated the technical frameworks of the Accounting and Financial Reporting Standards accepted in Colombia with the mandatory application as of January 1, 2023, mainly incorporating amendments to the standards that had already been compiled by Decrees 2270 of 2019 and 1438 of 2020, which considered the regulations incorporated by Decrees 2420 and 2496 of 2015, 2131 of 2016, 2170 of 2017 and 2483 of 2019.

The latest annual consolidated financial statements as of December 31, 2021, reflect the regulations incorporated into the accounting framework accepted in Colombia, whose application must be evaluated on a mandatory basis in periods after January 1, 2022.

5. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is as follows:

| | As of june, 30 | | As of december, 31 | |
|--|------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Cash | 7 | 29.118 | 1 | 5.523 |
| Temporary investments (1) | 3.601 | 14.949.909 | 26.286 | 109.120.065 |
| Banks in national and foreign currency | 51.401 | 213.375.228 | 105.740 | 438.944.385 |
| | 55.009 | 228.354.255 | 132.027 | 548.069.973 |

Cash and cash equivalents include balances in foreign currency at June 30, 2022 of USD 827 thousand (\$3,433,051) and at December 31, 2021 of USD 20,405 thousand (\$81,235,570) (Note 28). As of June 30, 2022, and December 31, 2021, the restricted values in banks amount to \$11,569,748 and \$8,667,403 respectively.

The net decrease corresponds mainly to the prepayment of financial obligations for \$526,326 million. Additionally, the payment to suppliers, taxes, and public administrations are partially offset by the resources received from the sale of the fiber optic business (Note 1 (c)).

(1) Includes investments in collective funds whose rates for the six months ended June 30, 2022, and 2021 ranged between 2.35% and 4.91% and between 1.02% and 3.23%, respectively. As of December 31, 2021, there was a Time Deposit of USD 16 million (\$63,698,560). Yields on temporary investments and bank investments recognized during the six months ended June 30, 2022, and 2021 were \$942,035 and \$1,388,286, respectively (Note 27).

6. FINANCIAL ASSETS

The balance of financial assets as of June 30, 2022, 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\$) | | | | | |
| Current financial assets: | | | | | |
| Hedging instruments (1) | 13.179 | - | 13.179 | - | 13.179 |
| Deposits and guarantees (2) | - | - | - | 69 | 69 |
| | 13.179 | - | 13.179 | 69 | 13.248 |
| Non-current financial assets: | | | | | |
| Hedging instruments (1) | 39.721 | 1.193 | 40.914 | - | 40.914 |
| Deposits and guarantees (2) | - | - | - | 3.909 | 3.909 |
| Other financial assets | - | - | - | 14 | 14 |
| | 39.721 | 1.193 | 40.914 | 3.923 | 44.837 |
| | 52.900 | 1.193 | 54.093 | 3.992 | 58.085 |

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| | 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 COP\$) | | | | | |
| Current financial assets: | | | | | |
| Hedging instruments (1) | 54.709.280 | - | 54.709.280 | - | 54.709.280 |
| Deposits and guarantees (2) | - | - | - | 284.742 | 284.742 |
| | 54.709.280 | - | 54.709.280 | 284.742 | 54.994.022 |
| Non-current financial assets: | | | | | |
| Hedging instruments (1) | 164.885.701 | 4.953.314 | 169.839.015 | - | 169.839.015 |
| Deposits and guarantees (2) | - | - | - | 16.226.851 | 16.226.851 |
| Other financial assets | - | - | - | 60.000 | 60.000 |
| | 164.885.701 | 4.953.314 | 169.839.015 | 16.286.851 | 186.125.866 |
| | 219.594.981 | 4.953.314 | 224.548.295 | 16.571.593 | 241.119.888 |

(1) As of June 30, 2022, there is a net increase in the valuation of derivative instruments, mainly due to the devaluation of 4.27% of the exchange rate compared to the closing of the previous year (as of June 30, 2022, for \$4,151.21 and as of December 31, 2021, for \$3,981.16), additionally due to increases in the Libor and IBR curves associated to hedging instruments.

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

The balance of financial assets as of December 31, 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\$) | | | | | |
| Current financial assets: | | | | | |
| Deposits and guarantees | - | - | - | 77 | 77 |
| Instrumentos de cobertura | 8.942 | 5.117 | 14.059 | - | 14.059 |
| | 8.942 | 5.117 | 14.059 | 77 | 14.136 |
| Non-current financial assets: | | | | | |
| Deposits and guarantees | - | - | - | 3.681 | 3.681 |
| Other financial assets | - | - | - | 14 | 14 |
| Instrumentos de cobertura | 33.527 | 261 | 33.788 | - | 33.788 |
| | 33.527 | 261 | 33.788 | 3.695 | 37.483 |
| | 42.469 | 5.378 | 47.847 | 3.772 | 51.619 |
| (In thousands of COP\$) | | | | | |
| Current financial assets: | | | | | |
| Deposits and guarantees | - | - | - | 317.972 | 317.972 |
| Instrumentos de cobertura | 37.119.411 | 21.242.363 | 58.361.774 | - | 58.361.774 |
| | 37.119.411 | 21.242.363 | 58.361.774 | 317.972 | 58.679.746 |
| Non-current financial assets: | | | | | |
| Deposits and guarantees | - | - | - | 15.278.958 | 15.278.958 |
| Other financial assets | - | - | - | 60.000 | 60.000 |
| Instrumentos de cobertura | 139.176.134 | 1.082.716 | 140.258.850 | - | 140.258.850 |
| | 139.176.134 | 1.082.716 | 140.258.850 | 15.338.958 | 155.597.808 |
| | 176.295.545 | 22.325.079 | 198.620.624 | 15.656.930 | 214.277.554 |

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7. DEBTORS AND OTHER ACCOUNTS RECEIVABLE, NET

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

| | As of june, 30 | | As of december, 31 | |
|---|------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Current | | | | |
| Customers by sale and provision of services (1) | 242.383 | 1.006.184.663 | 192.547 | 799.300.127 |
| Portfolio by equipment sold at installments (2) | 95.839 | 397.847.295 | 47.132 | 195.653.155 |
| Other debtors | 50.738 | 210.623.213 | 47.838 | 198.587.441 |
| Related parties (3) (Note 29) | 29.599 | 122.870.892 | 8.769 | 36.403.454 |
| Portfolio with national operators (4) | 8.954 | 37.170.659 | 10.050 | 41.721.179 |
| Commercial agents and distribution channels | 3.959 | 16.435.894 | 4.787 | 19.871.557 |
| Portfolio Impairment (5) | (111.673) | (463.578.879) | (102.375) | (424.979.060) |
| | 319.799 | 1.327.553.737 | 208.748 | 866.557.853 |
| Non-current: | | | | |
| Related parties (3) (Note 29) | 170.899 | 709.440.663 | - | - |
| Customers by sale and provision of services (1) | 24.509 | 101.742.260 | 26.707 | 110.865.855 |
| Portfolio by equipment sold at installments (2) | 18.021 | 74.807.485 | - | - |
| Other debtors | 11.658 | 48.393.622 | 12.593 | 52.276.847 |
| Portfolio with national operators (4) | 11.640 | 48.319.174 | 11.640 | 48.319.174 |
| Portfolio Impairment (5) | (1.016) | (4.217.991) | - | - |
| | 235.711 | 978.485.213 | 50.940 | 211.461.876 |
| | 555.510 | 2.306.038.950 | 259.688 | 1.078.019.729 |

Debtors and other accounts receivable include balances in foreign currency as of June 30, 2022 and December 31, 2021 for USD 8,509 thousand (\$35,322,646) and USD 8,663 thousand (\$34,488,789) and with related parties for USD 80,577 thousand (\$334,492,048) and USD 1,529 thousand (\$6,087,194) respectively, (Note 28).

- (1) As of June 30, 2022, the growth in the current portion is mainly due to projects with corporate clients related to integrated solutions, equipment, and connectivity services. In the residential segment, growth is primarily due to the good performance of fiber optic 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 has increased due to the greater commercial activity and market strategy for mobile terminals. At the end of the year 2021, the terminals portfolio was sold for \$220,810,279. The non-current portion corresponds to installments that will be payable to customers as of July 2023.
- (3) As of June 30, 2022, the current portion presents an increase mainly in fiber optic network deployment services. The non-current portion is generated by the sale of the fiber optic business (Note 1 (c)).
- (4) During the first half of 2022, there was a decrease in traffic, mainly with domestic operators. The long-term balance corresponds to a portfolio with an operator that is undergoing a business reorganization.
- (5) During the semesters ended June 30, 2022 and 2021, portfolio impairment was recognized for \$49,059,005 and \$25,988,171, respectively (Note 25). The increase in the expense during the first half of 2022 is mainly due to the commercial activity of the period. The non-current portion corresponds to the impairment due to increased commercial activity for equipment sold at long-term installments.

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8. PREPAID EXPENSES

The balance of prepaid expenses is as follows:

| | As of june, 30 | | As of december, 31 | |
|--|------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Current: | | | | |
| Costs for obtaining contracts with clients (1) | 19.925 | 82.711.395 | 13.921 | 57.785.556 |
| Cost of equipment at clients' homes (2) | 18.320 | 76.049.080 | 16.645 | 69.094.957 |
| Cost of fulfilling contracts with clients (3) | 12.076 | 50.131.910 | 11.731 | 48.699.570 |
| Support and maintenance (4) | 6.237 | 25.891.653 | 4.231 | 17.565.826 |
| Radio spectrum (5) | 6.005 | 24.926.450 | - | - |
| Corporate projects (6) | 4.067 | 16.883.452 | 2.734 | 11.349.706 |
| Others (7) | 3.043 | 12.631.709 | 2.736 | 11.357.964 |
| Insurance policies | 2.859 | 11.867.642 | 1.231 | 5.110.888 |
| Irrevocable use rights - capacity | 1.614 | 6.701.074 | 1.614 | 6.701.074 |
| | 74.146 | 307.794.365 | 54.843 | 227.665.541 |
| Non-current: | | | | |
| Costs for obtaining contracts with clients (1) | 39.893 | 165.606.438 | 29.606 | 122.901.285 |
| Cost of equipment at clients' homes (2) | 32.147 | 133.449.866 | 20.478 | 85.008.529 |
| Cost of fulfilling contracts with clients (3) | 18.444 | 76.564.574 | 13.346 | 55.403.298 |
| Support and maintenance (4) | 1.320 | 5.479.500 | 1.476 | 6.127.481 |
| Insurance policies | 309 | 1.281.276 | 414 | 1.718.245 |
| Irrevocable use rights - capacity (8) | 140 | 579.840 | 1.110 | 4.607.344 |
| | 92.253 | 382.961.494 | 66.430 | 275.766.182 |
| | 166.399 | 690.755.859 | 121.273 | 503.431.723 |

- (1) The increase corresponds mainly to higher commercial activity, increasing the commissions for the acquisition of new clients. Amortization for the six months ended June 30, 2022 and 2021 was \$38,068,829 and \$14,305,222, respectively (Note 25).
- (2) Amortization for the six months ended June 30, 2022 and 2021 for customer premises equipment costs was \$47,218,122 and \$51,617,449, respectively (Note 25). The non-current portion increases due to higher equipment delivered to customers' premises due to increased commercial activity.
- (3) Amortization for the six months ended June 30, 2022 and 2021 was \$33,241,456 and \$33,860,741, respectively (Note 25). The installation service of equipment increases the non-current portion at customers' homes due to increased commercial activity during the first half of 2022.
- (4) The increase was generated by the entry of new support and maintenance services, including licenses that will be amortized during 2022.
- (5) As of June 30, 2022, includes the consideration to the Communications Fund, which is amortized during 2022.
- (6) Corresponds to the costs associated with fiber optic installation services during the first half of 2022 and amortized during 2022.
- (7) As of June 30, 2022, it mainly includes property taxes which will be amortized during 2022.
- (8) The decrease corresponds to the amortization of the first half of 2022 of the rights of use (IRUS) with related parties.

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9. CONTRACTUAL ASSETS AND LIABILITIES

The changes in contractual assets and liabilities for the six-month period ended June 30, 2022 are as follows:

| | As of December 31, 2021 | High | Amortization | Transfers | Reversal | As of June 30, 2022 |
|--|--|---------------|---------------------|------------------|-----------------|--------------------------------|
| | (In thousands of US\$) | | | | | |
| Current contractual asset (1) | | | | | | |
| Contractual asset | 2.033 | 1.184 | (1.507) | 469 | - | 2.179 |
| Impairment corrections | (9) | (1) | - | - | 4 | (6) |
| | 2.024 | 1.183 | (1.507) | 469 | 4 | 2.173 |
| Non-current contractual asset (1) | | | | | | |
| Contractual asset | 263 | 598 | - | (469) | - | 392 |
| Impairment corrections | - | - | - | - | - | - |
| | 263 | 598 | - | (469) | - | 392 |
| | 2.287 | 1.781 | (1.507) | - | 4 | 2.565 |
| Current contractual liabilities (2) | 23.206 | 78.651 | (80.323) | 349 | - | 21.883 |
| Non-current contractual liability | 470 | - | - | (349) | - | 121 |
| | 23.676 | 78.651 | (80.323) | - | - | 22.004 |

| | As of December 31, 2021 | High | Amortization | Transfers | Reversal | As of June 30, 2022 |
|--|------------------------------------|--------------------|----------------------|--------------------|-----------------|--------------------------------|
| | (In thousands of COP\$) | | | | | |
| Current contractual asset (1) | | | | | | |
| Contractual asset | 8.441.180 | 4.915.156 | (6.255.790) | 1.945.271 | - | 9.045.817 |
| Impairment corrections | (37.673) | (4.519) | - | - | 15.701 | (26.491) |
| | 8.403.507 | 4.910.637 | (6.255.790) | 1.945.271 | 15.701 | 9.019.326 |
| Non-current contractual asset (1) | | | | | | |
| Contractual asset | 1.093.263 | 2.479.715 | - | (1.945.271) | - | 1.627.707 |
| Impairment corrections | (1.150) | (589) | - | - | 77 | (1.662) |
| | 1.092.113 | 2.479.126 | - | (1.945.271) | 77 | 1.626.045 |
| | 9.495.620 | 7.389.763 | (6.255.790) | - | 15.778 | 10.645.371 |
| Current contractual liabilities (2) | 96.334.508 | 326.497.035 | (333.437.784) | 1.447.653 | - | 90.841.412 |
| Non-current contractual liability | 1.949.300 | - | - | (1.447.653) | - | 501.647 |
| | 98.283.808 | 326.497.035 | (333.437.784) | - | - | 91.343.059 |

- (1) During the first half of 2022, current contractual assets increased due to commercial activity with corporate clients and long-term transfers.

The variation in non-current contractual assets for the first half of 2022 includes new customers with terms of 19 and 33 months, generating an increase compared to the previous period.

- (2) The variation corresponds mainly to the exit of new offers and the effectiveness of consumption vs. prepaid recharges.

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10. INVENTORIES

The balance of inventories is as follows:

| | As of june, 30 | | As of december, 31 | |
|-----------------------------------|------------------------|-------------------------|---------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Mobile phones and accessories (1) | 60.163 | 249.750.919 | 38.242 | 158.749.397 |
| Materials and equipment (2) | 24.686 | 102.475.654 | 17.722 | 73.568.070 |
| Equipment in transit (3) | 19.983 | 82.953.267 | 10.038 | 41.669.082 |
| IT equipment | 5.505 | 22.851.744 | 6.269 | 26.025.091 |
| | 110.337 | 458.031.584 | 72.271 | 300.011.640 |
| Provision for obsolescence (4) | (568) | (2.359.252) | (1.188) | (4.930.416) |
| | 109.769 | 455.672.332 | 71.083 | 295.081.224 |

During the six-month periods ended June 30, 2022, and 2021, the consumption of inventories carried at the cost of sales was recognized for \$578,294,483 and \$374,736,262, respectively (Note 25).

