



Colombia Telecomunicaciones S.A. E.S.P. BIC and its Subsidiary As of September 30, 2022 and for the nine-month period ended September 30, 2022

(Amounts in billions of pesos, unless otherwise indicated.)

Colombia Telecomunicaciones S.A. E.S.P. BIC informs that on November 14, 2022, it transmitted to the Financial Superintendency of Colombia the **Condensed Consolidated and Separate Interim Financial Statements** as of September 30 and for the nine months ended September 30, 2022.

I. Relevant Issues

1. Relevant Issues as of September 30, 2022

Colombia Telecomunicaciones S.A. E.S.P. BIC carried out a number of significant transactions during the first nine months of 2022, which are disclosed in Note 1 to the financial statements reported at the end of September 2022.

In a context of marked global macroeconomic uncertainty, at the end of the first nine months of 2022, the **Company** maintained its good performance against its financial and operating goals, with solid product growth, accelerating commercial activity, boosting the profitability of terminals, and capturing market growth opportunities. The expansion of fiber optic networks supports these results as a result of the operation carried out with Kohlberg Kravis Roberts (KKR), by virtue of which the **Company** transferred its fiber optic network assets to Onnet Fibra Colombia S.A.S., 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 Onnet's shares and is in charge of deploying a neutral fiber optic network to homes in Colombia. This has driven the **Company's** transformation and has laid the foundations for the future growth of the business amid a rapidly changing industry 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 the best customer experience, advancing in flexible methodologies and transforming the way of doing things.

2. Impact of inflation growth and peso devaluation against the U.S. dollar

As of September 30, 2022, inflation continued its upward trend and reached a new all-time high since 1999 at 11.4%, with food prices accounting for 40% of inflation growth. However, inflationary pressures have been generalized across the board, reflecting the effects of a higher exchange rate, strong domestic demand, and higher regulated tariffs. This trend was framed by a high-risk aversion that triggered a greater search for safe-haven assets and a generalized strengthening of the dollar at a global level. The structural changes initially proposed by the incoming government explained the higher volatility of the currency. At the local level, the moderation in monetary policy rate adjustments despite rising inflation added to the uncertainty associated with the evolution of the tax reform.

The **Company** has made an overall assessment of the financial risk due to the increase in inflation and devaluation. Following the measures adopted with hedging instruments, there is no evidence of significant impacts affecting the **Company's** results of operations, financial position, and liquidity.

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

II. Operating Results

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

The **Company's** commercial activity continued to strengthen, with year-on-year growth in mobile (+11.7%) and FTTH (+67.3%) customers and an increase in digital services in the wireline business and mobile handsets. **Operating revenues from customer contracts** showed year-on-year growth of +17.3%. **Operating income before depreciation and amortization [EBITDA]** grew 63.5% and, excluding the capital gain from the KKR agreement, 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 September 30, 2022, reached 23.4 million, as follows: **wireless business customers** amounted to 20.0 million (+11.7% year-on-year) after reporting positive net adds (+1,232k in the third quarter of 2022). In the contract segment, net additions in the third quarter of 2022 amounted to 415k accesses due to the growth in commercial activity and the containment of disconnections in a very competitive market environment. In the **wireline business**, customers totaled 3.3 million. Fixed connectivity continued to be transformed through fiber optics, with excellent deployment results, reaching 749k accesses (+67.3% year-on-year), representing 59% of the total broadband plant (1.3 million customers), with 250k net adds as of the third quarter of 2022 (+111.0% year-on-year). Pay TV customers reached 659 thousand, and IPTV accesses amounted to 481k (73% of total Pay TV), partially offsetting the year-on-year decline in DTH (-28.7%) in 2022.

III. Condensed Interim Consolidated Financial Results

1. Condensed Consolidated Interim Condensed Consolidated Statement of Comprehensive Income

Total operating revenues for the first nine months of 2022 amounted to \$6,129MM, an increase of 41.4% compared to the same period of 2021, which includes the effect of the agreement with KKR. **Revenues from customers** amounted to \$4,999MM, which presented a year-on-year growth of 17.3% (\$4,260MM for the first nine months of 2021), mainly generated by the good performance in all segments in both mobile and fixed services, with significant commercial activity in handset sales, revenues from contract and prepaid services, fixed connectivity through fiber, digital services, and fiber deployment services presenting a growth of 215.2%. **Revenues from handset sales** increased by 60.1% compared to the first nine months of 2021, leveraged mainly by the commercial strategy as a result of the offers in the market.

Other operating income of \$1,131MM increased mainly due to the agreement with KKR during the first nine months of 2022. This transaction generated a net income of \$841MM.

Operating costs and expenses amounted to \$3,991MM as of September 30, 2022. This presents an increase of 31.9% (\$965MM) compared to the same period of 2021, primarily as a result of commercial costs for the sale of mobile terminals, B2B projects associated with higher revenues and fiber optic deployment services, impact from inflation and devaluation of the peso against the U.S. dollar.

EBITDA - an indicator that measures performance and operating income before depreciation and amortization amounted to \$2,138MM at the end of September 30, 2022, up 63.5% compared to the same period of 2021 when it totaled \$1,307MM. **EBITDA growth** during the first nine months of 2022 is driven not only by the agreement with KKR but also by the good performance in revenues, supported by the increase in mobile handset sales and by the markup generated in fiber deployment.

Depreciation and amortization expenses for the first nine months of 2022 amounted to \$1,033MM, a decrease of 2.8% (\$30MM) versus the same period in 2021. **Financial income, net** was \$365MM with a net increase of 15.7% year-over-year

(\$49MM) principally due to expenses associated with the obligation acquired in the renewal of the use of spectrum in the 1,900 MHz band.

Net income for the first nine months of 2022 is -\$15MM and includes **income tax expense** of \$719MM (**net income** for the same period of 2021 was -\$105MM).

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 30, 2022, amounted to \$14,276MM. **Current assets** total \$2,914MM, and **non-current assets** total \$11,361MM. The main changes in assets compared to the closing as of December 31, 2021, are summarized below:

Current assets presented a net increase of 3.5% (\$100MM) generated by higher commercial activity with corporate clients for integrated solutions, equipment, and connectivity services and in the residential segment for fiber optic services. This impacted the growth of debtors, the costs of obtaining and fulfilling contracts with customers, and an increase in the inventory stock to meet commercial offers. Moreover, there was a decrease in cash and cash equivalents and derecognition of assets held for sale due to the KKR agreement.

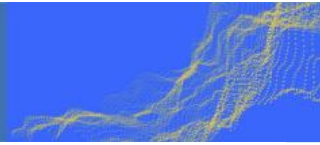
Non-current assets increased by 7.2% (\$763MM) mainly due to the renewal of the license for use of the radio spectrum in the 1,900 MHz band until 2041, recognition of the long-term account receivable resulting from the KKR agreement, which as of September 30, 2022, amounted to \$760MM. Furthermore, the deferred asset decreases mainly due to the use of tax credits generated by offsetting the tax profit as of September 2022 due to the KKR agreement. Additionally, the Company has subscribed shares equivalent to a 40% participation in Alamo HoldCo S.L., which as of September 30, 2022, amounts to \$95MM.

Total consolidated liabilities amounted to \$9,406MM at the close of September 30, 2022, and presented a net increase of 12.0% (\$1,008MM). The main variations compared to the closing as of December 31, 2021, are summarized below:

Current liabilities amounted to \$2,993MM, with a net increase of 13.5%, due mainly to the 20% payment obligation 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 related to the acquisition of mobile terminals, deployment of mobile and fixed network and installation services as a result of the higher commercial activity in the period. Furthermore, decrease due to the offset of tax liabilities related to the VAT and withholding tax return payable for the year 2021 with the income tax credit balance for 2020 in accordance with the authorization of the National Tax and Customs Directorate.

