

Colombia Telecomunicaciones S.A. E.S.P. BIC and its Subsidiary¹ As of September 30, 2021, and for the nine months ended September 30, 2021

(Amounts in billions of pesos unless otherwise indicated)

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

I. Relevant Matters at September 30, 2021

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

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

2. Relevant Matters as of September 30, 2021

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

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

II. Operating Results

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

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

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

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

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

III. Interim Condensed Consolidated Interim Financial Results

1. Condensed Consolidated Interim Condensed Consolidated Statement of Comprehensive Income

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

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

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

OIBDA - an indicator that measures operating income before depreciation and amortization - totaled \$1,307MM at the end of the first nine months of 2021, an increase of 13.0% compared to the same period of 2020 when it totaled \$1,157MM. **OIBDA growth** during the first nine months of 2021 is driven by the excellent performance in connectivity revenues, digital services applications, the increase in mobile handset sales, as well as the capture of significant efficiencies in non-trade costs, and a significant improvement in bad debt provision due to good performance, portfolio management, and transactional agreement, all when compared to the same period of 2020.

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

2. Consolidated Statement of Financial Position

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

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

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

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

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

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

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

IV. Subsequent Events

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

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