- (1) The increase as of June 30, 2022, is mainly generated in mobile terminal equipment to meet the commercial offers due to the higher sales dynamics of the market.
- (2) The increase as of June 30, 2022, corresponds mainly to modems, equipment for corporate services, and location equipment required to meet the commercial activity.
- (3) The increase as of June 30, 2022, corresponds mainly to equipment in the process of nationalization to attend customers' home installations and commercial offers of mobile terminal equipment.
- (4) During the six-month periods ended June 30, 2022, and 2021, a recovery of \$2,602,163 and a provision of \$215,554, respectively, were recognized (Note 25).

As of the first quarter of 2022, the accounting estimate of the provision was changed from 50% for terminals older than 180 days to 100% for terminals older than 360 days, unifying the criteria for mobile and fixed terminals older than 360 days. This impacted the results of a provision recovery of \$2,119 million and a recovery during the first half of 2022 of \$483 million generated by the higher commercial activity of the period.

11. TAXES AND GENERAL GOVERNMENT

The balance of tax and government assets is presented below:

| | As of june, 30 | | As of december, 31 | |
|---|------------------------|-------------------------|---------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Credit balance (1) | 106.556 | 442.336.628 | 121.269 | 503.413.747 |
| Tax discount (2) | 9.461 | 39.273.459 | 11.666 | 48.427.397 |
| Advances, withholdings and self-withholdings of ICA (3) | 3.427 | 14.225.291 | 5.437 | 22.570.091 |
| Sales tax withholdings (4) | 328 | 1.362.192 | 34 | 139.350 |
| | 119.772 | 497.197.570 | 138.406 | 574.550.585 |
| No Current | | | | |
| Tax discounts (2) | 82.104 | 340.831.816 | 77.785 | 322.900.595 |
| | 82.104 | 340.831.816 | 77.785 | 322.900.595 |

- (1) As of June 30, 2022, the net decrease corresponds mainly to compensation with taxes payable for VAT and withholding at source, in accordance with the authorization of the National Tax and Customs Directorate - DIAN (Dirección de Impuestos y Aduanas Nacionales). Additionally, a correction of the 2020 income tax return is recognized, which decreases the balance in favor, compensating in part with the self-withholdings on the income of the first half of 2022.

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- (2) The current tax discount at the closing of June 30, 2022, corresponds to 50% of the ICA effectively paid. The non-current tax credit corresponds to the VAT paid on the purchase of fixed assets. This discount is increased compared to the end of 2021 due to purchases made during the first half of 2022.
- (3) There is a decrease due to the application of self-withholdings and withholdings for ICA in the 2021 annual returns settled and filed during the first half of 2022 and the constitution of self-withholdings and withholdings for ICA during the 2022 period.
- (4) Corresponds to VAT withholdings with a balance as of June 2022, which will have subsequent effects on the bimonthly VAT return.

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

| | As of june, 30 | | As of december, 31 | |
|--|------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Sales tax - VAT (1) | 32.744 | 135.926.359 | 35.150 | 145.916.990 |
| Withholdings and self-withholdings (1) | 10.158 | 42.165.836 | 48.156 | 199.906.178 |
| Other current taxes (2) | 2.090 | 8.677.656 | 1.136 | 4.715.964 |
| National consumption tax (2) | 1.907 | 7.916.070 | 2.192 | 9.098.800 |
| Import taxes (3) | - | - | 1.101 | 4.568.828 |
| | 46.899 | 194.685.921 | 87.735 | 364.206.760 |

- (1) At the end of the first half of 2022, the balance corresponds to VAT returns, withholding at source, self-withholdings by financial entities, and consumption tax. VAT and withholding tax returns filed during the first half of 2022 will be offset against the income tax credit balance for 2021.
- (2) The variation corresponds to the cellular telephony tax payable by the municipalities during the period elapsed in 2022.
- (3) As of June 30, 2022, there are no outstanding obligations for import taxes.

Provision for Income Taxes and Complementary Taxes

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

| | Six-month period ended June 30, | | | |
|---|---------------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Current income tax | (5.957) | (24.728.967) | (4.426) | (18.374.495) |
| Casual income tax | (327) | (1.355.587) | (6) | (25.360) |
| Current income and complementary tax (1) | (6.284) | (26.084.554) | (4.432) | (18.399.855) |
| Deferred tax: | | | | |
| Deductible temporary differences (2) | 28.291 | 117.441.873 | 5.984 | 24.838.282 |
| Taxable temporary differences (3) | (42.694) | (177.232.359) | 574 | 2.384.306 |
| Tax credits (4) | (124.116) | (515.232.947) | (16.140) | (66.999.416) |
| Deferred income tax | (138.519) | (575.023.433) | (9.582) | (39.776.828) |
| Income tax and complementary | (144.803) | (601.107.987) | (14.014) | (58.176.683) |

On September 14, 2021, the Congress of the Republic of Colombia approved Tax Reform Law 2155. The text of the reform highlights the increase in the income tax rate from 30% to 35% starting in 2022 and the decrease in the benefit from 100% to 50% of the tax discount on industry and commerce tax payments beginning in 2022, matters that the Group considers in the condensed consolidated interim financial statements at the end of the first half of 2022.

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- (1) The current tax during the first half of 2022 presents a variation mainly due to the sale of the fiber optic business. The tax discount and the occasional profit tax are included in the current tax.
- (2) Deferred tax presents variation due to taxable and temporary deductible differences arising from the accounting recognition of the effects of the sale of the fiber optic business during the first half of 2022 (Note 1 (c)) due to the impacts of exclusivity and useful lives of the assets sold. The effect on deferred tax assets and liabilities is recognized at a rate of 35% (according to tax reform Law 2155 of September 14, 2021). Additionally, recognition is made for updating the taxable rates for fixed assets.
- (3) The variation corresponds to the sale of the fiber optic business during the first half of 2022, mainly generated by the recognition and recording of the Earn-Out for USD 83.3 million, for which a 35% rate is applied (Note 1 (c)).
- (4) The increase corresponds to the use of tax loss carryforwards and restatement of tax credits as of June 30, 2022, at the 35% tax rate.

Deferred Tax Assets and Liabilities

On June 30, 2022, the deferred tax asset on temporary differences and tax losses is supported by the Group's strategic plan (2022 - 2024) and projected results (2024 - 2031); at the end of the 2021 period, temporary differences and tax credits were supported by the strategic plan (2022 - 2024) and projected results (2024 - 2031).

Deferred tax on deductible and temporary taxable differences is measured at the tax rates expected to apply in the periods in which such differences will reverse.

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

| | As of june, 30 | | As of december, 31 | |
|---|------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Deferred tax assets: | | | | |
| Intangibles and property, plant and equipment | 70.522 | 292.750.447 | 42.151 | 174.976.503 |
| Other assets | 888 | 3.687.740 | 968 | 4.019.811 |
| Deferred tax asset on deductible temporary differences (1) | 71.410 | 296.438.187 | 43.119 | 178.996.314 |
| Deferred tax asset for tax losses (2) | 300.682 | 1.248.192.405 | 424.798 | 1.763.425.353 |
| Total deferred tax asset | 372.092 | 1.544.630.592 | 467.917 | 1.942.421.667 |
| Deferred tax liability: | | | | |
| Taxable temporary differences | 54.230 | 225.119.197 | 8.753 | 36.334.213 |
| Total deferred tax liability | 54.230 | 225.119.197 | 8.753 | 36.334.213 |
| Total net deferred tax | 317.862 | 1.319.511.395 | 459.164 | 1.906.087.454 |

- (1) At the closing of June 30, 2022, deferred tax assets and liabilities include the effect generated by the update of income tax rates to 35%, in accordance with the current nominal statutory tax rate. Additionally, the impacts from the sale of the fiber optic business are recognized in the deferred tax liabilities and assets, which present variation due to the taxable and deductible temporary differences originated in the accounting recognition of the effects of the sale of the fiber optic business during the first half of 2022; that is, impacts on useful lives, exclusivity commitment for ten (10) years, amortizations and Earn-Out.
- (2) The variation corresponds mainly to the use of tax credits generated by offsetting the tax profit calculated as of June 30, 2022.

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The movement in the valuation of hedges recognized in Other Comprehensive Income is presented below:

| | Six-month period ended June 30, | | | |
|---|--|----------------------------|---------------------------|----------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Valuation of hedging instruments (1) | (7.593) | (31.521.945) | 54.668 | 226.936.807 |
| Hedge valuation result, net of taxes | (7.593) | (31.521.945) | 54.668 | 226.936.807 |

(1) The variation is due to the decrease in the valuation of hedging instruments, mainly due to the devaluation of exchange rates 4.27% during the first half of 2022 and increases in the Libor and IBR curves associated with swap instruments.

Tax Losses

Management estimates that there are no significant differences that imply the modification of the tax assessed nor the imposition of penalties that entail the recognition of contingencies in the condensed consolidated interim 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 inventory of tax losses at the closing of June 30, 2022:

| Tax | Year of origin | Adjusted losses | Loss compensation | Loss balance |
|-------|-------------------|------------------|------------------------|------------------|
| | | | (In thousands of US\$) | |
| Rent | 2017 | 925.782 | (81.888) | 843.893 |
| Renta | Entre 2007 y 2016 | 298.125 | - | 298.125 |
| CREE | 2015 | 71.706 | - | 71.706 |
| | | 1.295.613 | (81.888) | 1.213.724 |

| Tax | Year of origin | Adjusted losses | Loss compensation | Loss balance |
|-------|-------------------|----------------------|-------------------------|----------------------|
| | | | (In thousands of COP\$) | |
| Rent | 2017 | 3.843.115.121 | (339.936.105) | 3.503.179.016 |
| Renta | Entre 2007 y 2016 | 1.237.578.867 | - | 1.237.578.867 |
| CREE | 2015 | 297.667.938 | - | 297.667.938 |
| | | 5.378.361.926 | (339.936.105) | 5.038.425.821 |

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 for the fiber optic assets owned by the Company with a Colombian company ("InfraCo") controlled by Kohlberg Kravis Roberts ("KKR") (Note 1 (c)).

As of December 31, 2021, the net book value of assets classified as assets held for sale of \$235,248,343 corresponds to the cost of \$227,874,728 and VAT of \$7,373,615 on the purchase of fixed assets.

At the closing of the sale of the fiber optic assets business, as indicated in (Note 1 (c)), the Company proceeded to derecognize in the condensed consolidated interim financial statements the assets associated with the business object of the transaction for \$235,180,145 and \$68,198 returned to fixed assets warehouse prior to the closing of the sale.

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13. INVESTMENTS IN COMPANIES

Investments in Group companies were as follows:

| Associated | Type of investment | Country / City | As of june, 30 | | As of december, 31 | |
|------------------------|-----------------------|-----------------|----------------------|---------------|----------------------|------------|
| | | | Direct participation | Investment | Direct Participation | Investment |
| (In thousands of US\$) | | | | | | |
| Alamo HoldCo S.L. | Significant influence | España / Madrid | 40% | 30.306 | - | - |
| | | | | 30.306 | | - |

| Associated | Type of investment | Country / City | As of june, 30 | | As of december, 31 | |
|-------------------------|-----------------------|-----------------|----------------------|--------------------|----------------------|------------|
| | | | Direct participation | Investment | Direct Participation | Investment |
| (In thousands of COP\$) | | | | | | |
| Alamo HoldCo S.L. | Significant influence | España / Madrid | 40% | 125.808.331 | - | - |
| | | | | 125.808.331 | | - |

In accordance with the conditions of the contract for the sale of the fiber optic business, Colombia Telecomunicaciones S. A. E.S.P. BIC has subscribed shares equivalent to a 40% participation in Alamo HoldCo S.L. for \$183,409.2, a Spanish company that owns 100% of the shares of Onnet Fibra Colombia S. A.S. Additionally, the costs incurred in the acquisition of this minority shareholding for \$13,775.5 million are included as an increase in the value of the investment and the lower value for the transfer of control for \$67,277.7 million is recognized (Note 1 (c)) and a loss for the equity method for the period for \$4,098.7 million.

Equity method

The equity method accounts for investments in associated companies in which the Group has a direct equity interest.

The main figures of the company on which the equity method was applied were as follows:

| Associated | Active | | Passive | | Results | |
|-------------------|------------------------|--------------------|----------------|--------------------|---------------------------------|----------|
| | As of june, 30 | As of december, 31 | As of june, 30 | As of december, 31 | Six-month period ended June 30, | |
| | (In thousands of US\$) | | | | | |
| Alamo HoldCo S.L. | 474.419 | - | 364.649 | - | (2.468) | - |
| | 474.419 | - | 364.649 | - | (2.468) | - |

| Associated | Active | | Passive | | Results | |
|-------------------|-------------------------|--------------------|----------------------|--------------------|---------------------------------|----------|
| | As of june, 30 | As of december, 31 | As of june, 30 | As of december, 31 | Six-month period ended June 30, | |
| | (In thousands of COP\$) | | | | | |
| Alamo HoldCo S.L. | 1.969.411.935 | - | 1.513.735.608 | - | (10.246.758) | - |
| | 1.969.411.935 | - | 1.513.735.608 | - | (10.246.758) | - |

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Determination of the equity method:

| Associated | Direct participation | Results | | Participation method | |
|------------------------|----------------------|---------------------------------|----------|----------------------|----------|
| | | Six-month period ended June 30, | | | |
| | | 2022 | 2021 | 2022 | 2021 |
| (In thousands of US\$) | | | | | |
| Alamo HoldCo S.L. | 40% | (2.468) | - | (987) | - |
| | | (2.468) | - | (987) | - |

| Associated | Direct participation | Results | | Participation method | |
|-------------------------|----------------------|---------------------------------|----------|----------------------|----------|
| | | Six-month period ended June 30, | | | |
| | | 2022 | 2021 | 2022 | 2021 |
| (In thousands of COP\$) | | | | | |
| Alamo HoldCo S.L. | 40% | (10.246.758) | - | (4.098.703) | - |
| | | (10.246.758) | - | (4.098.703) | - |

14. RIGHTS-OF-USE ASSETS

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

| Concept | As of June 30, 2022 | | | As of December 31, 2021 | | |
|-------------------------|------------------------|--------------------------|--------------------|-------------------------|--------------------------|--------------------|
| | Cost | Accumulated depreciation | Net value in books | Cost | Accumulated depreciation | Net value in books |
| | (In thousands of US\$) | | | | | |
| Land and buildings (1) | 272.784 | (120.341) | 152.443 | 207.538 | (99.890) | 107.648 |
| Technical installations | 142.684 | (58.961) | 83.723 | 129.538 | (45.622) | 83.916 |
| Transport equipment | 5.237 | (3.888) | 1.349 | 4.933 | (3.095) | 1.836 |
| | 420.705 | (183.190) | 237.515 | 342.009 | (148.607) | 193.400 |

| Concept | As of June 30, 2022 | | | As of December 31, 2021 | | |
|-------------------------|-------------------------|--------------------------|--------------------|-------------------------|--------------------------|--------------------|
| | Cost | Accumulated depreciation | Net value in books | Cost | Accumulated depreciation | Net value in books |
| | (In thousands of COP\$) | | | | | |
| Land and buildings (1) | 1.132.378.435 | (499.560.301) | 632.818.134 | 861.535.850 | (414.666.218) | 446.869.632 |
| Technical installations | 592.312.691 | (244.758.589) | 347.554.102 | 537.733.613 | (189.384.557) | 348.349.056 |
| Transport equipment | 21.741.451 | (16.138.168) | 5.603.283 | 20.475.612 | (12.848.543) | 7.627.069 |
| | 1.746.432.577 | (760.457.058) | 985.975.519 | 1.419.745.075 | (616.899.318) | 802.845.757 |

For the six months ended June 30, 2022, and 2021 the depreciation expense recognized in the statements of comprehensive income was \$141,161,776 and \$119,508,120, respectively (Note 26).

- (1) The increase in cost as of June 30, 2022, corresponds to the subscription, renewal, and increases in lease fees for land and sites for technical facilities, generating a higher depreciation expense for the six-month period ended June 30, 2022, compared to the same period of 2021.