Non-current liabilities amounted to \$6,414MM, presenting an increase, net of 11.3% (\$653MM), arising from the recognition of the deferred liability for the exclusivity commitment of the Company generated by the agreement with KKR associated with the supply of connectivity services for the fiber optic 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, the impact of the 23% devaluation of the peso against the dollar, and the decrease due to the prepayment of the foreign currency loan with a financial institution for USD 132 million.

Consolidated equity, net at the end of September 30, 2022, amounted to \$4,869MM with a net decrease of 2.9% (-145MM) generated primarily by the transfer of dividends declared for payment of \$101MM to shareholders equivalent to \$29.79082159126488 pesos per share on the 3.410,075,788 shares outstanding, the net result of the first nine months of 2022 and the valuation of hedging instruments principally due to the increase in the Libor and IBR curves associated with the swap instruments.



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 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 September 30, 2022 and for the nine-month period ending on September 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 SEPTEMBER 30, 2022 AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 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

November 10, 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 September 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 nine-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 September 30, 2022, exist and all transactions included in such condensed consolidated interim financial statements have occurred during the nine-month period then ended.
2. All economic events of the Company and its subsidiary during the nine months ended September 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 September 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 SEPTEMBER 30, 2022**

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

Notes	As of september, 30 2022		As of december, 31 2021		
	(No Auditado)		(Auditado)		
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)	
Assets					
Current Assets					
Cash and cash equivalents	5	39.916	183.236.461	119.391	548.069.973
Financial Assets	6	4.911	22.541.862	12.783	58.679.746
Debtors and other receivables, net	7	292.494	1.342.703.525	188.770	866.557.853
Prepaid Expenses	8	65.059	298.656.489	49.595	227.665.541
Contractual Assets	9	2.514	11.541.416	1.831	8.403.507
Inventories	10	103.884	476.882.896	64.280	295.081.224
Taxes and Public Administration	11	126.038	578.584.498	125.160	574.550.585
Assets held for sale	12	-	-	51.246	235.248.343
Total current assets		634.816	2.914.147.147	613.056	2.814.256.772
Non-current assets:					
Financial Assets	6	88.979	408.460.999	33.895	155.597.808
Debtors and other receivables, net	7	224.138	1.028.914.348	46.065	211.461.876
Investment in society	13	20.655	94.816.928	-	-
Prepaid Expenses	8	99.950	458.822.836	60.073	275.766.182
Contractual Assets	9	1.527	7.010.683	238	1.092.113
Right of use assets	14	203.806	935.581.002	174.891	802.845.757
Property, plant and equipment	15	900.664	4.134.533.224	968.319	4.445.105.434
Investment Properties		1.753	8.045.056	1.753	8.045.056
Intangibles	16	291.451	1.337.917.944	238.976	1.097.027.847
Goodwill	17	295.354	1.355.833.947	298.941	1.372.301.565
Taxes and Public Administration	11	77.508	355.805.570	70.340	322.900.595
Deferred Taxes	11	269.170	1.235.637.267	415.221	1.906.087.454
Total Non-current assets		2.474.955	11.361.379.804	2.308.712	10.598.231.687
Total assets		3.109.771	14.275.526.951	2.921.768	13.412.488.459
Liabilities					
Current liabilities:					
Financial Obligations	18	85.921	394.425.364	41.213	189.189.792
Suppliers and accounts payable	19	444.489	2.040.444.726	397.912	1.826.631.482
Contractual liabilities	9	26.463	121.480.994	20.985	96.334.508
Taxes and Public Administration	11	59.605	273.619.458	79.339	364.206.760
Deferred liabilities	20	564	2.590.540	564	2.590.789
Provisions and pension liabilities	21	34.859	160.017.913	34.413	157.970.460
Total current liabilities		651.901	2.992.578.995	574.426	2.636.923.791
Non-current liabilities					
Financial obligations	18	1.247.934	5.728.692.137	1.181.599	5.424.176.346
Suppliers and accounts payable	19	16.561	76.024.185	17.808	81.747.324
Contractual liabilities	9	76.530	351.312.382	425	1.949.300
Deferred liabilities	20	960	4.406.203	2.215	10.167.548
Provisions and pension liabilities	21	55.174	253.276.387	52.907	242.873.323
Total Non-current liabilities		1.397.159	6.413.711.294	1.254.954	5.760.913.841
Total Liabilities		2.049.060	9.406.290.289	1.829.380	8.397.837.632
Total equity, attributable to controlling interests	22	1.060.711	4.869.236.662	1.092.388	5.014.650.827
Total liabilities and shareholders' equity		3.109.771	14.275.526.951	2.921.768	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
AS OF SEPTEMBER 30, 2022 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(figures expressed in thousands of Colombian pesos, except net income per share or unless otherwise stated)

Notes	For the nine-month period ended september 30,		For the three-month period ended september 30,		
	(No Auditado)				
	2022	2021	2022	2021	
	(In thousands of US\$)				
Operating income:					
	23	1.088.960	928.052	375.832	311.989
	24	246.270	16.035	45.833	6.130
		1.335.230	944.087	421.665	318.119
	25	(869.463)	(659.271)	(307.099)	(205.097)
		465.767	284.816	114.566	113.022
	26	(225.081)	(231.550)	(73.810)	(76.225)
		240.686	53.266	40.756	36.797
	27	(79.500)	(68.737)	(29.678)	(21.976)
	13	(7.644)	-	(6.751)	-
		153.542	(15.471)	4.327	14.821
	11	(156.709)	(7.440)	(25.764)	5.233
		(3.167)	(22.911)	(21.437)	20.054
Other comprehensible results:					
Items to be reclassified to the income statement					
	11	(6.381)	61.330	486	11.895
		-	(1.991)	-	(1.991)
		(6.381)	59.339	486	9.904
		(9.548)	36.428	(20.951)	29.958

Notes	For the nine-month period ended september 30,		For the three-month period ended september 30,		
	(In thousands of COP\$)				
	2022	2021	2022	2021	
Operating income:					
	23	4.998.916.188	4.260.258.564	1.725.272.208	1.432.195.751
	24	1.130.511.714	73.610.900	210.399.681	28.139.249
		6.129.427.902	4.333.869.464	1.935.671.889	1.460.335.000
	25	(3.991.304.041)	(3.026.410.194)	(1.409.751.508)	(941.507.346)
		2.138.123.861	1.307.459.270	525.920.381	518.827.654
	26	(1.033.242.491)	(1.062.938.198)	(338.829.932)	(349.912.815)
		1.104.881.370	244.521.072	187.090.449	168.914.839
	27	(364.946.115)	(315.539.024)	(136.238.351)	(100.883.241)
	13	(35.090.103)	-	(30.991.400)	-
		704.845.152	(71.017.952)	19.860.698	68.031.598
	11	(719.378.086)	(34.155.665)	(118.270.099)	24.021.018
		(14.532.934)	(105.173.617)	(98.409.401)	92.052.616
Other comprehensible results:					
Items to be reclassified to the income statement					
	11	(29.292.272)	281.539.251	2.229.673	54.602.444
		-	(9.139.280)	-	(9.139.280)
		(29.292.272)	272.399.971	2.229.673	45.463.164
		(43.825.206)	167.226.354	(96.179.728)	137.515.780