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15. PROPERTY, PLANT, AND EQUIPMENT

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

| Concept | As of june, 30 of 2022 | | | As of december, 31 of 2021 | | |
|--|-------------------------------|--------------------------|--------------------|----------------------------|--------------------------|--------------------|
| | Cost | Accumulated depreciation | Net value in books | Cost | Accumulated depreciation | Net value in books |
| | <i>(In thousands of US\$)</i> | | | | | |
| Land and buildings (1) | 735.882 | (414.306) | 321.576 | 736.288 | (409.301) | 326.987 |
| Switching, access and transmission (2) | 1.997.736 | (1.460.022) | 537.714 | 1.994.966 | (1.401.572) | 593.394 |
| Assets under construction (3) | 118.627 | - | 118.627 | 99.553 | - | 99.553 |
| Furniture, information and transport equipment | 133.070 | (88.958) | 44.112 | 131.523 | (80.659) | 50.864 |
| | 2.985.315 | (1.963.286) | 1.022.029 | 2.962.330 | (1.891.532) | 1.070.798 |

| Concept | As of june, 30 of 2022 | | | As of december, 31 of 2021 | | |
|--|--------------------------------|--------------------------|----------------------|----------------------------|--------------------------|----------------------|
| | Cost | Accumulated depreciation | Net value in books | Cost | Accumulated depreciation | Net value in books |
| | <i>(In thousands of COP\$)</i> | | | | | |
| Land and buildings (1) | 3.054.803.042 | (1.719.871.214) | 1.334.931.828 | 3.056.482.879 | (1.699.093.671) | 1.357.389.208 |
| Switching, access and transmission (2) | 8.293.021.241 | (6.060.857.263) | 2.232.163.978 | 8.281.521.400 | (5.818.218.169) | 2.463.303.231 |
| Assets under construction (3) | 492.445.449 | - | 492.445.449 | 413.267.460 | - | 413.267.460 |
| Furniture, information and transport equipment | 552.400.202 | (369.284.381) | 183.115.821 | 545.979.353 | (334.833.818) | 211.145.535 |
| | 12.392.669.934 | (8.150.012.858) | 4.242.657.076 | 12.297.251.092 | (7.852.145.658) | 4.445.105.434 |

For the six-month periods ended June 30, 2022 and 2021, depreciation expense recognized in income was \$307,705,971 and \$329,618,987, respectively (Note 26).

- (1) Includes provision for decommissioning of sites at June 30, 2022 for \$50,857,444 and at December 31 for \$48,499,953, respectively (Note 21).
- (2) The net decrease corresponds mainly to the depreciation of the first half of 2022.

During the first quarter of 2022, the useful life estimate was updated according to the aging analysis for the assets corresponding to fiber optic cable for aerial and terrestrial deployments. The impact on results in the semester is a lower value of depreciation of \$3,317,648.

- (3) The variation corresponds to new acquisitions of goods and services for the construction of assets mainly related to the deployment of 4G mobile network, Dense Wavelength Division Multiplexing -DWDM transmission equipment, and optical fiber.

16. INTANGIBLES

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

| Concept | As of june, 30 of 2022 | | | As of december, 31 of 2021 | | |
|---|-------------------------------|--------------------------|----------------|----------------------------|--------------------------|--------------------|
| | Cost | Accumulated depreciation | Net book value | Cost | Accumulated depreciation | Net value in books |
| | <i>(In thousands of US\$)</i> | | | | | |
| Qualifying degrees (1) | 686.863 | (426.120) | 260.743 | 553.135 | (389.214) | 163.921 |
| Network and office equipment software (2) | 271.198 | (196.088) | 75.110 | 265.136 | (174.240) | 90.896 |
| Rights (3) | 15.231 | (6.176) | 9.055 | 15.231 | (5.781) | 9.450 |
| | 973.292 | (628.384) | 344.908 | 833.502 | (569.235) | 264.267 |

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| Concept | As of june, 30 of 2022 | | | As of december, 31 of 2021 | | |
|---|--------------------------------|--------------------------|----------------------|----------------------------|--------------------------|----------------------|
| | Cost | Accumulated depreciation | Net book value | Cost | Accumulated depreciation | Net value in books |
| | <i>(In thousands of COP\$)</i> | | | | | |
| Qualifying degrees (1) | 2.851.314.241 | (1.768.915.352) | 1.082.398.889 | 2.296.177.445 | (1.615.707.162) | 680.470.283 |
| Network and office equipment software (2) | 1.125.801.311 | (814.001.456) | 311.799.855 | 1.100.635.127 | (723.306.346) | 377.328.781 |
| Rights (3) | 63.225.314 | (25.638.043) | 37.587.271 | 63.225.314 | (23.996.531) | 39.228.783 |
| | 4.040.340.866 | (2.608.554.851) | 1.431.786.015 | 3.460.037.886 | (2.363.010.039) | 1.097.027.847 |

For the six months ended June 30, 2022 and 2021, the amortization expense recognized in income was \$245,544,812 and \$263,898,276 (Note 26).

- (1) The end of the first half of 2022 includes the renewal of the use of the spectrum of the mobile operation in the 1,900 Mhz band for \$555,137 million (Note 2) and the economic compensation of the arbitration award for the reversion of assets.
- (2) The net decrease mainly corresponds to the amortization of the first half of 2022 and the acquisition of network software.
- (3) Mainly includes Irrevocable Right of Use - IRUs of Optical Fiber.

17. GOODWILL

The changes in Goodwill during the first half of 2022 are as follows:

| | As of december, 31 of 2021 | Low | As of june, 30 of 2022 |
|----------|--------------------------------|-------------------------------|---------------------------|
| | | <i>(In thousands of US\$)</i> | |
| Goodwill | 330.579 | (3.967) | 326.612 |
| | 330.579 | (3.967) | 326.612 |
| | <i>(In thousands of COP\$)</i> | | |
| Goodwill | 1.372.301.565 | (16.467.618) | 1.355.833.947 |
| | 1.372.301.565 | (16.467.618) | 1.355.833.947 |

On January 11, 2022, the sale of the fiber optic business was formalized (Note 1 (c)), generating an expense and lower value in Goodwill of \$16,467,618, considering the derecognition of the assets associated with the business object of the transaction and that the Group has determined a single business segment or Cash Generating Unit - CGU.

The Business Plan was updated at the closing of June 30, 2022, with the following variables:

Discount Rate

At the closing of June 30, 2022, a nominal percentage rate calculated in pesos of 11.42% was used.

Sensitivity to Changes in Assumptions

In accordance with the asset recoverability review process, the WACC as of June 2022 has been determined. Based on the above, the model sensitivities were performed with a step of +/-1% and a WACC rate of 11.42%. In performing the sensitization exercise, no indications of impairment were identified.

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18. FINANCIAL LIABILITIES

The balance of financial liabilities is presented below:

| | As of june, 30 | | As of december, 31 | |
|--|------------------------|-------------------------|--------------------|-------------------------|
| | 2022 | | 2021 | |
| | Base | Spread | Base | Spread |
| | (In thousands of US\$) | | | |
| Current: | | | | |
| Financial leasing (1) | 73.262 | | 27.896 | |
| Interest payable | 13.003 | | 12.193 | |
| Hedging instruments | 5.748 | | 5.486 | |
| | 92.013 | | 45.575 | |
| Spectrum supplier (2) | 42.702 | | - | |
| | 134.715 | | 51.061 | |
| Non-current: | | | | |
| Financial institutions in national currency | | | | |
| Financial obligations (3) | 336.598 | Fix 5,774% IBR3 1,6%-2% | 336.566 | Fix 5,774% IBR3 1,6%-2% |
| | 336.598 | | 336.566 | |
| Spectrum supplier (2) | 99.638 | | - | |
| | 436.236 | | 336.566 | |
| Financial institutions in foreign currency | | | | |
| Financial obligations (3) | - | | 126.593 | LIBOR3M 1,75% |
| | - | | 126.593 | |
| Other obligations: | | | | |
| Senior bond (4) | 497.185 | Fix 4,95% | 476.528 | Fix 4,95% |
| Financial leasing (1) | 249.650 | | 246.710 | |
| Local bond (5) | 120.281 | Fix 6,65%- IPC 3,39% | 120.252 | Fix 6,65%- IPC 3,39% |
| | 867.116 | | 843.491 | |
| | 1.303.351 | | 1.306.649 | |
| | 1.438.067 | | 1.352.224 | |

| | As of june, 30 | | As of december, 31 | |
|--|-------------------------|-------------------------|----------------------|-------------------------|
| | 2022 | | 2021 | |
| | Base | Spread | Base | Spread |
| | (In thousands of COP\$) | | | |
| Current: | | | | |
| Financial leasing (1) | 304.128.578 | | 115.801.389 | |
| Interest payable | 53.979.310 | | 50.616.499 | |
| Hedging instruments | 23.859.745 | | 22.771.904 | |
| | 381.967.633 | | 189.189.792 | |
| Spectrum supplier (2) | 177.264.466 | | - | |
| | 559.232.099 | | 189.189.792 | |
| Non-current: | | | | |
| Financial institutions in national currency | | | | |
| Financial obligations (3) | 1.397.287.007 | Fix 5,774% IBR3 1,6%-2% | 1.397.156.510 | Fix 5,774% IBR3 1,6%-2% |
| | 1.397.287.007 | | 1.397.156.510 | |
| Spectrum supplier (2) | 413.617.089 | | - | |
| | 1.810.904.096 | | 1.397.156.510 | |
| Financial institutions in foreign currency | | | | |
| Financial obligations (3) | - | | 525.513.120 | LIBOR3M 1,75% |
| | - | | 525.513.120 | |
| Other obligations: | | | | |
| Senior bond (4) | 2.063.920.396 | Fix 4,95% | 1.978.169.143 | Fix 4,95% |
| Financial leasing (1) | 1.036.348.927 | | 1.024.146.769 | |
| Local bond (5) | 499.312.234 | Fix 6,65%- IPC 3,39% | 499.190.804 | Fix 6,65%- IPC 3,39% |
| | 3.599.581.557 | | 3.501.506.716 | |
| | 5.410.485.653 | | 5.424.176.346 | |
| | 5.969.717.752 | | 5.613.366.138 | |

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Financial liabilities include balances in foreign currency at June 30, 2022 of USD 511,275 thousand (\$2,122,409,893) and at December 31, 2021 of USD 643,333 thousand (\$2,561,211,606), (Note 28).

- (1) Increase in finance leases is mainly associated with contract renewals in 2022, including subscription and increases in lease fees for land and sites for technical facilities, generating a higher liability and financial expense, also considering the increase in interest rates and higher rents associated with the increase in the Consumer Price Index (CPI).

Below is the movement in the finance lease liability for the six-month period ended June 30, 2022:

| | As of december, 31 | High | Payments | Transfers | Others | As of june, 30 |
|------------------------------|------------------------|---------------|-----------------|-----------------|----------------|----------------|
| | (In thousands of US\$) | | | | | |
| Current | | | | | | |
| Financial leasing | 27.796 | 16.225 | (42.855) | 74.436 | (2.378) | 73.224 |
| Financial liability- Renting | 98 | 3 | (65) | 2 | - | 38 |
| | 27.894 | 16.228 | (42.920) | 74.438 | (2.378) | 73.262 |
| Non-current | | | | | | |
| Financial leasing | 246.709 | 77.377 | - - | 74.436 | - | 249.650 |
| Financial liability- Renting | 2 | - | - - | 2 | - | - |
| | 246.711 | 77.377 | - | (74.438) | - | 249.650 |
| | 274.605 | 93.605 | (42.920) | - | (2.378) | 322.912 |

| | As of december, 31 | High | Payments | Transfers | Others | As of june, 30 |
|------------------------------|-------------------------|--------------------|----------------------|----------------------|--------------------|----------------------|
| | (In thousands of COP\$) | | | | | |
| Current | | | | | | |
| Financial leasing | 115.394.649 | 67.351.781 | (177.900.414) | 308.999.021 | (9.870.686) | 303.974.351 |
| Financial liability- Renting | 406.740 | 11.067 | (271.417) | 7.837 | - | 154.227 |
| | 115.801.389 | 67.362.848 | (178.171.831) | 309.006.858 | (9.870.686) | 304.128.578 |
| Non-current | | | | | | |
| Financial leasing | 1.024.138.932 | 321.209.016 | - | (308.999.021) | - | 1.036.348.927 |
| Financial liability- Renting | 7.837 | - | - | (7.837) | - | - |
| | 1.024.146.769 | 321.209.016 | - | (309.006.858) | - | 1.036.348.927 |
| | 1.139.948.158 | 388.571.864 | (178.171.831) | - | (9.870.686) | 1.340.477.505 |

(a) Includes capital lease payments of Ps. 138,060,725 and interest of \$40,111,106.

(b) Corresponds to payment by crossing accounts between financial liabilities and financial assets.

- (2) Corresponds to the obligation acquired with the Ministry of Information Technologies and Communications of Colombia (MinTIC) for the renewal of the 1,900 Mhz spectrum for 20 years for \$555,137 million and the recognition of the financial indexation for \$35,745 million (Note 2), classified between short and long term according to the established payment dates.
- (3) The decrease in the non-current portion as of June 30, 2022, corresponds to the prepayment in January 2022 of the obligation in dollars for USD 132 million (\$526,326 million).
- (4) Senior bond:

As of June 30, 2022, and December 31, 2021, the face value of the outstanding senior bond was USD 500 million, equivalent to \$2,075,605 million and \$1,990,580 million, and associated transaction costs were \$11,685 million and \$12,411 million, respectively, measured at amortized cost.

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The characteristics of the issue are summarized below:

| Format | Ussing currency | Premiums and discounts | Total amount of issue | Total amount of issued | Max. Redemption term | Date of issue | Expiry date | Rate/payment | Use of resources |
|-----------|-----------------|------------------------|-----------------------|------------------------|----------------------|---------------|-------------|-------------------|--|
| R144/RegS | USD\$000 | Cero | 500.000 | 500.000 | 10 Years | 17/07/2020 | 17/07/2030 | 4,95% Biannual | Substitution of Senior Bond for USD750 million |

During the periods ended June 30, 2022, and December 31, 2021, interest payable on the bond amounted to \$46,804,893 and \$44,887,579, respectively.

(5) Local bond:

As of June 30, 2022, and December 31, 2021, the face value of the local bond is \$500 billion, and transaction costs of \$688 million and \$809 million, respectively, are measured at amortized cost.

The characteristics of the issue are summarized below:

| Format | Ussing Currency | Premiums and discounts | Total amount of issue | Total amount issued | Max. redemption term | Date of issue | Expiry date | Rate/Payment | Use of resources |
|------------------------|-----------------|------------------------|-----------------------|---------------------|----------------------|---------------|-------------|------------------------|--------------------------|
| (In thousands of US\$) | | | | | | | | | |
| C10 | COP\$000 | Zero | 36.715 | 36.715 | 10 years | 29-may-19 | 29-may-29 | IPC + 3,39% Biannua | Prepayment of local debt |
| A5 | COP\$000 | Zero | 83.732 | 83.732 | 5 years | 29-may-19 | 29-may-24 | 6,65% Biannua | |
| | | | 120.447 | 120.447 | | | | | |

| Format | Ussing Currency | Premiums and discounts | Total amount of issue | Total amount issued | Max. redemption term | Date of issue | Expiry date | Rate/Payment | Use of resources |
|-------------------------|-----------------|------------------------|-----------------------|---------------------|----------------------|---------------|-------------|------------------------|--------------------------|
| (In thousands of COP\$) | | | | | | | | | |
| C10 | COP\$000 | Zero | 152.410.000 | 152.410.000 | 10 years | 29-may-19 | 29-may-29 | IPC + 3,39% Biannua | Prepayment of local debt |
| A5 | COP\$000 | Zero | 347.590.000 | 347.590.000 | 5 years | 29-may-19 | 29-may-24 | 6,65% Biannua | |
| | | | 500.000.000 | 500.000.000 | | | | | |

At June 30, 2022 and December 31, 2021, interest payable on the bond amounted to \$3,741,285 and \$3,126,808, respectively.

The following are the maturities of the financial obligations as of June 30, 2022:

| Maturities | Current | | | Non-current: | | | Following years | Total non-current | Total |
|------------------------|----------------|---------------|----------------|----------------|---------------|----------------|------------------|-------------------|---------|
| | 2022 | 2023 | 2024 | 2025 | 2026 | | | | |
| (In thousands of US\$) | | | | | | | | | |
| Senior bond | - | - | - | - | - | - | 497.185 | 497.185 | 497.185 |
| Financial obligations | - | - | 71.786 | 264.811 | - | - | - | 336.597 | 336.597 |
| Financial leasing | 73.263 | 30.793 | 54.929 | 35.266 | 26.233 | - | 102.429 | 249.650 | 322.913 |
| Spectrum supplier | 42.702 | 7.117 | 7.117 | 7.117 | 7.117 | - | 71.170 | 99.638 | 142.340 |
| Local bond | - | - | 83.616 | - | - | - | 36.665 | 120.281 | 120.281 |
| Interests | 13.003 | - | - | - | - | - | - | - | 13.003 |
| Hedging instruments | 5.748 | - | - | - | - | - | - | - | 5.748 |
| | 134.716 | 37.910 | 217.448 | 307.194 | 33.350 | 707.449 | 1.303.351 | 1.438.067 | |

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| Maturities | Current | | Non-current: | | | | Following years | Total non-current | Total |
|-----------------------|--------------------|--------------------|--------------------|----------------------|--------------------|-------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2023 | 2024 | 2025 | 2026 | (In thousands of COP\$) | | | |
| Senior bond | - | - | - | - | - | - | 2.063.920.396 | 2.063.920.396 | 2.063.920.396 |
| Financial obligations | - | - | 298.000.000 | 1.099.287.007 | - | - | - | 1.397.287.007 | 1.397.287.007 |
| Financial leasing | 304.128.578 | 127.827.010 | 228.021.950 | 146.396.879 | 108.898.374 | - | 425.204.714 | 1.036.348.927 | 1.340.477.505 |
| Spectrum supplier | 177.264.466 | 29.544.078 | 29.544.078 | 29.544.078 | 29.544.078 | - | 295.440.777 | 413.617.089 | 590.881.555 |
| Local bond | - | - | 347.108.560 | - | - | - | 152.203.674 | 499.312.234 | 499.312.234 |
| Interests | 53.979.310 | - | - | - | - | - | - | - | 53.979.310 |
| Hedging instruments | 23.859.745 | - | - | - | - | - | - | - | 23.859.745 |
| | 559.232.099 | 157.371.088 | 902.674.588 | 1.275.227.964 | 138.442.452 | | 2.936.769.561 | 5.410.485.653 | 5.969.717.752 |

19. SUPPLIERS AND ACCOUNTS PAYABLE

The balance of suppliers and accounts payable is as follows:

| | As of june, 30 | | As of december, 31 | |
|----------------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Current: | | | | |
| Creditors and suppliers (1) | 407.981 | 1.693.613.978 | 335.782 | 1.393.896.503 |
| Related parties (Note 29) (2) | 49.893 | 207.116.958 | 37.400 | 155.254.693 |
| Suppliers of fixed assets (3) | 26.326 | 109.283.494 | 50.022 | 207.653.597 |
| Spectrum licensing providers (4) | 6.273 | 26.040.586 | 5.188 | 21.538.056 |
| Labor wages payable (5) | 4.720 | 19.593.866 | 8.888 | 36.896.515 |
| Parafiscal contributions | 2.470 | 10.253.707 | 2.744 | 11.392.118 |
| | 497.663 | 2.065.902.589 | 440.024 | 1.826.631.482 |
| Non-current: | | | | |
| Spectrum licensing providers (4) | 10.221 | 42.430.260 | 11.316 | 46.976.903 |
| Government grants | 7.914 | 32.851.267 | 7.860 | 32.629.465 |
| Related parties (Note 29) (2) | 583 | 2.419.171 | 516 | 2.140.956 |
| | 18.718 | 77.700.698 | 19.692 | 81.747.324 |
| | 516.381 | 2.143.603.287 | 459.716 | 1.908.378.806 |

Suppliers and accounts payable include balances in foreign currency at June 30, 2022 of USD 128,350 thousand (\$532,807,804) and at December 31, 2021 of USD 114,551 thousand (\$456,045,859), (Note 28).

- (1) Includes mainly the acquisition of mobile terminals, materials, and equipment for mobile and fixed network deployment and installation services. As of June 30, 2022, the increase is due to the acquisition of more stock to cover the commercial dynamics and prevent delays in the supply chain.
- (2) The increase in the current portion corresponds mainly to the provision of wholesale connectivity services related to the deployment of optical fiber.
- (3) The decrease is mainly due to lower CAPEX execution during the first half of 2022, mainly in FTTH fiber projects.
- (4) Includes the balances of obligations to do for the renewal of spectrum for the provision of cellular telephony service in March 2014 for ten (10) years and inter-administrative contract with the Metropolitan Area of Barranquilla until 2028.
- (5) Corresponds to employee severance and vacation liabilities. As of June 30, 2022, the decrease is due to the payment made to the pension funds and the employee vacation season.

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20. DEFERRED LIABILITIES

The balance of deferred liabilities is as follows:

| | As of june, 30 | | As of december, 31 | |
|---------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Current: | | | | |
| Other deferred income (1) | 9309 | 38.643.093 | - | - |
| Government Grants | 474 | 1.967.148 | 474 | 1.967.148 |
| Deferred income | 150 | 623.402 | 150 | 623.641 |
| | 9.933 | 41.233.643 | 624 | 2.590.789 |
| Non- Current: | | | | |
| Other deferred income (1) | 81.918 | 340.059.216 | - | - |
| Government Grants | 1.113 | 4.619.654 | 2449 | 10.167.548 |
| | 83.031 | 344.678.870 | 2.449 | 10.167.548 |
| | 92.964 | 385.912.513 | 3.073 | 12.758.337 |

- (1) According to the sale of the fiber optic business made on January 11, 2022, to Onnet Fibra Colombia S. A. S.-Onnet (Note 1 (c)), the price of the transaction is based on two concepts: the sale of a business, and the exclusivity commitment of Colombia Telecomunicaciones S. A. E.S.P. BIC through the contract for the supply of connectivity services through fiber optic network. This exclusivity has a term of ten (10) years; therefore, its deferral period is the same term on a straight-line basis. The amortization during the six-month period ended June 30, 2022, was \$18,770 million.

21. PROVISIONS AND PENSION LIABILITIES

The balance of pension provisions and liabilities is as follows:

| | As of june, 30 | | As of december, 31 | |
|---------------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Current: | | | | |
| For taxes and consideration (1) | 20.501 | 85.103.053 | 24.475 | 101.603.316 |
| For employee benefits (2) | 5.954 | 24.717.301 | 7.266 | 30.161.385 |
| Pension liability (3) | 4.713 | 19.563.650 | 4.713 | 19.563.650 |
| For contingencies (4) (Note 30) | 1.937 | 8.041.028 | 628 | 2.607.434 |
| For tax claims | 254 | 1.053.524 | 335 | 1.389.555 |
| For voluntary withdrawal | 218 | 906.630 | 637 | 2.645.120 |
| | 33.577 | 139.385.186 | 38.054 | 157.970.460 |
| Non-current: | | | | |
| Pension liability (3) | 43.549 | 180.773.456 | 44.398 | 184.296.085 |
| For dismantling (5) | 12.251 | 50.857.444 | 11.683 | 48.499.953 |
| For contingencies (4) (Note 30) | 4.083 | 16.949.413 | 2.428 | 10.077.285 |
| | 59.883 | 248.580.313 | 58.509 | 242.873.323 |
| | 93.460 | 387.965.499 | 96.563 | 400.843.783 |

- (1) Includes the provision for industry and commerce tax (ICA), considerations to the Ministry of ICT, and uncollected VAT. The decrease corresponds to the payment of tax obligations during the first half of 2022.

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- (2) Includes the incentive to employees for compliance and performance. As of June 30, 2022, the decrease is due to the payment made in the first quarter of 2022.
- (3) The Group recognizes post-employment benefits corresponding to retirement pensions. The post-employment benefit plan in force at that date does not have any type of asset related to it.
- (4) As of June 30, 2022, the increase corresponds mainly to processes related to customer complaints and claims (PQR), which are in the process of discussion with the regulator.
- (5) Corresponds to the estimated costs associated with the dismantling or retirement of property, plant, and equipment. There is no expected timetable for the exit of resources since there is no expectation of their use in the short term (Note 15).

22. SHAREHOLDERS' EQUITY, NET

The authorized, subscribed, and paid-in capital as of June 30, 2022, and December 31, 2021, is presented below:

| | (In thousands of US\$) | (In thousands of COP\$) |
|-----------------------------------|------------------------|-------------------------|
| Authorized capital | 350.469 | 1.454.870.740 |
| Subscribed and paid capital | 821 | 3.410.076 |
| Nominal value (in USD and COP \$) | 0,0002 | 1 |

The equity interest as of June 30, 2022, and December 31, 2021, is presented below:

| Shareholders | Number of Shares | Participation | Number of Shares | Participation |
|--|----------------------|---------------------|----------------------|---------------------|
| Telefónica Hispanoamerica S.A. | 2.301.779.819 | 67,49937427% | 2.301.779.819 | 67,49937427% |
| La Nación-Ministerio de Hacienda y Crédito Público | 1.108.269.271 | 32,49984282% | 1.108.269.271 | 32,49984282% |
| Radio Televisión Nacional de Colombia-RTVC | 10.000 | 0,00029325% | 10.000 | 0,00029325% |
| Shirley Puentes Mercado | 9.950 | 0,00029178% | 9.950 | 0,00029178% |
| Adriana Cepeda Rodríguez | 2.488 | 0,00007296% | 2.488 | 0,00007296% |
| Patricia Cepeda Rodríguez | 1.493 | 0,00004378% | 1.493 | 0,00004378% |
| Dario Cárdenas Navas | 885 | 0,00002595% | 885 | 0,00002595% |
| Eduardo Cárdenas Caballero | 826 | 0,00002422% | 826 | 0,00002422% |
| Jhon Jairo Gutiérrez Torres | 498 | 0,00001460% | 498 | 0,00001460% |
| Kira Torrente Albor | 349 | 0,00001023% | 349 | 0,00001023% |
| Canal Regional de Televisión Ltda.- TEVEANDINA | 200 | 0,00000586% | 200 | 0,00000586% |
| Área Metropolitana de Bucaramanga | 2 | 0,00000006% | 2 | 0,00000006% |
| Instituto de Vivienda de Interés Social y Reforma Urbana del Municipio de Bucaramanga — INVISBU | 2 | 0,00000006% | 2 | 0,00000006% |
| Caja de Previsión Social Municipal | 2 | 0,00000006% | 2 | 0,00000006% |
| Cooperativa de Empleados de las Empresas Públicas de Bucaramanga Ltda. | 2 | 0,00000006% | 2 | 0,00000006% |
| Central de Inversiones S.A.- CISA | 1 | 0,00000003% | 1 | 0,00000003% |
| | 3.410.075.788 | 100.0000000% | 3.410.075.788 | 100.0000000% |

The equity interest as of June 30, 2022, did not change compared to the end of December 2021.

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Reserves

The following is a detail of the reserves:

| | As of june, 30 | | As of december, 31 | |
|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | In thousands of COP\$) | (In thousands of US\$) | In thousands of COP\$) |
| Reserves: | | | | |
| Voluntary reserves (1) | 33.791 | 140.275.496 | 9.319 | 38.686.537 |
| Statutory reserves (2) | 6.335 | 26.298.376 | 6.335 | 26.298.376 |
| Legal reserve | 1.456 | 6.045.752 | 1.456 | 6.045.752 |
| | 41.582 | 172.619.624 | 17.110 | 71.030.665 |

(1) These reserves are constituted by the decision of the Company's Shareholders' Meeting and correspond to:

- Occasional reserve: The Shareholders' Meeting, by means of minute No. 068 of March 16, 2020, constituted a reserve for \$34,925,054 corresponding to the profits obtained during 2019, and by means of minute No.074 of March 16, 2022, constituted a new reserve for \$101,588,959 corresponding to profits obtained during 2021 and, which will be used according to what is established by the Meeting.
- Reserve for future expansions: The balance of this reserve as of June 30, 2022, and December 31, 2021 amounts to \$3,730,162.
- Reserve for share repurchase: The balance as of June 30, 2022, and December 31, 2021, is \$31,321.

(2) For tax provisions: The balance as of June 30, 2022, and December 31, 2021, was \$26,298,376. With the issuance of Law 1819 of 2016 (Tax Reform), the rule that established this reserve was repealed; therefore, as of the taxable year 2017, it will not be mandatory to constitute such reserve.

Other Comprehensive Income

The Group recognized net (loss) income in Other Comprehensive Income (OCI) for the periods ended June 30, 2022 and 2021 for (\$31,521,947) and \$226,936,807 respectively.

The variation is presented by the decrease in the valuation of hedging instruments, mainly due to the devaluation of exchange rates of 4.27% during the first half of 2022 and increases in the Libor and IBR curves associated with swap instruments.

Revaluation surplus, net of taxes

The Group, for the periods, ended June 30, 2022, and 2021, transferred directly to retained earnings the write-offs and the value equal to the depreciation of revalued assets and the corresponding deferred tax of \$5,687,918 and \$18,572,314, respectively.

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23. OPERATING INCOME

Revenues from contracts with customers are presented below:

| | Six-month period ended June 30, | | | |
|--|---------------------------------|----------------------------|---------------------------|----------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Mobile Services (1) | | | | |
| Data services | 182.307 | 756.793.317 | 177.342 | 736.182.989 |
| Voice services | 82.355 | 341.873.540 | 73.372 | 304.581.329 |
| Added value services | 23.114 | 95.952.098 | 25.432 | 105.575.524 |
| | 287.776 | 1.194.618.955 | 276.146 | 1.146.339.842 |
| Fixed services (1) | | | | |
| Technological capabilities and solutions | 123.801 | 513.923.419 | 67.858 | 281.692.497 |
| Data services | 93.724 | 389.069.286 | 89.376 | 371.018.267 |
| Television revenue | 32.893 | 136.544.340 | 28.455 | 118.120.903 |
| Fixed voice services | 23.755 | 98.610.290 | 31.977 | 132.744.647 |
| | 274.173 | 1.138.147.335 | 217.666 | 903.576.314 |
| Sale of terminal equipment (2) | 122.212 | 507.331.636 | 77.493 | 321.689.176 |
| Digital Services (3) | 57.819 | 240.019.507 | 63.678 | 264.339.702 |
| Interconnection (4) | 33.472 | 138.948.130 | 36.941 | 153.351.483 |
| Sale of equipment for fixed services (5) | 6.873 | 28.529.303 | 3.274 | 13.591.881 |
| Other data - virtual mobile operator | 4.536 | 18.830.880 | 4.783 | 19.856.344 |
| Roaming revenue | 1.739 | 7.218.234 | 1.281 | 5.318.071 |
| | 226.651 | 940.877.690 | 187.450 | 778.146.657 |
| | 788.600 | 3.273.643.980 | 681.262 | 2.828.062.813 |

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During the first half of 2022 and 2021, operating income with related parties of \$184,159,863 and \$27,461,418, respectively, is included (Note 29).

- (1) The increase in service revenues corresponds mainly to the good performance of the commercial activity. Prepaid mobile revenues were boosted by growth in the number of rechargers and postpaid revenues by the increased commercial activity of the unlimited plan offer. In fixed services, growth in fixed connectivity through the fiber network, IT services, data, capacity rental, and fiber optic deployment services.
- (2) As of June 30, 2022, growth is presented by commercial dynamics leveraged by market offers in terminal equipment and the opening of new financing lines.
- (3) The decrease during the first half of 2022 corresponds mainly to the recognition of IOT security services. During the same half of the previous year, the implementation and installation of projects with corporate clients were recognized in addition to recurring services.
- (4) Interconnection revenues decrease mainly due to the change in regulated tariffs applied for the year 2022 established by the Communications Regulation Commissions (CRC).
- (5) During the first half of 2022, there was a good performance in the number of symmetrical speed offers, generating an increase in the sale of connection repeaters.