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 SEPTEMBER 30, 2022 AND FOR THE NINE MONTHS ENDED SEPTEMBER 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	743	2.139.700	15.473	16.745	(2.906)	(1.175.057)	994.698
Net profit for the period	-	-	-	-	-	(22.910)	(22.910)
Transfers (Note 20)	-	-	-	(4.578)	-	4.578	-
Other comprehensive income for the period (Note 20)	-	-	-	59.339	-	-	59.339
Balances as of September 30, 2021 (Unaudited)	743	2.139.700	15.473	71.506	(2.906)	(1.193.389)	1.031.127
Balances as of December 31, 2021	743	2.139.700	15.473	87.879	(2.802)	(1.148.606)	1.092.388
Net profit for the period	-	-	-	-	-	(3.166)	(3.166)
constitution of reserves (Note 22)	-	-	22.130	-	-	(22.130)	-
Transferred to dividends payable (Note 22)	-	-	(22.130)	-	-	-	(22.130)
Transfers (Note 22)	-	-	-	(3.462)	-	3.462	-
Other comprehensive income for the period (Note 22)	-	-	-	(6.381)	-	-	(6.381)
Balances as of September 30, 2022 (Unaudited)	743	2.139.700	15.473	78.036	(2.802)	(1.170.440)	1.060.711
(In thousands of COP\$)							
	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
Balances as of December 31, 2020	3.410.075	9.822.380.645	71.030.665	76.869.358	(13.338.881)	(5.394.139.251)	4.566.212.612
Net profit for the period	-	-	-	-	-	(105.173.617)	(105.173.617)
Transfers (Note 20)	-	-	-	(21.017.606)	-	21.017.606	-
Other comprehensive income for the period (Note 20)	-	-	-	272.399.971	-	-	272.399.971
Balances as of September 30, 2021 (Unaudited)	3.410.075	9.822.380.645	71.030.665	328.251.723	(13.338.881)	(5.478.295.262)	4.733.438.966
Balances as of December 31, 2021	3.410.076	9.822.380.645	71.030.665	403.414.338	(12.863.307)	(5.272.721.589)	5.014.650.827
Net profit for the period	-	-	-	-	-	(14.532.934)	(14.532.934)
constitution of reserves (Note 22)	-	-	101.588.959	-	-	(101.588.959)	-
Transferred to dividends payable (Note 22)	-	-	(101.588.959)	-	-	-	(101.588.959)
Transfers (Note 22)	-	-	-	(15.891.830)	-	15.891.830	-
Other comprehensive income for the period (Note 22)	-	-	-	(29.292.272)	-	-	(29.292.272)
Balances as of September 30, 2022 (Unaudited)	3.410.076	9.822.380.645	71.030.665	358.230.236	(12.863.307)	(5.372.951.652)	4.869.236.662

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 NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(figures expressed in thousands of Colombian pesos, unless otherwise stated)

		For the nine-month period ended september 30,			
		(Unaudited)			
Notes	2022		2021		
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)	
Net cash flows from operating activities					
	1.149.055	5.274.781.384	1.022.324	4.693.020.753	
	(988.445)	(4.537.490.015)	(709.906)	(3.258.852.197)	
	(49.838)	(228.783.776)	(64.080)	(294.164.024)	
	(64.325)	(295.288.218)	(66.517)	(305.351.244)	
	(48.495)	(222.620.097)	(21.838)	(100.246.870)	
18	(14.265)	(65.485.739)	(11.637)	(53.421.754)	
	(16.313)	(74.886.461)	148.346	680.984.664	
Net cash flows used in investing activities					
	147.137	675.438.000	-	-	
	40.894	187.725.359	5.472,00	25.117.967,00	
	(69.467)	(318.891.830)	(136.872)	(628.314.903)	
	118.564	544.271.529	(131.400)	(603.196.936)	
Net cash flows (used in) provided by financing activities					
	-	-	174.268	799.983.799	
	5.018	23.035.653	1.238	5.681.330	
5 y 18	(114.655)	(526.326.240)	(266.431)	(1.223.064.130)	
	(24.186)	(111.027.359)	-	-	
18	(47.903)	(219.900.634)	(43.471)	(199.555.472)	
	(181.726)	(834.218.580)	(134.396)	(616.954.473)	
	(79.475)	(364.833.512)	(117.450)	(539.166.745)	
	119.391	548.069.973	154.821	710.710.921	
5	39.916	183.236.461	37.371	171.544.176	
Cash and cash equivalents as of January 1					
	119.391	548.069.973	154.821	710.710.921	
	95.621	438.949.908	108.568	498.384.457	
	23.770	109.120.065	46.253	212.326.464	
	39.916	183.236.461	37.371	171.544.176	
Cash and cash equivalents as of september 30					
	32.117	147.433.733	30.767	141.237.368	
	7.799	35.802.728	6.604	30.306.808	

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, televisión 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. 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 bylaws 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:

- i. 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.
- ii. 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.
- iii. 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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- iv. 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, the latter recognized in the contractual liabilities, current portion for \$27,276 million and non-current portion for \$351,312 million, including the financial component of the exclusivity for the consideration received. This exclusivity has a duration of ten (10) years, and therefore its deferral period is the same term. As of the date of these condensed consolidated interim financial statements, the balance is \$378,588 million.
- v. 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.

d) Tax reform:

A tax reform project is currently pending before the Congress of the Republic, filed by the National Government, which given the Company's operation, would have modifications regarding the tax treatment adopted for the Industry and Commerce Tax, Signs, and Boards (ICA), which with the modification suggested in the mentioned project. This tax could no longer be treated at 50% as a tax discount in the income tax until the taxable year 2024; It would now be a deduction in the determination of the income tax, for which reason, it would now have the accounting treatment of an operating expense at 100% as from the year 2023. This project also includes an increase in the dividend rate for domestic companies from 7.5% to 10%, the income rate of 35% is maintained, and the occasional profit rate is increased from 10% to 15%. In addition, it includes the elimination of the days without VAT. This reform project is still under legislative debate, which may modify some of the aspects mentioned above; it is expected to have approval of the project before the closing of the fiscal year 2022.

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 \$183,236,461, 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 considerable repercussions in the economic sphere. It is estimated 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 September 30, 2022, there is no evidence of impacts affecting 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 September 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 (hereinafter 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 was made during the third quarter of 2022, equivalent to 20% of the value foreseen in the resolution, as follows: Capital for \$111,027 million and interest for \$9,852 million, 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 and will have to be made in the first quarter of each year starting in 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 \$444.109 million for the value of the obligation acquired with the government (MinTIC) (Note 18), and includes financial indexation of \$42.051 million.

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 Communications Regulation Commission (hereinafter CRC).

On February 11, 2022, the CRC issued Resolution 6522, which adjusts the general interconnection rules. Among other provisions, it obliges to offer signaling used within each operator's network, and in case of disagreement, the SIP protocol prevails. Companies that provide VoLTE (multimedia communication) service to their users must allow VoLTE interconnection to third parties that request it and also include in the Basic Interconnection Offer at least one interconnection node with these capabilities. This is a good 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, 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.

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On May 14, 2021, the regulator modified the remuneration conditions for the National Automatic Roaming (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 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. The 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.