24. OTHER OPERATING INCOME

Other operating revenues are presented below:

| | Six-month period ended June 30, | | | |
|--|--|----------------------------|---------------------------|----------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Sale of movable and immovable property (1) | 204.305 | 848.112.516 | 1.278 | 5.305.986 |
| Other operating income (2) | 11.836 | 49.134.652 | 5.283 | 21.929.221 |
| Work carried out for fixed assets (3) | 5.492 | 22.797.148 | 4.377 | 18.170.699 |
| Leasing investment properties | 16 | 67.717 | 16 | 65.745 |
| | 221.649 | 920.112.033 | 10.954 | 45.471.651 |

- (1) The growth corresponds mainly to the sale of the fiber optic business to Onnet Fibra Colombia S. A. S. (Note 1 (c)) which generated a net income of \$840,799 million, as follows: (i) income from the sale of the business of \$1,307,473 million, (ii) Earn Out for \$308. 898 million, (iii) write-offs from the sale of assets for (\$235,180) million, (iv) write-off of Goodwill (\$16,468) million, (v) control premium for (\$67,278) million, (vi) deferral of exclusivity for (\$397,472) million, and (vii) business structure expenses and exchange rate hedges for (\$59,174) million. Additionally, during the first half of 2022 and 2021, it includes the sale of fixed assets (real estate and towers) for \$7,314 million and \$5,306 million, respectively.
- (2) The increase corresponds mainly to logistical support services and administrative platforms and straight-line recognition of deferred income from exclusivity for the sale of the fiber optic business.
- (3) Corresponds to work performed by Group personnel whose work is related to the development and start-up of fixed assets.

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25. OPERATING COSTS AND EXPENSES

Operating costs and expenses are presented below:

| | Six-month period ended June 30, | | | |
|--|---------------------------------|----------------------------|---------------------------|----------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Equipment cost (1) (Notes 8 and 10) | 150.683 | 625.512.605 | 102.706 | 426.353.711 |
| Renting and third party activities to clients (2) | 56.488 | 234.494.647 | 40.575 | 168.436.580 |
| Labor costs | 55.018 | 228.391.747 | 56.557 | 234.778.940 |
| Media rental and other network infrastructures (3) | 48.689 | 202.118.432 | 27.949 | 116.024.197 |
| Other costs and operating expenses | 47.259 | 196.180.099 | 42.443 | 176.189.022 |
| Interconnection and roaming | 40.739 | 169.116.287 | 40.049 | 166.250.083 |
| Content providers (4) | 33.570 | 139.358.110 | 28.162 | 116.905.671 |
| Taxes and considerations (5) | 31.755 | 131.823.034 | 28.487 | 118.254.814 |
| Maintenance of equipment and installations | 31.552 | 130.977.614 | 31.322 | 130.025.491 |
| commissions for sales and obtaining contracts (6) | 29.233 | 121.350.994 | 21.339 | 88.580.773 |
| Power service (7) | 24.717 | 102.605.865 | 20.717 | 86.002.348 |
| Advertising (8) | 21.935 | 91.056.286 | 19.460 | 80.782.734 |
| Computer Services | 19.621 | 81.451.718 | 19.403 | 80.545.437 |
| Portfolio impairment (9) (Note 7) | 11.818 | 49.059.005 | 6.260 | 25.988.171 |
| Contract compliance cost (Note 8) | 8.008 | 33.241.456 | 8.157 | 33.860.741 |
| Customer services | 7.814 | 32.438.390 | 7.410 | 30.760.381 |
| Other costs and expenses and non-recurring (10) | 3.608 | 14.978.407 | 1.192 | 4.948.200 |
| Provision for inventories (11) (Note 10) | (627) | (2.602.163) | 52 | 215.554 |
| | 621.880 | 2.581.552.533 | 502.240 | 2.084.902.848 |

The net variation presented between the semesters ended June 30, 2022, and 2021 corresponds mainly to: i) an increase due to the execution of new contracts for integral solutions with corporate clients; ii) higher cost of equipment due to commercial activity, mainly for mobile terminals; iii) increase in the cost of sales due to commercial activity, mainly in smartphones and materials due to strategic alliance with third parties for the execution of fiber deployment projects; iv) higher impairment of accounts receivable due to growth in additions in accordance with commercial activity; and, v) increase in content costs due to higher demand for services by clients.

During the six-month periods ended June 30, 2022, and 2021, operating costs and expenses with related parties of \$232,927,251 and \$179,671,586, respectively, are included (Note 29).

- (1) During the six-month periods ended June 30, 2022 and 2021, the Company recognized consumption of inventories carried at cost of sales of \$578,294,483 and \$374,736,262 (Note 10) and amortization of customer's equipment costs of \$47,218,122 and \$51,617,449 (Note 8), respectively. The increase during the six months ended June 30, 2022, corresponds to higher commercial activity, mainly in mobile terminal equipment and materials for the execution of fiber optic deployment projects, compared to the first half of 2021.
- (2) The increase in the first half of 2022 corresponds mainly to the execution of new integrated solutions contracts with corporate customers.
- (3) The variation in the six-month period ended June 30, 2022, compared to the first half of 2021, corresponds mainly to new projects in the corporate segment.
- (4) Corresponds to the increase in costs associated with content services, mainly from customer entertainment platforms.
- (5) Corresponds to the increase in large proportion to the liability as taxpayers of current taxes such as: public lighting, telephone tax, and municipal surcharges. During the first semester of 2021, several exemptions were in force due to the pandemic.

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- (6) The semesters ended June 30, 2022, and 2021 include the amortization costs of obtaining contracts for \$38,068,829 and \$14,305,222, respectively (Note 8). The increase corresponds to higher commercial activity during the first half of 2022.
- (7) The increase during the first half of 2022 corresponds mainly to the consumption volume and tariff increase.
- (8) The increase during the first half of 2022 corresponds mainly to a higher volume of media campaigns, mainly to promote the fiber optic service in homes.
- (9) The increase during the first half of 2022 is mainly due to a higher portfolio in accordance with the increased commercial activity.
- (10) At the closing of June 30, 2022, there is a greater impact due to litigation held up during the time of the pandemic, mainly represented in complaints and claims petitions (PQR) from customers through the Superintendence of Industry and Commerce.
- (11) The decrease during the first half of 2022 is mainly due to the change in the accounting estimate of the provision from 50% with an age of more than 180 days to 100% with an age of more than 360 days, unifying the criteria for mobile and fixed terminals (Note 10).

26. DEPRECIATION AND AMORTIZATION

Depreciation and amortization are presented below:

| | Six-month period ended June 30, | | | |
|---|---------------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Depreciation of property, plant and equipment (Note 15) | 74.125 | 307.705.971 | 79.403 | 329.618.987 |
| Amortization of intangible assets (Note 16) | 59.150 | 245.544.812 | 63.571 | 263.898.276 |
| Depreciation of assets for rights of use (Note 14) | 34.005 | 141.161.776 | 28.789 | 119.508.120 |
| | 167.280 | 694.412.559 | 171.763 | 713.025.383 |

27. FINANCIAL EXPENSES, NET

Financial expenses, net are presented below:

| | Six-month period ended June 30, | | | |
|--|---------------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Income: | | | | |
| Income from temporary investments and bank loans (1) (Note 1) | 3.726 | 15.465.852 | - | - |
| Clients' interest in arrears | 2.741 | 11.380.216 | 2.377 | 9.867.649 |
| Interest hedging operations, net (Nota 5) | 227 | 942.035 | 334 | 1.388.286 |
| | 6.694 | 27.788.103 | 2.711 | 11.255.935 |
| Expenses: | | | | |
| Interest on loans, financial obligations and bonds (2) (Note 18) | (27.260) | (113.162.321) | (22.724) | (94.337.719) |
| Interest hedging transactions, net (3) | (10.111) | (41.970.832) | 18.489 | (76.750.704) |
| Financial expenses for leases | (8.888) | (36.897.612) | (7.829) | (32.498.507) |
| Expenses for loans from spectrum providers (4) | (8.611) | (35.744.758) | - | - |
| Other financial expenses | (3.029) | (12.575.731) | (2.684) | (11.142.040) |
| Financial update of liabilities | (2.018) | (8.378.437) | (2.083) | (8.646.479) |
| Tax on financial transactions | (89) | (370.700) | (52) | (216.190) |
| | (60.006) | (249.100.391) | (53.861) | (223.591.639) |
| Exchange difference loss, net | (1.782) | (7.395.476) | (559) | (2.320.079) |
| | (61.788) | (256.495.867) | (54.420) | (225.911.718) |
| | (55.094) | (228.707.764) | (51.709) | (214.655.783) |

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The net increase in the first half is mainly due to: (i) interest associated with the renewal of the Móvil radio spectrum license (Note 2), (ii) the increase in interest on financial obligations due to the impact of the devaluation of the Colombian peso against the dollar and (iii) lower hedging expenses associated with the prepayment of the debt in dollars in January 2022, and the increase in interest rate curves positively affects the valuation of IBR swap instruments.

- (1) The increase during the first half of 2022 is mainly due to a loan to an associated company.
- (2) Includes mainly interest on the senior bond for the semesters ended June 30, 2022, and 2021 for \$48,483,457 and \$45,413,259, on the local bond for \$18,621,356 and \$15,012,3603 and financial obligations for \$46,165,109 and \$33,912,100 respectively, the latter due to the impact of the devaluation of the peso against the dollar on interest rates.
- (3) The decrease during the first half of 2022 is mainly due to the benefit in settlement of hedges associated with the debt in dollars prepaid in January 2022.
- (4) Corresponds to financial indexation for the renewal of the 1,900 Mhz spectrum for 20 years (Note 2).

28. RISK MANAGEMENT

The most significant risks and uncertainties faced by the Group that could affect the business, its financial position, results, and/or cash flows are described below and should be considered together with the information contained in these condensed consolidated interim financial statements.

They are presented below and grouped into four categories: business, operational, financial, and legal and regulatory compliance.

These categories are not presented in order of importance. However, within each category, the risk factors are presented in descending order of importance, as determined by the Group as of the date of this document. The Group may change its view of their relative importance at any time, especially if new internal or external events arise.

28.1. Risks related to the business

The Group's competitive position in the market could be affected by the evolution of competition and market consolidation.

The Group operates in highly competitive markets, so there is a risk that the Group may not be able to market its products and services efficiently or react adequately to the various commercial actions carried out by competitors, failing to meet its growth and customer retention objectives, putting its future revenues and profitability at risk.

Increased competition and the entry of new competitors may affect the Group's competitive position, negatively impacting revenue performance, customer share, or increasing costs. In addition, changes in competitive dynamics, with aggressive customer acquisition offers, including unlimited data and discounts on certain services, among others, may affect the competitive position and efficiency of the Group's operations.

If the Group were not able to successfully meet these challenges, the business, financial position, operating results, and/or cash flows could be adversely affected. However, the Group's management has adequate resources and processes in place to enable it to respond in the timeliest manner to each of these situations.

The Group requires licenses and permits for the provision of most of its services and for the use of spectrum, which is a scarce and costly resource.

The telecommunications sector is subject to specific sector regulations. The fact that the Group's highly regulated business affects revenues, operating income before depreciation and amortization (EBITDA), and investments.

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Many of the Group's activities (such as the provision of telephone services, pay television, installation, and operation of telecommunications networks, etc.) require licenses or authorizations from governmental authorities, which generally require the Group to meet certain obligations, including specified minimum quality levels, service and coverage conditions. Failure to comply with any of these obligations could result in consequences such as financial or other penalties, which, in the worst case, could affect business continuity. Exceptionally, in certain jurisdictions, license grants may be modified prior to expiration, or new obligations may be imposed at the time of renewal or even non-renewal of licenses.

Access to new spectrum licenses

The Group needs a sufficient spectrum to offer its services. Failure to obtain sufficient spectrum capacity to operate, or its inability to bear the related costs, could have an adverse impact on its ability to maintain the quality of existing services and its ability to launch and provide new services, which could materially adversely affect the Group's business, financial condition, results of operations and/or cash flows.

The intention is to have the necessary spectrum capacity to maintain services and expand them, specifically through participation in spectrum auctions expected to take place in the coming years, which will require possible cash outflows to obtain additional spectrum or to meet the coverage requirements associated with some of these licenses.

In Colombia, both the 5G Plan and the Public Spectrum Policy 2020-2024 and the Spectrum Allocation Framework Plan 2020-2024 were published, announcing that actions will be taken to conduct auctions of the remaining spectrum in the 700 MHz, 1,900 MHz, and 2,500 MHz bands, without indicating an approximate date. Additionally, the Ministry of Information and Communications Technologies (MinTic) announced the auction of spectrum in the 3.5 GHz band, which has been postponed without setting a specific date for the process. The Group has requested the Ministry of Information and Communications Technologies (MinTic) to delay any spectrum auction until the revision of the spectrum valuation methodology is completed, with the objective of aligning its costs to the spectrum value generation capacity and that measures are established to avoid resource hoarding by the dominant operator.

Existing licenses: renewal processes and modification of service operating conditions

The revocation or non-renewal of the Group's existing licenses, authorizations or concessions, or any challenge or modification of their terms, could significantly affect the business, financial position, results of operations, and/or cash flows.

In Colombia, in April 2021, it requested the renewal of one of the permits for 15 MHz spectrum in the 1,900 MHz band, valid until October 18, 2021. The MinTic adopted a resolution on October 15, 2021, establishing the conditions for the renewal of such a license. The Group filed an appeal against the resolution to reduce the amount proposed for the license renewal. The Ministry decided with resolution 2143 of June 17 to renew the 15 MHz for 20 years, revoking the obligations of technological update, accepting that these obligations must be valued and be part of the price, which generates a positive precedent for future renewal processes and/or spectrum assignment. It also modified the renewal value for a value 19% lower than October 2021. As important petitions were denied, new legal actions are being considered.

The Group depends on a network of suppliers

The existence of critical suppliers in the supply chain, especially in areas such as network infrastructure, information systems, or terminals with a high concentration in a small number of suppliers, poses risks that could affect the Group's operations, as well as cause eventual legal contingencies or damage to the Group's image in the event of practices that do not meet acceptable standards or otherwise fail to meet the Group's performance expectations of any participant in the supply chain. This includes delays in the completion of projects or deliveries, poor quality execution, cost deviations, and inappropriate practices.

As of June 30, 2022, the Group had 14 suppliers of mobile terminals (one of them located in China). On the other hand, there were 36 infrastructure suppliers. The amount awarded for mobile terminals corresponds to 24% of the total number of awards made in the first half of 2022 and 9% for infrastructure providers. The mobile terminals supplier with the highest share of the amount awarded for this category is 18%. For infrastructure providers, the one with the highest share is 26% of the total amount awarded to these providers.

These suppliers may, among other things, extend delivery times, raise prices and limit supply due to lack of stock and business requirements or for other reasons.

If suppliers are unable to supply their products to the Group within the agreed deadlines or such products and services do not meet the requirements, they could jeopardize network deployment and expansion plans, which in certain cases could affect compliance with the terms and conditions of the securities under which the Group operates, or compromise business and operating results. In this regard, the possible adoption of protectionist measures in certain parts of the world, including those resulting from the outcome of trade tensions between the United States and China and/or the adoption of containment or other

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restrictive measures as a result of the COVID-19 pandemic or any other crisis or pandemic, could have a negative impact on some of the Group's suppliers and other operators in the sector.

The semiconductor industry, in particular, is facing a number of challenges mainly as a result of global supply issues, which in turn are affecting multiple sectors (including technology) through delivery delays and price increases, which could affect the Group or other actors relevant to its business, including its customers, suppliers, and partners. During 2021 and 2022, the Group has conducted specific monitoring, and action plans have been developed with respect to supply chain challenges resulting from the COVID-19 pandemic, as well as the potential disruption to the use of certain suppliers as a result of the conflict between the United States and China.