In July 2022, the CRC issued Resolution 6890, adjusting the quality regime, largely in response to requests from the Asomóvil association. Among the main changes are:

- 1) The new crowdsourcing methodology used to measure the quality of mobile data service based on information from customers' handsets, eliminating the use of probes, which are outdated and costly, effective as of April 1, 2023. It is mandatory to send an informative report for municipalities with less than 4,000 lines of 4G technology. For the Group, the obligation to use probes was eliminated immediately, as the CRC selected an initiative of the Group within its Regulatory Sandbox exercise.
- 2) That the reporting of 3G mobile data indicators of latency, jitter, packet loss, and throughput will be done in an informative manner. Compliance target values are eliminated.
- 3) Modification of the number of municipalities exempted from complying with quality indicators. There are now 320.
- 4) The elimination of several indicator reports (fixed voice, Pay TV, closed TV transmission quality, 2G, 3G, and 4G core network elements) and the expanded report on service impairment.

3. 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 September 30, 2022, and for the nine 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, investment properties, 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 \$4,590.54 and \$3,981.16 per USD 1 as of September 30, 2022, and December 31, 2021, respectively.

The condensed consolidated interim financial statements for the period ended September 30, 2022, were authorized for issuance by the General Manager of Colombia Telecomunicaciones S. A. E.S.P. BIC on November 10, 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. 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.

Therefore, in accordance with the terms of the contract for the sale of the fiber optic business, Colombia Telecomunicaciones S.A. E.S.P. BIC has subscribed shares equivalent to 40% interest in Alamo HoldCo S.L. and considering that the transaction constitutes the sale of a business with subsequent investment in an associate, in the presentation of these Condensed Consolidated Interim Financial Statements, the gain or loss from this transaction will be recognized in full.

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

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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.

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 september, 30		As of december, 31	
	2022		2021	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Cash	3	15.417	1	5.523
Temporary investments (1)	7.799	35.802.728	23.771	109.120.065
Banks in national and foreign currency	32.114	147.418.316	95.619	438.944.385
	39.916	183.236.461	119.391	548.069.973

Cash and cash equivalents include balances in foreign currency at September 30, 2022 of USD 460 thousand (\$2,111,648) and at December 31, 2021 of USD 20,405 thousand (\$81,235,570) (Note 28). As of September 30, 2022, and December 31, 2021, the restricted values in banks amount to \$12,821,931 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 nine months ended September 30, 2022, and 2021 ranged between 4.18% and 6.14% and between 1.19% and 1.81%, 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 nine months ended September 30, 2022, and 2021 were \$1,212,881 and \$1,526,057, respectively (Note 27).

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6. FINANCIAL ASSETS

The balance of financial assets as of September 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)	4.848	-	4.848	-	4.848
Deposits and guarantees (2)	-	-	-	63	63
	4.848	-	4.848	63	4.911
Non-current financial assets:					
Hedging instruments (1)	84.842	13	84.855	-	84.855
Deposits and guarantees (2)	-	-	-	4.111	4.111
Other financial assets	-	-	-	13	13
	84.842	13	84.855	4.124	88.979
	89.690	13	89.703	4.187	93.890
(In thousands of COP\$)					
	At fair value through profit or loss	At fair value with changes in OCI	Total financial assets at fair value	At amortized cost	Total financial assets
Current financial assets:					
Hedging instruments (1)	22.257.120	-	22.257.120	-	22.257.120
Deposits and guarantees (2)	-	-	-	284.742	284.742
	22.257.120	-	22.257.120	284.742	22.541.862
Non-current financial assets:					
Hedging instruments (1)	389.469.720	60.741	389.530.461	-	389.530.461
Deposits and guarantees (2)	-	-	-	18.870.538	18.870.538
Other financial assets	-	-	-	60.000	60.000
	389.469.720	60.741	389.530.461	18.930.538	408.460.999
	411.726.840	60.741	411.787.581	19.215.280	431.002.861

- (1) As of September 30, 2022, there is a net increase in the valuation of derivative instruments, mainly due to the devaluation of 15.31% of the exchange rate compared to the closing of the previous year (as of September 30, 2022, for \$4.590,54 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.

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The balance of financial assets as of December 31, 2021, is as follows:

	through profit or loss	At fair value with changes in OCI	assets at fair value	At amortized cost	Total financial assets
	(In thousands of US\$)				
Current financial assets:					
Deposits and guarantees	-	-	-	69	69
Instrumentos de cobertura	8.086	4.627	12.714	-	12.714
	8.086	4.627	12.714	69	12.783
Non-current financial assets:					
Deposits and guarantees	-	-	-	3.328	3.328
Other financial assets	-	-	-	13	13
Instrumentos de cobertura	30.318	236	30.554	-	30.554
	30.318	236	30.554	3.341	33.895
	38.404	4.863	43.268	3.410	46.678
	through profit or loss	At fair value with changes in OCI	assets at fair value	At amortized cost	Total financial assets
	(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

7. DEBTORS AND OTHER ACCOUNTS RECEIVABLE, NET

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

	As of september, 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				
Customers by sale and provision of services (1)	196.380	901.489.596	174.119	799.300.127
Other debtors (2)	82.238	377.517.146	39.081	179.407.272
Portfolio by equipment sold at installments (3)	71.959	330.333.389	42.621	195.653.155
Related parties (4) (Note 29)	27.096	124.383.549	7.930	36.403.454
Portfolio with national and international operators (5)	15.007	68.889.176	13.267	60.901.348
Commercial agents and distribution channels	4.433	20.348.960	4.329	19.871.557
Portfolio Impairment (6)	(104.619)	(480.258.291)	(92.577)	(424.979.060)
	292.494	1.342.703.525	188.770	866.557.853
Non-current:				
Related parties (4) (Nota 29)	165.513	759.795.765	-	-
Customers by sale and provision of services (1)	21.173	97.197.475	24.151	110.865.855
Portfolio by equipment sold at installments (3)	18.714	85.905.697	-	-
Portfolio with national and international operators (5)	10.526	48.319.174	10.526	48.319.174
Other debtors (2)	9.137	41.944.570	11.388	52.276.847
Portfolio Impairment (6)	(925)	(4.248.333)	-	-
	224.138	1.028.914.348	46.065	211.461.876
	516.632	2.371.617.873	234.835	1.078.019.729

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Debtors and other accounts receivable include balances in foreign currency as of September 30, 2022, and December 31, 2021, for USD 6,911 thousand (\$31,725,222) and USD 8,663 thousand (\$34,488,789) and with related parties for USD 1,808 thousand (\$8,299,696) and USD 1,529 thousand (\$6,087,194), respectively (Note 28).

- (1) As of September 30, 2022, the growth in the current portion is mainly due to projects with corporate clients related to integrated solutions, equipment, and security services. In the residential segment, growth is primarily the result of good performance in commercial activity and fiber optic services. The decrease in the non-current portion corresponds to the short-term portfolio transfer with corporate clients.
- (2) The current portion presents an increase in the portfolio from selling fixed assets (rooftop towers). The non-current portion presents variation arising from transfers to the short term.
- (3) The portfolio for equipment sold in installments presents an increase resulting from the good performance of the commercial strategies in the sale of mobile terminals through the different sales channels. At the end of 2021, the terminal portfolio was sold for \$220,810,279. The non-current portion corresponds to installments payable to customers as of October 2023.
- (4) As of September 30, 2022, the current portion presents an increase related to fiber optic network deployment services. The non-current portion is generated by the sale of the fiber optic business (Note 1 (c)).
- (5) As of September 30, 2022, there is a net increase, mainly due to an increase in international roaming traffic through local codes (IMSI), partially offset by the reduction in regulated tariffs and traffic with national operators. The long-term balance corresponds to a portfolio with an operator undergoing a business reorganization.
- (6) During the period ended September 30, 2022, portfolio impairment was recognized for \$68,803,840, and in the same period of 2021, recovery for (\$66,708,379), (Note 25). The increase in the expense at the end of the third quarter of 2022 is due to the increase in the commercial activity of the period; at the end of the third quarter of 2021, there was a portfolio recovery with Empresa de Teléfonos de Bogotá SA ESP. The non-current portion corresponds to the impairment caused by the increased commercial activity for equipment sold in long-term installments.