The imposition of trade restrictions and any supply chain disruptions, such as those related to international transportation, may result in higher costs and lower margins or affect the Group's ability to offer its products and services and could adversely affect the Group's business, financial condition, operating results and/or cash flows.

Markets Subject to Continuous Technological Evolution

The success of the Group depends, to a certain extent, on its adaptability to technological evolution, in the times the market demands, 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 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 before 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. It is therefore important to consider that increased costs could negatively impact the business, its financial situation, and the Group's economic results or cash generation.

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, increase processing and data storage capacities, and increase 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.

One of the technologies that telecommunications operators, including the Group, are currently investing in is the new FTTx-type networks, which offer high-performance broadband access over fiber optics. However, the deployment of such networks, in which fiber optics replaces all or part of the copper in the access loop, involves high investments. There is a growing demand for the services offered by the new networks to end customers; however, the high level of investment requires continuous analysis of the return on investment, and there is no certainty as to the profitability of these investments.

Additionally, the adaptability of the Group's information systems, both operational and support, to adequately respond to the Group's operational needs is a relevant factor to consider in business development, customer satisfaction, and business efficiency. While automation and other digital processes can lead to significant cost savings and efficiency gains, there are significant risks associated with such process transformation. Any failure by the Group to develop or implement IT systems that adequately respond to the Group's changing operational requirements could have a negative impact on the business, financial position, operating results, and/or cash generation.

28.2. Operational risks

Information technology is a relevant element of our business and is exposed to cybersecurity risks.

Cybersecurity is among the most relevant risks for the Group due to the importance of information technology for its ability to successfully carry out operations. Despite progress in modernizing the network and in replacing old systems pending technological renewal, the Group operates in an environment of growing cyber threats, and all its products and services, such as, among others, mobile Internet or pay TV services, are intrinsically dependent on information technology systems and platforms that are susceptible to cyber-attack. Successful cyber-attacks can impede the effective marketing of products and services to customers, so further progress is needed in identifying technical vulnerabilities and security weaknesses in operational processes, as well as in the ability to detect and react to incidents. This includes the need to strengthen security controls in the supply chain (e.g., placing greater focus on the security measures adopted by partners and other third parties) and ensuring the security of cloud services).

Some of the main measures adopted by the Group to mitigate these risks are the early detection of vulnerabilities, the application of access controls to systems, the proactive review of security logs in critical components, the segregation of the network into zones, and the deployment of protection systems such as firewalls, intrusion prevention systems, and virus detection, among other physical and logical security measures. In the event that preventive and control measures do not prevent all damage to systems or data, there are backup systems designed to recover all or part of the information.

Risks Associated with Unplanned Network or System Outages

Network interruptions are situations inherent to the operation of any element that constitutes it, which affect the service, causing dissatisfaction among users due to the impossibility of communication, as well as 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 risks on unforeseen network interruptions is focused on being able to guarantee a periodic and efficient preventive and corrective maintenance model on network equipment, as well as the investment in elements that have completed their useful life and that guarantee redundancy to support the service in the event of eventual failures.

On the other hand, information technology is a relevant element of our business and could be affected by cybersecurity risks: Our networks transport and store large volumes of confidential, personal, and business data, so it must be prepared to detect and react in a timely manner to cyber threats to prevent their materialization.

It should also be noted that natural disasters, climate change, and other factors beyond the Group's control can cause network failures, service interruptions, or loss of quality.

Unforeseen service interruptions may occur due to system failures, natural disasters caused by natural or meteorological phenomena, power failures, network failures, hardware or software failures, theft of network elements, or a cyber-attack. All of these can affect the quality or cause an interruption in the provision of services.

Changes in temperature and precipitation patterns associated with climate change can increase the energy consumption of telecommunications networks or cause service interruption due to extreme temperature waves, floods, or extreme weather phenomena, for which we have processes in place that allow us to respond in the timeliest manner to each of these situations.

28.3. Financial risks

Deterioration of the economic or political environment may adversely affect the Group's business.

The Group is exposed to local legislation, as well as to the political and economic environment of the country. The mere uncertainty or possible variations in exchange rates or sovereign risk and increasing geopolitical tensions may adversely affect the Group's business, financial position, cash flows, and results of operations and/or the evolution of some or all of the Group's financial aggregates.

Colombia is exposed not only to changes in the global economy due to its vulnerability and exposure to abrupt movements in commodity prices but also to an unexpected tightening of global financial conditions.

The deterioration of the fiscal situation resulting from COVID-19 could have negative effects on the future performance of the economy and social stability to the extent that fiscal consolidation drives tax reforms or adjustments in the trajectory of social spending. The acceleration of inflation threatens to be more persistent than expected, which is generating a strong reaction from the central bank, which could eventually result in an excessive deterioration of local financing conditions.

The Group faces risks related to its level of financial indebtedness, financing capacity, and ability to carry out the business plan.

The operation, expansion, and improvement of the Group's networks, the development and distribution of services and products, the execution of the overall strategic plan, the development and implementation of new technologies, the renewal of licenses, and expansion may require substantial financing.

The Group is a relevant and frequent debt issuer in capital markets. As of June 30, 2022, gross financial debt amounted to \$5,969,718 million (\$5,613,366 million as of December 31, 2021).

A decrease in the Group's liquidity, a difficulty in refinancing debt maturities, or in raising new funds as debt or equity could force the Group to use resources already allocated to investments or other commitments for the payment of its financial debt, which could have a negative effect on the Group's business, financial position, operating results and/or cash flows.

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Financing could become more complex and costly in the event of a significant deterioration of conditions in international or local financial markets, due, for example, to monetary policies set by central banks, both due to possible interest rate hikes and decreases in the supply of credit, increased global political and commercial uncertainty and oil price volatility, or a possible deterioration in solvency or operating performance.

In addition, given the interrelationship between economic growth and financial stability, the materialization of any economic, political, and exchange rate risk factors mentioned above could adversely affect the Group's ability and cost to obtain financing and/or liquidity. This, in turn, could have a material adverse effect on the business, financial condition, operating results, and/or cash flows.

Finally, any downgrade in credit ratings could lead to an increase in borrowing costs and limit its ability to access credit markets.

The Group's financial condition and results could be affected if we do not effectively manage our exposure to foreign currency exchange rates or interest rates.

Interest rate risk arises principally from changes in interest rates affecting: (i) the interest costs of floating rate debt (or debt with short-term maturities and foreseeable rollover); and (ii) the value of long-term liabilities with fixed interest rates.

The Group may 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. No significant impacts were identified in the financial risk assessment process.

Interest Rate Risk

Arises mainly from variations in interest rates that affect: i) the financial costs of variable rate debt and/or short-term debt negotiations at fixed interest rates and ii) long-term liabilities at fixed interest rates.

Liquidity risks

The Group is exposed to liquidity risk mainly due to imbalances between cash requirements and sources of funds.

Credit risk

Credit risk arises from cash and cash equivalents (deposits with banks and financial institutions), as well as credit exposure to wholesale and retail customers, which includes outstanding balances of accounts receivable and committed transactions. No significant impacts were identified in the valuation of credit risk based on the above; Management does not expect the Group to incur substantial losses from the performance of its counterparties.

Foreign Exchange 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.

On June 30, 2022, and December 31, 2021, the Group's debt in US dollars, including the senior bond maturing in 2030, is equivalent to USD 500 million and USD632 million, respectively.

Additionally, considering the ordinary flow of the Group's business, hedges of commercial accounts were made, corresponding to OPEX (Operating Expenses) and CAPEX (Capital Expenditure) invoices in foreign currency, 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.

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The following is a summary of the balances of assets and liabilities held in U.S. dollars and expressed in local currency, respectively, at the end of each period:

| | As of june, 30 | As of december, 31 |
|--|------------------------|---------------------------|
| | 2022 | 2021 |
| | (In thousands of US\$) | |
| Assets | | |
| Debtors and other receivables (Note 7) | 827 | 20.405 |
| Cash and cash equivalents (Note 5) | 8.509 | 8.663 |
| Related Parties (Note 29) | 80.577 | 1.529 |
| Total assets | 89.913 | 30.597 |
| Liabilities | | |
| Financial obligations | 511.275 | 643.333 |
| Suppliers and accounts payable (Note 18) | 128.350 | 114.551 |
| Related Parties (Note 29) | 15.053 | 14.648 |
| Total liabilities | 654.678 | 772.532 |
| Passive, net position | (564.765) | (741.935) |

| | As of june, 30 | As of december, 31 |
|--|-------------------------|---------------------------|
| | 2022 | 2021 |
| | (In thousands of COP\$) | |
| Assets | | |
| Debtors and other receivables (Note 7) | 3.433.051 | 81.235.570 |
| Cash and cash equivalents (Note 5) | 35.322.646 | 34.488.789 |
| Related Parties (Note 29) | 334.492.048 | 6.087.194 |
| Total assets | 373.247.745 | 121.811.553 |
| Liabilities | | |
| Financial obligations | 2.122.409.893 | 2.561.211.606 |
| Suppliers and accounts payable (Note 18) | 532.807.804 | 456.045.859 |
| Related Parties (Note 29) | 62.488.164 | 58.316.032 |
| Total liabilities | 2.717.705.861 | 3.075.573.497 |
| Passive, net position | (2.344.458.116) | (2.953.761.944) |

Interest Rate Risk

After hedging, the variable rate exposure is 23% 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.

Country Risk

Economic activity, measured through the Economic Tracking Indicator (monthly proxy of GDP), showed solid growth of 12% YoY in April, well above the GDP growth recorded for the first quarter of the year of 8.5% YoY. This was mainly explained by the favorable dynamics of services activities, the manufacturing sector, and the continued recovery of the construction sector. In April, the level of economic activity was 9.1% above its pre-pandemic level (Feb-2020), 0.9 percentage points higher than in March.

Inflation continued its upward trend and in June reached a new all-time high since 1999 at 9.67%, 1.17 percentage points higher than at the end of the first quarter. Food inflation continued to account for a large part of the increase in prices, impacted by the winter wave and the increase in the price of fertilizers and agricultural inputs globally. However, inflationary pressures were widespread across the board, reflecting the effects of strong domestic demand. High inflation and rising inflation expectations, as well as positive growth results, led the Central Bank to accelerate the pace of increases in its monetary policy rate, raising it to 7.5% from 5% at the end of March.

At the end of the first half of the year, the exchange rate stood at \$4,151.2 pesos per dollar, depreciating 10.5% with respect to the end of the first quarter of 2022 (\$3,756). Both external and local factors explained the strong rise; at a global level, signs of

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economic deceleration and fears of a possible recession in the United States have caused a generalized strengthening of the dollar due to increased risk aversion and the search for safe-haven assets.

28.4. Legal and Compliance Risks

Legal proceedings.

The Group operates in highly regulated sectors and are parties and may be parties in the future to litigation, regulatory proceedings, tax assessments, and others that arise in the ordinary course of business whose outcome is unpredictable. .

Management evaluates these situations based on the probable, possible, and remote nature of their occurrence and the amounts involved to decide on the amounts recognized and/or disclosed in the condensed consolidated interim financial statements.

Further details of litigation, fines, and penalties can be found in Note 30 to the condensed consolidated interim financial statements as of June 30, 2022.

An adverse outcome or an out-of-court settlement of these or other current or future litigation or disputes could represent a significant cost and have a material negative effect on the Group's business, financial condition, results, or cash generation.

The Group is exposed to risks in relation to compliance with anti-corruption legislation and economic sanctions programs.

In Colombia, the legislation establishes a series of specific obligations and prohibitions for both companies and their partners, administrators, managers, and collaborators provided mainly in Laws 599 of 2000 (Criminal Code), 1474 of 2011 (Anti-Corruption Statute), 1778 of 2016 (Law against Transnational Bribery) and 2195 of 2022.

Among other conducts, such rules prohibit offering any object of value to public or private officials to obtain or maintain business or secure any undue business advantage or failing to keep accurate books and records and correctly record transactions.

However, with the issuance of Law 2195 of 2022, there was a broadening of the spectrum of conduct considered as acts of corruption that includes conducts considered crimes against public administration, the environment, economic and social order, financing of terrorism, and organized crime groups, administration of resources related to terrorist activities and organized crime, those enshrined in Law 1474 of 2011 or any punishable conduct related to public assets. In that order of ideas, according to the meaning given by the legislator, corruption includes various punishable behaviors ranging from agreements restricting competition to environmental pollution, including the crimes of private corruption and unfair administration. .

In this sense, due to the nature of its activity and the broad scope of what is understood by corruption in Colombia. The Group's exposure to this risk increases, which increases the probability of its occurrence; in particular, it is worth mentioning the continuous interaction with officials and Public Administrations on the institutional and regulatory fronts (it is a regulated activity in different orders), operational (in the deployment of its network, it is subject to obtaining multiple activity permits) and commercial (it provides services directly and indirectly to the Public Administrations). Moreover, the Group is subject to the authority of different regulators and compliance with various national or extraterritorial, civil or criminal regulations, sometimes with shared competencies, making it very difficult to quantify the possible impacts of any non-compliance, taking into account that such quantification must consider not only the economic amount of the sanctions, but also their potential negative impact on the business, reputation and/or brand, and even, if applicable, the ability to contract with the Public Administrations.

Although the Group has internal rules and procedures in place to ensure compliance with the aforementioned anti-corruption and sanctions laws, it cannot guarantee that these rules and procedures are sufficient or that the Group's employees, directors, officers, partners, agents, and service providers are not acting in violation of the rules and procedures (or, for that matter, in violation of the relevant anti-corruption and sanctions laws), and therefore the Group. In this regard, the Group currently cooperates with governmental authorities (where appropriate, by conducting internal investigations) regarding requests for information potentially related, directly or indirectly, to possible violations of anti-corruption laws. The Group considers that any potential sanctions in the framework of these specific requests would not materially affect the Group's financial position, considering its size.

Notwithstanding the preceding, non-compliance with anti-corruption laws and sanctions could result not only in financial penalties but also in the termination of public contracts, revocation of authorizations and licenses, and could have a material adverse effect on reputation or a negative impact on the Group's business, financial condition, and operating results and/or cash flows.

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29. RELATED PARTIES

The Ministry of Finance and Public Credit has a 32.5% interest in Colombia Telecomunicaciones S. A. E.S.P. BIC; the Ministry is an agency of the Colombian Government. The Group provides mobile and fixed telephony services to the Colombian Government under normal market conditions and prices.

During the semesters ended June 30, 2022, and 2021, the Group made payments to the Colombian Government for contributions to the Ministry of Communications and Information Technologies (MINTIC) for \$48,547,703 and \$46,998,407 and the Communications Regulation Commission (CRC) for \$3,407,528 and \$3,198,168 respectively, on income obtained from the provision of network and telecommunications services.

29.1. Accounts Receivable

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

Current

a) Economic Related Parties

| | As of june, 30 | | As of december, 31 | |
|--|------------------------|-------------------------|---------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| National | | | | |
| Tiws Colombia II S.A.S. | 7.806 | 32.406.362 | 4.661 | 19.347.173 |
| Telefonica Cybersecurity Tech Colombia | 452 | 1.874.824 | 219 | 910.344 |
| Wayra Colombia S.A.S. | 10 | 39.536 | 13 | 54.740 |
| Telxius Cable Colombia S.A. | 7 | 28.908 | 9 | 37.955 |
| | 8.275 | 34.349.630 | 4.902 | 20.350.212 |

| | As of june, 30 | | As of december, 31 | |
|--|------------------------|-------------------------|---------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| From outside | | | | |
| TEF Hispanoamerica | 1.799 | 7.466.348 | 1.372 | 5.694.385 |
| TIWS II | 1.115 | 4.627.968 | 419 | 1.740.371 |
| Telefónica Móviles España S.A. | 213 | 884.413 | 1.000 | 4.152.844 |
| Tele Cybersecurity & Cloud | 157 | 652.852 | 255 | 1.057.133 |
| Telefónica Móviles Argentina S.A. | 110 | 458.097 | 159 | 660.927 |
| Telefónica S.A. | 80 | 330.076 | 133 | 550.487 |
| Telefonica Brasil S.A. | 37 | 152.449 | 84 | 347.118 |
| Telefonica Germany GMBH & CO OHG | 31 | 129.073 | 37 | 151.585 |
| Telefónica Móviles de Chile S.A. | 24 | 98.150 | 60 | 247.262 |
| Terra Networks Mexico S.A. de CV | 23 | 96.043 | 16 | 67.907 |
| Telefónica Venezolana C.A.(a) | 23 | 95.857 | 14 | 57.182 |
| Otecel S.A. | 22 | 91.040 | - | - |
| Telefónica Digital España S.A. | 15 | 62.544 | 68 | 283.195 |
| Pegaso Pcs. S.A. de C.V. | 3 | 11.240 | 1 | 5.227 |
| Telefónica Móviles Uruguay S.A. | 3 | 11.128 | 96 | 398.787 |
| Telefónica del Perú S.A. | - | - | 95 | 392.447 |
| Telefónica Móviles El Salvador S.A. | - | - | 20 | 82.044 |
| | 3.655 | 15.167.278 | 3.829 | 15.888.901 |
| Total national and foreign affiliates | 11.930 | 49.516.908 | 8.731 | 36.239.113 |

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b) Associated Companies

| National | As of june, 30 2022 | | As of december, 31 2021 | |
|--|---------------------------|----------------------------|----------------------------|----------------------------|
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Onnet Fibra Colombia S.A.S. (1) | 17.621 | 73.149.859 | - | - |
| Telefónica Factoring Colombia S.A. | - | - | 27 | 111.563 |
| | 17.621 | 73.149.859 | 27 | 111.563 |
| From outside | | | | |
| O2 T. UK Limited | 49 | 204.125 | 11 | 52.778 |
| Total Associated national and outside | 17.670 | 73.353.984 | 38 | 164.341 |
| | 29.600 | 122.870.892 | 8.769 | 36.403.454 |

Non-current:

Associated companies

| Associated Companies | As of june, 30 2022 | | As of december, 31 2021 | |
|--|---------------------------|----------------------------|----------------------------|----------------------------|
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Alamo HolCo S.L.(2) | 92.101 | 382.339.252 | - | - |
| Onnet Fibra Colombia S.A.S. (1) | 78.797 | 327.101.411 | - | - |
| | 170.898 | 709.440.663 | - | - |
| Total accounts receivable with related parties (Note 7) | 200.498 | 832.311.555 | 8.769 | 36.403.454 |

The foreign currency balances of domestic accounts receivable from related parties as of June 30, 2022, and December 31, 2021, are USD 80,577 thousand (\$334,492,048) and USD 1,529 thousand (\$6,087,194), respectively (Note 28).

- (1) As of June 30, 2022, the current portion corresponds to the network deployment plan, which includes the fiber optic network, primary access network, MBH services (Mobile Backhaul), and O&M service over the fiber optic network. The non-current portion corresponds to the sale of the fiber optic business to Onnet Fibra Colombia S. A. S. this negotiation included the agreement of an Earn-Out, which was agreed upon between the parties fundamentally from the analysis of the Master Business Plan for three years for USD83.3 million (Note 1(c)).
- (2) Corresponds to the account receivable that the Group will maintain with Alamo HoldCo S.L. for \$366,873.4 million (USD 94.43) million (Note 1 (c)), related to the sale of the fiber optic business to Onnet Fibra Colombia S. A. S., plus financial restatement as of June 30, 2022, for \$15,465.9 million.

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29.2. Accounts Payable

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

Current:

a) Economic Related Parties

| | As of june, 30 | | As of december, 31 | |
|--|------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| National | | | | |
| Telefonica Cybersecurity Tech Colombia | 9.650 | 40.058.209 | 7.906 | 32.817.967 |
| Tiws Colombia II S.A.S. | 7.743 | 32.144.435 | 5.074 | 21.061.230 |
| Telxius Cable Colombia S.A. | 2.857 | 11.860.107 | 2.757 | 11.443.467 |
| | 20.250 | 84.062.751 | 15.737 | 65.322.664 |

| | As of june, 30 | | As of december, 31 | |
|-------------------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| From outside | | | | |
| TIWS II | 7.578 | 31.450.210 | 5.540 | 23.008.723 |
| Telefónica S.A. | 5.172 | 21.469.025 | 4.651 | 19.306.362 |
| Telefónica Global Technology | 2.538 | 10.535.168 | 377 | 1.566.673 |
| Telefónica Digital España S.A. | 2.018 | 8.377.819 | 3.493 | 14.501.390 |
| Telefónica Compras Electrónicas | 1.046 | 4.343.582 | 844 | 3.502.888 |
| TEF Hispanoamerica | 974 | 4.042.152 | - | - |
| Telefonica IOT & Big Data Tech, S.A | 726 | 3.015.298 | 462 | 1.917.266 |
| Telefónica USA Inc. | 721 | 2.993.705 | 822 | 3.411.043 |
| Terra Networks Mexico S.A. de CV | 392 | 1.628.393 | 351 | 1.458.743 |
| Telefónica Móviles España S.A. | 359 | 1.490.856 | 186 | 770.137 |
| Telefónica Global Roaming | 198 | 821.940 | 284 | 1.178.426 |
| Telefónica del Perú S.A. | 192 | 799.044 | 138 | 571.738 |
| Pegaso Pcs. S.A. de C.V. | 166 | 690.700 | 211 | 875.551 |
| Telefónica Servicios Audiovisuales | 118 | 488.960 | 166 | 688.682 |
| Telefónica Móviles Argentina S.A. | 64 | 265.146 | 2.187 | 9.076.851 |
| Telefonica Cibersecurity Tech S.L | 57 | 235.195 | 30 | 124.620 |
| Media Network Latin América | 51 | 211.306 | 200 | 829.080 |
| Telefónica Brasil S.A | 40 | 166.064 | 17 | 71.315 |
| Telefónica Móviles de Chile | 23 | 97.168 | 63 | 262.255 |
| Telefónica Ingeniería de Seguridad | 23 | 94.941 | 24 | 98.996 |
| O2 Germany GMBH & CO OHG | 15 | 61.250 | 19 | 79.345 |
| Otecel S.A. | 11 | 47.683 | 415 | 1.722.820 |
| Telefónica Móviles Uruguay S.A. | 7 | 27.991 | 2 | 7.682 |
| Telefonica Educacion Digital | 3 | 13.731 | 7 | 29.731 |
| Telefónica Venezolana C.A. | - | - | 94 | 388.608 |
| E-Plus Mobilfunk GMBH & CO | - | - | - | 317 |
| Telefónica de Argentina S.A. | - | - | 1.002 | 4.160.152 |
| Telefónica Móviles El Salvador S.A. | - | - | 2 | 7.104 |
| | 22.492 | 93.367.327 | 21.587 | 89.616.498 |

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b) Associated Companies

| | As of june, 30 | | As of december, 31 | |
|---|------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| National | | | | |
| Onnet Fibra Colombia S.A.S. (1) | 7.050 | 29.266.282 | - | - |
| From outside | | | | |
| O2 T. UK Limited | 101 | 420.598 | 76 | 315.531 |
| | 7.151 | 29.686.880 | 76 | 315.531 |
| Total with related parties | 29.643 | 123.054.207 | 21.663 | 89.932.029 |
| Total suppliers and accounts payables with related parties (Note 19) | 49.893 | 207.116.958 | 37.400 | 155.254.693 |

(1) Corresponds mainly to connectivity services through the fiber optic infrastructure established in the sale agreement of the fiber optic business (Note 1 (c)).

Non-Current:

Shareholders

| | As of june, 30 | | As of december, 31 | |
|--|------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Shareholders | | | | |
| Share-based payments | | | | |
| Telefónica S.A. | 583 | 2.419.171 | 516 | 2.140.956,00 |
| Total accounts receivable with related parties (Note 7) | 583 | 2.419.171 | 516 | 2.140.956 |

The balances in foreign currency of accounts payable in relation to related parties as of June 30, 2022, are USD 15,053 thousand (\$62,488,164) and as of December 31, 2021, are USD 14,648 thousand (\$58,316,032) (Note 28).

29.3. Revenues, Costs, and Expenses with Related Parties

The Group carries out transactions with its related parties under the same market conditions and with mutual independence. The following is a summary of the Group's revenues, costs, and expenses with related parties:

a) Economic Related Parties

| | Six-month period ended June 30, | | | |
|--|---------------------------------|--------------|--------------------|---------------|
| | Income | | Costs and expenses | |
| | 2022 | 2021 | 2022 | 2021 |
| | (In thousands of US\$) | | | |
| National | | | | |
| Tiws Colombia II S.A.S. | 2.390 | 2.422 | 2.356 | 3.626 |
| Telxius Cable Colombia S.A. | 329 | 328 | 5.087 | 4.654 |
| Wayra Colombia S.A.S. | 55 | 53 | - | - |
| Telefonica Cybersecurity Tech Colombia | 15 | 39 | 4.450 | 6.187 |
| | 2.789 | 2.842 | 11.893 | 14.467 |

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| | Six-month period ended June 30, | | | |
|--|---------------------------------|-------------------|--------------------|-------------------|
| | Income | | Costs and expenses | |
| | 2022 | 2021 | 2022 | 2021 |
| | (In thousands of COP\$) | | | |
| National | | | | |
| Tiws Colombia II S.A.S. | 9.923.302 | 10.052.297 | 9.782.271 | 15.051.814 |
| Telxius Cable Colombia S.A. | 1.364.408 | 1.361.434 | 21.117.230 | 19.319.903 |
| Wayra Colombia S.A.S. | 228.926 | 219.464 | - | - |
| Telefonica Cybersecurity Tech Colombia | 60.730 | 162.669 | 18.474.454 | 25.682.979 |
| | 11.577.366 | 11.795.864 | 49.373.955 | 60.054.696 |

| | Six-month period ended June 30, | | | |
|---|---------------------------------|--------------|--------------------|---------------|
| | Income | | Costs and expenses | |
| | 2022 | 2021 | 2022 | 2021 |
| | (In thousands of US\$) | | | |
| Del exterior | | | | |
| TIWS II | 2.409 | 3.192 | 7.424 | 6.653 |
| TEF Hispanoamerica | 1.793 | - | 974 | - |
| Media Network Latin América | 751 | - | - | 2.605 |
| Telefónica Móviles España S.A. | 150 | 151 | 228 | 40 |
| Telefónica Móviles de Chile | 118 | 33 | 16 | 3 |
| Telefónica del Perú S.A. | 63 | 1.278 | 51 | 21 |
| Telefónica Brasil S.A | 51 | 9 | 37 | 7 |
| Otecel S.A. | 50 | 9 | 17 | 13 |
| Telefónica Móviles Argentina S.A. | 24 | 16 | 10 | 5 |
| Terra Networks Mexico S.A. de CV | 22 | 18 | 365 | 316 |
| Telefónica Digital España S.A. | 13 | 158 | 1.824 | 3.729 |
| Telefónica Educación Digital, S.L.U. | 4 | - | - | 15 |
| Pegaso Pcs. S.A. de C.V. | 4 | 4 | 161 | 63 |
| Telefónica Móviles Uruguay S.A. | 3 | 2 | 7 | - |
| Telefónica Germany GMBH & CO OHG | 1 | 1 | 21 | 2 |
| Telefónica Ingeniería de Seguridad | 1 | 172 | - | - |
| Telefónica S.A. | 1 | 437 | 7.940 | 7.314 |
| Telefónica Venezolana C.A. | - | - | 18 | 7 |
| Telefónica Empresas Chile S.A. | - | 385 | - | - |
| Telefónica Móviles El Salvador S.A. | - | 176 | - | 2 |
| Telefonica Cybersecurity Tech S.L | - | - | 27 | 1.483 |
| Telefonica On The Spot Services | - | - | 971 | 687 |
| Telefónica Global Roaming | - | 44 | 161 | 81 |
| Telefonica Chile S.A. | - | 21 | - | - |
| Telefónica Compras Electrónicas | - | 3 | 884 | 877 |
| Telefónica USA Inc. | - | 1 | 1.042 | 679 |
| Telefónica de Costa Rica | - | - | - | 4 |
| E-Plus Mobilfunk GMBH & CO | - | - | - | - |
| Telefónica Global Technology | - | - | 3.002 | 3.099 |
| Telxius Cable América S.A. (antes TIWS AMERICA) | - | - | 692 | 692 |
| Telxius Cable | - | - | 238 | 238 |
| Telefónica Servicios Audiovisuales | - | - | 144 | 141 |
| Telefonica de Contenidos SAU | - | - | - | 35 |
| | 5.458 | 6.110 | 26.254 | 28.811 |
| Total national economic related parties National and outside | 8.247 | 8.952 | 38.147 | 43.278 |

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| | Six-month period ended June 30, | | | |
|---|---------------------------------|-------------------|--------------------|--------------------|
| | Income | | Costs and expenses | |
| | 2022 | 2021 | 2022 | 2021 |
| Del exterior | (In thousands of COP\$) | | | |
| TIWS II | 10.001.858 | 13.248.800 | 30.816.823 | 27.619.888 |
| TEF Hispanoamerica | 7.441.189 | - | 4.042.152 | - |
| Media Network Latin América | 3.119.205 | - | - | 10.813.490 |
| Telefónica Móviles España S.A. | 621.517 | 628.110 | 946.869 | 167.056 |
| Telefónica Móviles de Chile | 488.173 | 135.951 | 68.080 | 13.725 |
| Telefónica del Perú S.A. | 263.456 | 5.305.828 | 209.782 | 87.156 |
| Telefónica Brasil S.A | 211.441 | 37.294 | 154.119 | 29.018 |
| Otecel S.A. | 209.375 | 35.434 | 69.333 | 54.996 |
| Telefónica Móviles Argentina S.A. | 98.142 | 66.084 | 42.944 | 22.794 |
| Terra Networks Mexico S.A. de CV | 91.125 | 75.015 | 1.513.217 | 1.311.566 |
| Telefónica Digital España S.A. | 52.558 | 655.366 | 7.573.560 | 15.481.631 |
| Telefónica Educación Digital, S.L.U. | 16.000 | - | - | 64.202 |
| Pegaso Pcs. S.A. de C.V. | 14.598 | 16.618 | 669.683 | 261.377 |
| Telefónica Móviles Uruguay S.A. | 11.635 | 7.964 | 27.507 | - |
| Telefónica Germany GMBH & CO OHG | 5.982 | 3.947 | 88.147 | 8.142 |
| Telefónica Ingeniería de Seguridad | 4.055 | 712.220 | - | - |
| Telefónica S.A. | 3.954 | 1.812.767 | 32.959.814 | 30.362.580 |
| Telefónica Venezolana C.A. | 3 | 448 | 74.303 | 26.998 |
| Telefónica Empresas Chile S.A. | - | 1.599.142 | - | - |
| Telefónica Móviles El Salvador S.A. | - | 731.010 | - | 10.123 |
| Telefónica Cybersecurity Tech S.L | - | - | 112.567 | 6.157.847 |
| Telefonica On The Spot Services | - | - | 4.032.100 | 2.852.803 |
| Telefónica Global Roaming | - | 184.275 | 668.340 | 336.171 |
| Telefónica Chile S.A. | - | 88.689 | - | - |
| Telefónica Compras Electrónicas | - | 12.692 | 3.671.651 | 3.640.494 |
| Telefónica USA Inc. | - | 3.359 | 4.326.691 | 2.818.490 |
| Telefónica de Costa Rica | - | - | - | 17.168 |
| E-Plus Mobilfunk GMBH & CO | - | - | - | - |
| Telefónica Global Technology | - | - | 12.462.823 | 12.864.132 |
| Telxius Cable América S.A. (antes TIWS AMERICA) | - | - | 2.873.236 | 2.873.236 |
| Telxius Cable | - | - | 987.119 | 987.119 |
| Telefónica Servicios Audiovisuales | - | - | 599.004 | 586.734 |
| Telefonica de Contenidos SAU | - | - | - | 144.124 |
| | 22.654.266 | 25.361.013 | 108.989.864 | 119.613.060 |
| Total national economic related parties National and outside | 34.231.632 | 37.156.877 | 158.363.819 | 179.667.756 |