8. PREPAID EXPENSES

The balance of prepaid expenses is as follows:

	As of september, 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)	20.843	95.681.630	15.052	69.094.957
Cost of equipment at clients' homes (2)	17.412	79.928.324	12.588	57.785.556
Cost of fulfilling contracts with clients (3)	12.601	57.843.301	10.609	48.699.570
Support and maintenance (4)	4.138	18.994.162	3.827	17.565.826
Radio spectrum (5)	2.715	12.463.225	-	-
Insurance policies (6)	2.201	10.102.808	1.113	5.110.888
Corporate projects	2.026	9.299.729	2.472	11.349.706
Others (7)	1.991	9.148.906	2.474	11.357.964
Irrevocable use rights - capacity (8)	1.132	5.194.404	1.460	6.701.074
	65.059	298.656.489	49.595	227.665.541
Non-current:				
Costs for obtaining contracts with clients (1)	40.882	187.669.391	26.773	122.901.285
Cost of equipment at clients' homes (2)	37.608	172.639.688	18.518	85.008.529
Cost of fulfilling contracts with clients (3)	19.896	91.335.210	12.069	55.403.298
Support and maintenance (4)	1.020	4.684.008	1.335	6.127.481
Insurance policies (6)	536	2.459.172	374	1.718.245
Irrevocable use rights - capacity (8)	8	35.367	1.004	4.607.344
	99.950	458.822.836	60.073	275.766.182
	165.009	757.479.325	109.668	503.431.723

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- (1) The increase corresponds to higher commercial activity, increasing commissions for acquiring new customers. Amortization for the nine months ended September 30, 2022, and 2021 was \$62,277,712 and \$25,012,360, respectively (Note 25), in accordance with the average life of each product.
- (2) Amortization for the nine months ended September 30, 2022, and 2021 for customer premises equipment costs amounted to \$72,419,773 and \$76,261,049, respectively (Note 25). The current and non-current portions increase due to equipment delivered to customers for new technologies with a longer useful life related to fiber optics and increased commercial activity.
- (3) Amortization for the nine months ended September 30, 2022, and 2021 were \$50,908,371 and \$50,402,218, respectively (Note 25). The current and non-current portions increase due to the installation service of equipment in customers' homes with new technologies of longer useful life, particularly in fiber optics, and due to the increase in commercial activity developed during the nine months of 2022.
- (4) The increase in the short term was generated by new support and maintenance services. The transfer caused the long-term decreases to the short-term in accordance with the term of the service.
- (5) As of September 30, 2022, includes the consideration to the Communications Fund, which is amortized during 2022.
- (6) The increase is due to the inclusion of the corporate all-risk policy and coverage of the radio-electronic spectrum license acquired in 2022.
- (7) As of September 30, 2022, includes mostly property taxes, which are amortized over the 2022 period.
- (8) The decrease corresponds to the amortization of the first half of 2022 of the rights of use (IRUS) with related parties.

9. CONTRACTUAL ASSETS AND LIABILITIES

Changes in contractual assets and liabilities for the nine months ended September 30, 2022, are as follows:

	As of December 31, 2021	High	Amortization	Transfers	Reversal	As of September 30, 2022
	(In thousands of US\$)					
Current contractual asset (1)						
Contractual asset	1.839	3.567	(3.472)	589	-	2.523
Impairment corrections	(8)	(4)	-	-	3	(9)
	1.831	3.563	(3.472)	589	3	2.514
Non-current contractual asset (1)						
Contractual asset	238	1.880	-	(589)	-	1.529
Impairment corrections	-	(2)	-	-	-	(2)
	238	1.878	-	(589)	-	1.527
	2.069	5.441	(3.472)	-	3	4.041
Current contractual liabilities (2)	20.985	104.795	(99.742)	425	-	26.463
Non-current contractual liability (2)	425	76.530	-	(425)	-	76.530
	21.410	181.325	(99.742)	-	-	102.993

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	As of December 31, 2021	High	Amortization	T ransfers	Reversal	As of September 30, 2022
			(In thousands of COP\$)			
Current contractual asset (1)						
Contractual asset	8.441.180	16.374.809	(15.939.487)	2.703.014	-	11.579.516
Impairment corrections	(37.673)	(18.558)	-	-	18.131	(38.100)
	8.403.507	16.356.251	(15.939.487)	2.703.014	18.131	11.541.416
Non-current contractual asset (1)						
Contractual asset	1.093.263	8.629.485	-	(2.703.014)	-	7.019.734
Impairment corrections	(1.150)	(7.977)	-	-	76	(9.051)
	1.092.113	8.621.508	-	(2.703.014)	76	7.010.683
	9.495.620	24.977.759	(15.939.487)	-	18.207	18.552.099
Current contractual liabilities (2)	96.334.508	481.064.998	(457.867.812)	1.949.300	-	121.480.994
Non-current contractual liability (2)	1.949.300	351.312.382	-	(1.949.300)	-	351.312.382
	98.283.808	832.377.380	(457.867.812)	-	-	472.793.376

- (1) The variation in current contractual assets during the nine-month period relates primarily to increased commercial activity with corporate clients. Non-current contractual assets increased due to customers with terms of 19 and 33 months in the corporate segment.
- (2) The increase relates to the agreement with the sale of the fiber optic business 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 the Group through the contract to supply connectivity services through the fiber optic network. This exclusivity has a duration of ten (10) years; therefore, the recognition period of this performance obligation is the same. During the nine months that ended September 30, 2022, Amortization was \$18,883 million. As of September 30, 2022, the balance is \$378,588,392 as follows: short-term \$27,276,011 and long-term \$351,312,381. In addition, the short-term also decreases due to anticipated charges for massive offers and agreements with interconnection operators and commercial agents.

10. INVENTORIES

The balance of inventories is as follows:

	As of september, 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\$)
Mobile phones and accessories (1)	59.140	271.485.598	34.582	158.749.397
Materials and equipment (2)	23.062	105.866.915	16.026	73.568.070
Equipment in transit (3)	15.138	69.490.220	9.077	41.669.082
IT equipment	6.955	31.925.457	5.669	26.025.091
	104.295	478.768.190	65.354	300.011.640
Provision for obsolescence (4)	(411)	(1.885.294)	(1.074)	(4.930.416)
	103.884	476.882.896	64.280	295.081.224

During the nine-month periods ended September 30, 2022, and 2021, the consumption of inventories carried at the cost of sales was recognized for \$921,128,364 and \$585,056,397, respectively (Note 25).

- (1) The increase as of September 30, 2022, is generated chiefly in mobile terminal equipment to meet the commercial offers due to the greater dynamics in sales.

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- (2) The increase as of September 30, 2022, corresponds mainly to modems, equipment for corporate services, and location equipment required to meet the commercial activity.
- (3) The increase as of September 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 nine-month periods ended September 30, 2022, and 2021, a recovery of \$3,045,122 and a provision of \$1,061,997, 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 \$1,437 million and a recovery during the nine months ended September 30, 2022, of \$1,608 million generated by the higher commercial activity during the period.