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b) Associated Companies

| | Six-month period ended June 30, | | | |
|------------------------------------|---------------------------------|--------------|--------------------|---------------|
| | Income | | Costs and expenses | |
| | 2022 | 2021 | 2022 | 2021 |
| National | (In thousands of US\$) | | | |
| Onnet Fibra Colombia S.A.S. | 431.966 | - | 17.951 | - |
| Alamo HolCo S.L. | 3.726 | - | - | - |
| Telefónica Factoring Colombia S.A. | 53 | 43 | - | - |
| | 435.745 | 43 | 17.951 | - |
| Outside | | | | |
| O2 T. UK Limited | 31 | 54 | 11 | 1 |
| | 31 | 54 | 11 | 1 |
| | 444.023 | 9.049 | 56.109 | 43.279 |

| | Six-month period ended June 30, | | | |
|------------------------------------|---------------------------------|-------------------|--------------------|--------------------|
| | Income | | Costs and expenses | |
| | 2022 | 2021 | 2022 | 2021 |
| National | (In thousands of COP\$) | | | |
| Onnet Fibra Colombia S.A.S. | 1.793.181.506 | - | 74.518.605 | - |
| Alamo HolCo S.L. | 15.465.853 | - | - | - |
| Telefónica Factoring Colombia S.A. | 219.720 | 177.587 | - | - |
| | 1.808.867.079 | 177.587 | 74.518.605 | - |
| Outside | | | | |
| O2 T. UK Limited | 130.347 | 223.040 | 44.827 | 3.830 |
| | 130.347 | 223.040 | 44.827 | 3.830 |
| | 1.843.229.058 | 37.557.504 | 232.927.251 | 179.671.586 |

The following is the summary of transactions for 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:

| | Six-month period ended June 30, | | | |
|-------------------------------|---------------------------------|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Servicios fijos (1) | 41.409 | 171.899.047 | 3.252 | 13.498.589 |
| Interconexión fija | 1.740 | 7.222.429 | 1.854 | 7.696.098 |
| Servicios digitales | 663 | 2.750.988 | 596 | 2.474.763 |
| Ingresos roaming | 471 | 1.955.581 | 475 | 1.972.571 |
| Servicios móvil | 79 | 325.933 | 32 | 131.713 |
| Venta de equipos terminales | 1 | 5.885 | 407 | 1.687.684 |
| | 44.363 | 184.159.863 | 6.616 | 27.461.418 |
| Otros ingresos operativos (2) | 395.698 | 1.642.627.420 | 2.430 | 10.085.729 |
| | 440.061 | 1.826.787.283 | 9.960 | 37.547.147 |
| Ingresos financieros | 3.961 | 16.441.775 | 2 | 10.357 |
| | 444.022 | 1.843.229.058 | 9.962 | 37.557.504 |

(1) The variation corresponds mainly to the recognition of fiber optic operation, maintenance, and deployment services during the first half of 2022.

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- (2) The growth during the first half of 2022 corresponds mainly to the sale of the fiber optic business to Onnet Fibra Colombia S. A. S. for \$1,616,371 million, recognition of income for exclusivity in the FTTH business for \$18,770 million, and administrative platforms and group management for \$7,542 million and the first half of 2021 for \$10,212,466 million.

Operating Costs and Expenses:

| | Six-month period ended June 30, | | | |
|---|--|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Media rental (1) | 27.942 | 115.992.954 | 12.703 | 52.733.912 |
| Other costs and operating expenses (2) | 7.230 | 30.012.654 | 5.603 | 23.259.647 |
| Advertising | 7.147 | 29.669.894 | 6.308 | 26.187.499 |
| Other non-recurring costs and expenses (3) | 5.455 | 22.644.356 | 5.008 | 20.789.168 |
| Interconnection and roaming | 4.854 | 20.148.072 | 4.125 | 17.125.724 |
| Terminal cost | 985 | 4.087.032 | 17 | 71.794 |
| Labor expenses | 834 | 3.460.106 | 990 | 4.108.663 |
| Content providers | 738 | 3.061.730 | 1.057 | 4.386.607 |
| Renting and third party activities to clients | 510 | 2.115.824 | 7.003 | 29.071.015 |
| Maintenance | 384 | 1.592.278 | 424 | 1.759.780 |
| Sales commissions | 34 | 142.351 | 43 | 177.777 |
| | 56.113 | 232.927.251 | 43.281 | 179.671.586 |

- (1) The increase during the first half of 2022 corresponds mainly to connectivity services, access charges, and circuit rental.
- (2) Mainly includes Security Operations Center (SOC) services for IT infrastructure, maintenance, monitoring, and management.
- (3) Includes mainly computer applications, consulting and project integration, equipment rental, and costs, among others.

Remuneration information for key management personnel

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

| | Six-month period ended June 30, | | | |
|---|--|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Salaries, salaries and other benefits | 1.908 | 7.918.548 | 1.987 | 8.246.680 |
| Executive remuneration plan (shares and annual bonus) | 1.070 | 4.440.458 | 1.114 | 4.625.138 |
| Institutional plans | 638 | 2.647.270 | 1.674 | 6.949.275 |
| Others | 60 | 249.916 | 64 | 266.371 |
| Bonus for voluntary withdrawal | 0 | 0 | 310 | 1.288.080 |
| | 3.676 | 15.256.192 | 5.149 | 21.375.544 |

30. CONTINGENCIES

The Group is subject to claims for regulatory proceedings, labor, tax assessments, and others arising in the ordinary course of business. The Group evaluates these situations based on their probable, possible, and remote nature and the amounts involved to decide on the amounts recognized and/or disclosed in the condensed consolidated interim financial statements. This analysis, which may require considerable judgment, includes reviewing legal proceedings instituted against any 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 June 30, 2022, 2,667 processes are in progress, of which 154 correspond to probable contingencies, 727 are classified as possible, and 1,786 are classified as remote.

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1. Probable Processes

The following is a detail of the processes classified as highly probable (Note 21).

| | As of june, 30 | | As of december, 31 | |
|--|----------------|--------------|--------------------|--------------|
| | 2022 | | 2021 | |
| (In thousands of US\$) | | | | |
| | Cantidad | Valor | Cantidad | Valor |
| Currents: | | | | |
| Administrative investigations of users (1) | 53 | 1.937 | 21 | 628 |
| | 53 | 1.937 | 21 | 628 |
| Non-currents: | | | | |
| Legal proceedings (2) | 52 | 2.195 | 47 | 1.685 |
| Labor processes | 32 | 629 | 29 | 493 |
| Administrative, regulatory and competency investigations (3) | 17 | 1.259 | 11 | 250 |
| Tax processes | - | - | - | - |
| | 101 | 4.083 | 87 | 2.428 |
| | 154 | 6.020 | 108 | 3.056 |

| | As of june, 30 | | As of december, 31 | |
|--|----------------|-------------------|--------------------|-------------------|
| | 2022 | | 2021 | |
| (In thousands of COP\$) | | | | |
| | Cantidad | Valor | Cantidad | Valor |
| Currents: | | | | |
| Administrative investigations of users (1) | 53 | 8.041.028 | 21 | 2.607.434 |
| | 53 | 8.041.028 | 21 | 2.607.434 |
| Non-currents: | | | | |
| Legal proceedings (2) | 52 | 9.106.548 | 47 | 6.992.227 |
| Administrative, regulatory and competency investigations (3) | 17 | 5.228.898 | 11 | 1.039.558 |
| Labor processes | 32 | 2.613.967 | 29 | 2.045.500 |
| | 101 | 16.949.413 | 87 | 10.077.285 |
| | 154 | 24.990.441 | 108 | 12.684.719 |

- (1) Includes processes related to customer complaints and claims (PQR), which are in the process of discussion with the regulator.
- (2) Includes mainly requests for civil and administrative processes.
- (3) Includes mainly petitions of administrative and regulatory processes through the Superintendence of Industry and Commerce and the Ministry of Information and Communications Technologies.

2. Possible Contingencies

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

Considering 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. Judicial Proceedings

There are 317 open proceedings classified as possible for a value of \$111,037,453. 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.

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b. Labor Proceedings

Labor lawsuits seeking payment of labor rights derived 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. BIC. There are 313 open processes classified as possible for an amount of \$33,497,044.

c. Administrative Investigations

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

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), and public lighting tax, among others. There are 20 administrative and judicial processes in progress with possible qualifications, valued at \$3,139,289.
- ii. Petitions, Complaints, and Claims: Administrative proceedings initiated by the Superintendence of Industry and Commerce - SIC, due to positive administrative silences, habeas data, or non-compliance with resolutions. There are 59 possible processes reported for \$6,566,826.
- iii. Regulatory: Administrative proceedings initiated by oversight and control authorities for alleged failures to comply with telecommunications regulatory standards. There are 18 possible proceedings for \$2,213,017.

31. 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 (1)

| | Six-month period ended June 30, | | | |
|--|--|-------------------------|------------------------|-------------------------|
| | 2022 | | 2021 | |
| | (In thousands of US\$) | (In thousands of COP\$) | (In thousands of US\$) | (In thousands of COP\$) |
| Net profit for the period | 20.205 | 83.876.467 | (47.510) | (197.226.233) |
| More: | | | | |
| Depreciation and amortization (Note 26) | 167.280 | 694.412.559 | 171.763 | 713.025.383 |
| Financial expense, net (Note 27) | 55.094 | 228.707.764 | 51.709 | 214.655.783 |
| Participation method (Nota 13) | 987 | 4.098.703 | - | - |
| Income and complementary taxes (Note 11) | 144.803 | 601.107.987 | 14.014 | 58.176.683 |
| EBITDA | 388.369 | 1.612.203.480 | 189.976 | 788.631.616 |

- (1) EBITDA: corresponds to income before depreciation and amortization, financial expenses, and income and deferred taxes.

2) Financial Indicators

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

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2.1. Indebtedness Ratios.

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

| | <u>As of june, 30</u> | <u>As of december, 31</u> |
|---------------------------------|-----------------------|---------------------------|
| | <u>2022</u> | <u>2021</u> |
| a) Total debt level (1) | 64,418% | 65,278% |
| b) Level of short-term debt (2) | 33,699% | 25,033% |

- (1) The level of indebtedness presents a net increase, mainly due to the devaluation of the Colombian peso against the US dollar, growth of suppliers generated by the commercial activity, and deferred liabilities related to the exclusivity commitment generated in the sale of the fiber optic business.
- (2) The level of short-term indebtedness increased due to new contracts, longer-term renewals of financial leases, and the obligation acquired for the spectrum renewal in the 1900 MHz band.

2.2 Solvency Ratio:

The solvency ratio indicates how much resources are held in assets compared to liabilities.

| | <u>As of june, 30</u> | <u>As of december, 31</u> |
|--------------------|-----------------------|---------------------------|
| | <u>2022</u> | <u>2021</u> |
| Solvency ratio (1) | 1,552 | 1,532 |

- 1) The solvency ratio measures a company's ability to pay its debts.

2.3 Profitability ratios:

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

| | <u>Six-month period ended June 30,</u> | |
|-------------------------|--|-------------|
| | <u>2022</u> | <u>2021</u> |
| a) Operating margin (1) | 21,885% | 2,631% |
| b) EBITDA margin | 38,443% | 27,445% |

- (1) The improvement during the first half of 2022 corresponds mainly to the sale of the fiber optic business to Onnet Fibra Colombia S. A. S. (Note 1 (c)). Excluding this impact, the adjusted operating margin is 2.3%, generated mainly by commercial costs related to the higher commercial activity during the semester.
- (2) The improvement during the first half of 2022 corresponds mainly to the sale of the optical fiber business to Onnet Fibra Colombia S. A. S. (Note 1 (c)). Excluding this impact, the adjusted EBITDA margin is 23.0%, and variation corresponds mainly to commercial costs related to the increased commercial activity during the first half of 2022.

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2.4 Liquidity Ratios

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

| | <u>As of june, 30</u> <u>2022</u> | <u>As of june, 30</u> <u>2021</u> |
|--|--------------------------------------|--------------------------------------|
| a) Net working capital (In thousands of COP\$) | (210.695.243) | 168.068.526 |
| b) Current ratio | 0,932 | 1,078 |
| c) Acid test | 0,784 | 1,172 |

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 must consider the projections of future cash flows that the Group makes and guarantee continuity as a going concern.

The variation corresponds mainly to the prepayment of the long-term obligation in dollars for USD 132 million (\$526,326 million) with the use of cash.

2.5. Organizational Capacity

| | <u>Six-month period ended June 30,</u> | |
|-------------------------------|--|-------------|
| | <u>2022</u> | <u>2021</u> |
| a) Return on equity - ROE (1) | 1,655% | (3,933%) |
| b) Return on assets - ROA (2) | 6,445% | 0,564% |
| c) Return, net (2) | 2,000% | (6,864%) |

(1) The increase in this indicator at the end of the first half of 2022 is mainly due to the sale of the fiber optic business net of taxes (Note 1 (c)).

(2) The increase in this indicator at the end of the first half of 2022 is mainly due to the sale of the fiber optic business (Note 1 (c)).

2.6. Interest coverage

This is used to measure the Group's capacity to meet its obligations associated with financial interests.

| | <u>Six-month period ended June 30,</u> | |
|-----------------------|--|-------------|
| | <u>2022</u> | <u>2021</u> |
| Interest coverage (1) | 6,164 v | 0,801 v |

(1) The net increase in this indicator at the end of the first half of 2022 is mainly due to the improvement in operating results.

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3. Operating Information

3.1. Access

| | 2021 | | 2020 | |
|---------------------------|---------------|---------------|---------------|---------------|
| | Jun-30 | Mar-31 | Dec-31 | Sep-30 |
| | (Units 000) | | | |
| End Clients Access | 23.004 | 22.073 | 21.924 | 21.024 |
| Basic Line (1) | 1.414 | 1.414 | 1.410 | 1.411 |
| Data | 1.232 | 1.207 | 1.183 | 1.170 |
| TV | 620 | 586 | 554 | 535 |
| Mobile Services | 19.738 | 18.866 | 18.777 | 17.908 |
| Prepaid | 14.534 | 13.759 | 13.792 | 13.043 |
| Postpaid | 5.204 | 5.107 | 1.985 | 4.865 |

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

3.2 Average revenues per user - ARPU (Average revenues per user)

| | 2021 | | 2020 | |
|------------------|---------|--------|--------|--------|
| | Sep-30 | Mar-31 | Dec-31 | Sep-30 |
| | (COP\$) | | | |
| LB-BA-TV (1) | 32.528 | 31.652 | 31.626 | 31.801 |
| Total Mobile (2) | 10.965 | 11.391 | 11.539 | 11.645 |
| Prepaid | 2.553 | 2.964 | 2.934 | 2.690 |
| Postpaid | 34.324 | 34.040 | 35.318 | 35.522 |

| | 2021 | | 2020 | |
|------------------|--------|--------|--------|--------|
| | Sep-30 | Mar-31 | Dec-31 | Sep-30 |
| | (US\$) | | | |
| LB-BA-TV (1) | 7,84 | 7,62 | 7,62 | 7,66 |
| Total Mobile (2) | 2,64 | 2,74 | 2,78 | 2,81 |
| Prepaid | 0,62 | 0,71 | 0,71 | 0,65 |
| Postpaid | 8,27 | 8,20 | 8,51 | 8,56 |

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

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

32. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The following are the events that occurred between July 1 and the date of issuance of the condensed consolidated interim financial statements, which do not affect the figures as of June 30, 2022.

On July 21, 2022, in an extraordinary General Shareholders' Meeting meeting, the amount of \$101,588,959 was approved to be released from the Occasional Reserve for the distribution of dividends to be made available to the shareholders in the future. The payment of dividends equivalent to COP \$29.79082159126490 per share on the 3,410,075,788 subscribed shares was decreed, which will be paid on December 11, 2022.