11. TAXES AND GENERAL GOVERNMENT

The balance of tax and general government assets is presented below:

	As of september, 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)	110.987	509.495.159	109.664	503.413.747
Tax discount (2)	10.179	46.726.401	10.549	48.427.397
Advances, withholdings and self-withholdings of ICA (3)	4.323	19.843.468	4.917	22.570.091
Sales tax withholdings (4)	549	2.519.470	30	139.350
	126.038	578.584.498	125.160	574.550.585
No Current				
Tax discounts (2)	77.508	355.805.570	70.340	322.900.595
	77.508	355.805.570	70.340	322.900.595

- (1) As of September 30, 2022, the increase relates to self-withholdings generated to date and transferred to the tax administration with the withholding payment at source. Additionally, the credit balance generated in the income tax return for 2021 is recognized.
- (2) The current tax discount at the closing of September 30, 2022, represents 50% of the industry and commerce tax (ICA) effectively paid. The non-current tax credit corresponds to the VAT paid on the purchase of fixed assets. The long-term is increased compared to the closing of 2021 due to purchases made during 2022.
- (3) It is presented by the net effect between the application and constitution of self-withholding and withholding for ICA in the returns settled and filed.
- (4) Corresponds to VAT withholdings with a balance as of September 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 september, 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)	43.835	201.228.157	31.786	145.916.990
Withholdings and self-withholdings (1)	11.565	53.088.817	43.547	199.906.178
Other current taxes (2)	1.655	7.595.700	1.027	4.715.964
National consumption tax (2)	2.550	11.706.784	1.984	9.098.800
Import taxes (3)	-	-	995	4.568.828
	59.605	273.619.458	79.339	364.206.760

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- (1) As of September 30, 2022, the balance corresponds to withholding at source, self-withholdings by financial entities, and balances generated by recognition of VAT generated and deductible in September 2022. VAT returns filed during the first four (4) two-month periods of 2022 will be offset against the income tax credit balance for the fiscal year 2021.
- (2) The variation corresponds to the cellular telephony tax payable by the municipalities during the period elapsed in 2022.
- (3) As of September 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:

	For the nine-month period ended september 30,			
	2022		2021	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Current income tax	(6.349)	(29.146.128)	(5.468)	(25.100.217)
Casual income tax	(5.561)	(25.529.429)	(140)	(647.200)
Current income and complementary tax (1)	(11.910)	(54.675.557)	(5.608)	(25.747.417)
Deferred tax:				
Deductible temporary differences (2)	(54.122)	(248.444.691)	14.506	66.591.756
Taxable temporary differences (3)	24.199	111.086.531	522	2.395.253
Tax credits (4)	(114.876)	(527.344.369)	(16.860)	(77.395.257)
Deferred income tax	(144.799)	(664.702.529)	(1.832)	(8.408.248)
Income tax and complementary	(156.709)	(719.378.086)	(7.440)	(34.155.665)

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 starting in 2022, matters that the Group considers in the condensed consolidated interim financial statements at the end of September 2022.

- (1) Current tax, occasional, and supplementary income tax as of September 30, 2022, presents a variation mainly due to the sale of the fiber optic business. Included as current taxes are the tax discount and the occasional gain tax.
- (2) As of September 30, 2022, the variation refers to the sale of the fiber optic business, generated by the recognition and recording of the Earnout for USD 83.3 million (Note 1 (c)), for which a rate of 35% is applied. Additionally, the deferred tax liability for the valuation of financial instruments and their underlying effects recognized against the expense and equity is determined.
- (3) Deferred tax presents variation due to taxable and deductible temporary differences arising from the accounting recognition of the effects of the sale of the fiber optic business as of September 30, 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.
- (4) The increase corresponds to the use of tax losses and restatement of taxable income where the effects generated by the sale of the Fiber Optic business as of September 30, 2022, at a tax rate of 35% are integrated.

Deferred Tax Assets and Liabilities

On September 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. 1

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

	As of september, 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	62.388	286.395.105	38.117	174.976.503
Other assets	803	3.687.740	876	4.019.811
Deferred tax asset on deductible temporary differences (1)	63.191	290.082.845	38.993	178.996.314
Deferred tax asset for tax losses (2)	269.267	1.236.080.884	384.143	1.763.425.353
Total deferred tax asset	332.458	1.526.163.729	423.136	1.942.421.667
Deferred tax liability:				
Taxable temporary differences	63.288	290.526.462	7.915	36.334.213
Total deferred tax liability	63.288	290.526.462	7.915	36.334.213
Total net deferred tax	269.170	1.235.637.267	415.221	1.906.087.454

- (1) At the closing of September 30, 2022, deferred tax assets and liabilities include the effect generated by the update of income tax rates to 35%, in accordance with the nominal statutory tax rate in force. That is, it impacts useful lives, exclusivity commitment for ten (10) years, amortizations, and Earnout. 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 that originated in the accounting recognition for the sale of the fiber business.
- (2) The variation corresponds mainly to the use of tax credits generated by offsetting the tax profit calculated as of September 30, 2022.

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

	For the nine-month period ended september 30,			
	2022		2021	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Valuation of hedging instruments (1)	(5.129)	(23.544.713)	61.330	281.539.251
Deferred tax of valuation of hedging instruments (2)	(1.252)	(5.747.559)	-	-
Total of valuation of hedging instruments, net of tax	(6.381)	(29.292.272)	61.330	281.539.251
Deferred tax of asset (2)	-	-	(1.991)	(9.139.280)
Superavit de revaluacion de terrenos y edificios, neto	-	-	(1.991)	(9.139.280)
Hedge valuation result, net of taxes	(6.381)	(29.292.272)	59.339	272.399.971

- (1) The variation is presented by the decrease in the valuation of hedging instruments, resulting from the devaluation of exchange rates of 15.31% during 2022 and increases in the Libor and IBR curves associated with swap instruments.
- (2) During 2021, the update of rates for the revaluation of real estate was recognized.

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 September 30, 2022:

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Tax	Year of origin	Adjusted losses	Loss compensation	Los balance
			(In thousands of COP\$)	
Renta	Come in 2007 and 2017	1.106.775	(74.051)	1.032.724
CREE	2015	64.844	-	64.844
		1.171.619	(74.051)	1.097.568
Use of tax losses:				
Use correction declaration year, 2020				(49.949)
Tax loss balance as of september 30, 2022				1.047.619

Tax	Year of origin	Adjusted losses	Loss compensation	Los balance
			(In thousands of US\$)	
Renta	Come in 2007 and 2017	5.080.693.988	(339.936.105)	4.740.757.883
CREE	2015	297.667.938	-	297.667.938
		5.378.361.926	(339.936.105)	5.038.425.821
Use of tax losses:				
Use correction declaration year, 2020				(229.290.634)
Tax loss balance as of september 30, 2022				4.809.135.187

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 Group 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 Group 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.

13. INVESTMENTS IN COMPANIES

Investments in Group companies were as follows:

Associated	Type of investment	Country / City	As of september, 30		As of december, 31	
			Direct participation	Investment	Direct Participation	Investment
(In thousands of US\$)						
Alamo HoldCo S.L.	Significant influence	España / Madrid	40%	20.655	-	-
				20.655		-
Associated	Type of investment	Country / City	As of september, 30		As of december, 31	
			Direct participation	Investment	Direct Participation	Investment
(In thousands of COP\$)						
Alamo HoldCo S.L.	Significant influence	España / Madrid	40%	94.816.928	-	-
				94.816.928		-

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 \$35,090.1 million.

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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 september, 30	As of december, 31	As of september, 30	As of december, 31	Nine-month period ended september 30,	
					2022	2021
	(In thousands of US\$)					
Alamo HoldCo S.L.	436.911	-	352.647	-	(19.110)	-
	436.911	-	352.647	-	(19.110)	-

Associated	Active		Passive		Results	
	As of september, 30	As of december, 31	As of september, 30	As of december, 31	Nine-month period ended september 30,	
					2022	2021
	(In thousands of COP\$)					
Alamo HoldCo S.L.	2.005.657.737	-	1.618.841.801	-	(87.725.257)	-
	2.005.657.737	-	1.618.841.801	-	(87.725.257)	-

Determination of the equity method:

Associated	Direct participation	Results		Participation method	
		Nine-month period ended september 30,			
		2022	2021	2022	2021
		(In thousands of US\$)			
Alamo HoldCo S.L.	40%	(19.110)	-	(7.644)	-
		(19.110)	-	(7.644)	-

Associated	Direct participation	Results		Participation method	
		Nine-month period ended september 30,			
		2022	2021	2022	2021
		(In thousands of COP\$)			
Alamo HoldCo S.L.	40%	(87.725.257)	-	(35.090.103)	-
		(87.725.257)	-	(35.090.103)	-

14. RIGHTS-OF-USE ASSETS

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

Concept	As of september, 30 of 2022			As of december, 31 of 2021		
	Cost	Accumulated depreciation	Net value in books	Cost	Accumulated depreciation	Net value in books
	(In thousands of USD)					
Land and buildings	245.937	(114.859)	131.078	187.676	(90.330)	97.346
Technical installations	130.970	(59.372)	71.598	117.140	(41.254)	75.886
Transport equipment	4.888	(3.758)	1.130	4.460	(2.799)	1.659
	381.795	(177.989)	203.806	309.276	(134.383)	174.891

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Concept	As of september, 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	1.128.985.273	(527.266.673)	601.718.600	861.535.850	(414.666.218)	446.869.632
Technical installations	601.227.291	(272.549.911)	328.677.380	537.733.613	(189.384.557)	348.349.056
Transport equipment	22.437.573	(17.252.551)	5.185.022	20.475.612	(12.848.543)	7.627.069
	1.752.650.137	(817.069.135)	935.581.002	1.419.745.075	(616.899.318)	802.845.757

For the nine months ended September 30, 2022, and 2021 the depreciation expense recognized in the statements of comprehensive income was \$198,671,339 and \$183,764,262, respectively (Note 26).

The increase in cost as of September 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 nine-month period ended September 30, 2022, compared to the same period of 2021.

15. PROPERTY, PLANT, AND EQUIPMENT

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

Concept	As of september, 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 USD)</i>					
Land and buildings (1)	649.024	(368.917)	280.107	665.821	(370.128)	295.693
Switching, access and transmission (2)	1.810.099	(1.346.971)	463.128	1.804.041	(1.267.437)	536.604
Assets under construction (3)	120.650	-	120.650	90.026	-	90.026
Furniture, information and transport equipment	120.960	(84.181)	36.779	118.936	(72.940)	45.996
	2.700.733	(1.800.069)	900.664	2.678.824	(1.710.505)	968.319

Concept	As of september, 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)	2.979.369.284	(1.693.527.541)	1.285.841.743	3.056.482.879	(1.699.093.671)	1.357.389.208
Switching, access and transmission (2)	8.309.327.705	(6.183.324.103)	2.126.003.602	8.281.521.400	(5.818.218.169)	2.463.303.231
Assets under construction (3)	553.849.849	-	553.849.849	413.267.460	-	413.267.460
Furniture, information and transport equipment	555.273.697	(386.435.667)	168.838.030	545.979.353	(334.833.818)	211.145.535
	12.397.820.535	(8.263.287.311)	4.134.533.224	12.297.251.092	(7.852.145.658)	4.445.105.434

For the nine-month periods ended September 30, 2022 and 2021, depreciation expense recognized in income was \$462,076,616 and \$486,618,732, respectively (Note 26).

- (1) Includes provision for decommissioning of sites at September 30, 2022 for \$55,274,522 and at December 31 for \$48,499,953, respectively (Note 21).
- (2) The net decrease corresponds to acquisitions during the period of 4G technology, as well as to the depreciation of the period and the asset optimization strategy through the sale of rooftop towers.

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 at the closing of September 30, 2022, for the lower value of depreciation is \$4,976,473.

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- (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 september, 30 of 2022			As of december, 31 of 2021		
	Cost	Accumulated	Net book	Cost	Accumulated	Net value in
	<i>(In thousands of USD)</i>					
Qualifying degrees (1)	621.128	(403.590)	217.538	500.198	(351.965)	148.233
Network and office equipment software (2)	252.450	(186.546)	65.904	239.762	(157.565)	82.197
Rights (3)	13.773	(5.764)	8.009	13.773	(5.227)	8.546
	887.351	(595.900)	291.451	753.733	(514.757)	238.976

Concept	As of september, 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	(1.852.697.940)	998.616.301	2.296.177.445	(1.615.707.162)	680.470.283
Network and office equipment software (2)	1.158.882.964	(856.347.836)	302.535.128	1.100.635.127	(723.306.346)	377.328.781
Rights (3)	63.225.314	(26.458.799)	36.766.515	63.225.314	(23.996.531)	39.228.783
	4.073.422.519	(2.735.504.575)	1.337.917.944	3.460.037.886	(2.363.010.039)	1.097.027.847

For the nine months ended September 30, 2022, and 2021, the amortization expense recognized in income was \$372,494,536 and \$392,555,204 (Note 26).

- (1) The end of the nine months ended September 30, 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 reversal of assets.
- (2) The net decrease corresponds mainly to the amortization for the period and the acquisition of network software.
- (3) Mainly includes Irrevocable Right of Use - IRUs of Optical Fiber

17. GOODWILL

The changes in Goodwill for the nine months ended September 30, 2022 are presented below:

	As of december, 31	Low	As of september,
	of 2021		30 of 2022
	<i>(In thousands of US\$)</i>		
Goodwill	298.941	(3.587)	295.354

	As of december, 31	Low	As of september,
	of 2021		30 of 2022
	<i>(In thousands of COP\$)</i>		
Goodwill	1.372.301.565	(16.467.618)	1.355.833.947

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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 \$16,467,619, considering the derecognition of the assets associated with the business object of the transaction and that the Company has determined a single business segment or Cash Generating Unit - CGU. The Business Plan was updated as of September 30, 2022, with the following variables:

Discount Rate

At the closing of September 30, 2022, and December 31, 2021, the nominal percentage rate calculated in pesos was 11.42% and 10.79%, respectively.

Sensitivity to Changes in Assumptions

In accordance with the asset recoverability review process, the WACC as of September 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.

18. FINANCIAL LIABILITIES

The balance of financial liabilities is presented below:

	As of september, 30		As of december, 31	
	2022		2021	
	Base	Spread	Base	Spread
	(In thousands of US\$)			
Current:				
Financial leasing (1)	61.956		25.226	
Interest payable	6.832		11.026	
Hedging instruments	3.895		4.961	
	<u>72.683</u>		<u>41.213</u>	
Spectrum supplier (2)	13.238		-	
	<u>85.921</u>		<u>41.213</u>	
Non-current:				
Financial institutions in national currency				
Financial obligations	304.398	Fix 5,774% IBR3M 1,6%-2%	304.356	Fix 5,774% IBR3M 1,6%-2%
	<u>304.398</u>		<u>304.356</u>	
Spectrum supplier (2)	92.667		-	
	<u>397.065</u>		<u>304.356</u>	
Financial institutions in foreing currency				
Financial obligations (3)	-		114.478	LIBOR3M 1,75%
	<u>-</u>		<u>114.478</u>	
Other obligations:				
Senior bond (4)	497.534	Fix 4,95%	430.923	Fix 4,95%
Financial leasing (1)	241.184		223.099	
Local bond (5)	108.783	Fix 6,65%- IPC 3,39%	108.743	Fix 6,65%- IPC 3,39%
Hedging instruments	3.368		-	
	<u>850.869</u>		<u>762.765</u>	
	<u>1.247.934</u>		<u>1.181.599</u>	
	<u>1.333.855</u>		<u>1.222.812</u>	

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	As of september, 30		As of december, 31	
	2022	2021	2021	2021
	Base	Spread	Base	Spread
	(In thousands of COP\$)			
Current:				
Financial leasing (1)	284.413.312		115.801.389	
Interest payable	31.362.954		50.616.499	
Hedging instruments	17.879.099		22.771.904	
	<u>333.655.365</u>		<u>189.189.792</u>	
Spectrum supplier (2)	<u>60.769.999</u>		<u>-</u>	
	<u>394.425.364</u>		<u>189.189.792</u>	
Non-current:				
Financial institutions in national currency				
Financial obligations	1.397.352.620	Fix 5,774% IBR3M 1,6%-2%	1.397.156.510	Fix 5,774% IBR3M 1,6%-2%
	<u>1.397.352.620</u>		<u>1.397.156.510</u>	
Spectrum supplier (2)	425.389.994		-	
	<u>1.822.742.614</u>		<u>1.397.156.510</u>	
Financial institutions in foreign currency				
Financial obligations (3)	-		525.513.120	LIBOR3M 1,75%
	<u>-</u>		<u>525.513.120</u>	
Other obligations:				
Senior bond (4)	2.283.948.523	Fix 4,95%	1.978.169.143	Fix 4,95%
Financial leasing (1)	1.107.164.044		1.024.146.769	
Local bond (5)	499.373.955	Fix 6,65%- IPC 3,39%	499.190.804	Fix 6,65%- IPC 3,39%
Hedging instruments	15.463.001		-	
	<u>3.905.949.523</u>		<u>3.501.506.716</u>	
	<u>5.728.692.137</u>		<u>5.424.176.346</u>	
	<u>6.123.117.501</u>		<u>5.613.366.138</u>	

Financial liabilities include balances in foreign currency at September 30, 2022 of USD 505,088 thousand (\$2,318,626,668) and at December 31, 2021 of USD 643,333 thousand (\$2,561,211,606), (Note 28).

- (1) The increase in finance leases is associated with renewals and new contracts in 2022, including subscription and increases in lease payments for land, sites for technical facilities, and rooftop towers, in addition to the increase in interest rates and rents related to the increase in the Consumer Price Index (CPI).

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

	As of	High	Payments (a)	Transfers	Others (b)	As of
	december, 31					september, 30
	of 2021					of 2022
	(In thousands of US\$)					
Current						
Financial leasing	25.137	23.154	(62.059)	79.060	(3.351)	61.941
Financial liability - Renting	89	34	(110)	2	-	15
	<u>25.226</u>	<u>23.188</u>	<u>(62.169)</u>	<u>79.062</u>	<u>(3.351)</u>	<u>61.956</u>
Not current						
Financial leasing	223.098	97.146	-	(79.060)	-	241.184
Financial liability - Renting	2	-	-	(2)	-	-
	<u>223.100</u>	<u>97.146</u>	<u>-</u>	<u>(79.062)</u>	<u>-</u>	<u>241.184</u>
	<u>248.326</u>	<u>120.334</u>	<u>(62.169)</u>	<u>-</u>	<u>(3.351)</u>	<u>303.140</u>

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	As of december, 31 of 2021	High	Payments (a)	Transfers	Others (b)	As of september, 30 of 2022
			(In thousands of COP\$)			
Current						
Financial leasing	115.394.649	106.287.151	(284.882.144)	362.927.552	(15.382.433)	284.344.775
Financial liability - Renting	406.740	158.189	(504.229)	7.837	-	68.537
	115.801.389	106.445.340	(285.386.373)	362.935.389	(15.382.433)	284.413.312
Not current						
Financial leasing	1.024.138.932	445.952.664	-	(362.927.552)	-	1.107.164.044
Financial liability - Renting	7.837	-	-	(7.837)	-	-
	1.024.146.769	445.952.664	-	(362.935.389)	-	1.107.164.044
	1.139.948.158	552.398.004	(285.386.373)	-	(15.382.433)	1.391.577.356

(a) Includes capital lease payments of Ps. 219,900,634 and interest of \$65,485,739.

(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 \$444,109 million and the recognition of the financial indexation for \$42,051 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 September 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 September 30, 2022, and December 31, 2021, the face value of the outstanding senior bond was USD 500 million, equivalent to \$2,295,270 million and \$1,990,580 million, and associated transaction costs were \$11,321 million and \$12,411 million, respectively, measured at amortized cost.

The characteristics of the issue are summarized below:

Format	Ussing currency	Primiums and discounts	Total amount of issue	Total amount of issued	Max. Redemption term	Data of issue	Expiry date	Rate/payment	Use of resources
R144/RegS	USD\$000	Cero	500	500	10 Years	17/07/2020	17/07/2030	4,95% Biannual	Substitution of Senior Bond for USD750 million

During the periods ended September 30, 2022, and December 31, 2021, interest payable on the bond amounted to \$23,354,372 and \$44,887,579, respectively.

- (5) Local bond:

As of September 30, 2022, and December 31, 2021, the face value of the local bond is \$500,000 million, and transaction costs of \$626 million and \$809 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 issued	Max. redemption term	Date of issue	Expiry date	Rate/Payment	Use of resources
(In thousands of US\$)									
C10	COP\$000	Zero	33	33	10 years	29-may-19	29-may-29	IPC + 3,39% Biannua	Prepayment of local debt
A5	COP\$000	Zero	76	76	5 years	29-may-19	29-may-24	6,65% Biannua	
			109	109					

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	152.410	10 years	29-may-19	29-may-29	IPC + 3,39% Biannua	Prepayment of local debt
A5	COP\$000	Zero	347.590	347.590	5 years	29-may-19	29-may-24	6,65% Biannua	
			500.000	500.000					

On September 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 September 30, 2022:

Maturities	Current		Non-current:					Total non-current	Total
	2022	2022	2024	2025	2026	Following years			
(In thousands of USD\$)									
Senior bond	-	-	-	-	-	497.534	497.534	497.534	
Financial obligations	-	-	64.916	239.482	-	-	304.398	304.398	
Financial leasing	61.956	14.414	51.737	33.246	25.524	116.262	241.183	303.139	
Local bond	-	-	75.623	-	-	33.160	108.783	108.783	
Spectrum supplier	13.238	6.619	6.619	6.619	6.619	66.190	92.666	105.904	
Interests	6.832	-	-	-	-	-	-	6.832	
Hedging instruments	3.895	(32.918)	(19.117)	(7.653)	6.109	56.949	3.370	7.265	
	85.921	(11.885)	179.778	271.694	38.252	770.095	1.247.934	1.333.855	

Maturities	Current		Non-current:					Total non-current	Total
	2022	2022	2024	2025	2026	Following years			
(In thousands of COP\$)									
Senior bond	-	-	-	-	-	2.283.948.523	2.283.948.523	2.283.948.523	
Financial obligations	-	-	298.000.000	1.099.352.620	-	-	1.397.352.620	1.397.352.620	
Financial leasing	284.413.312	66.169.603	237.502.403	152.617.424	117.169.045	533.705.569	1.107.164.044	1.391.577.356	
Local bond	-	-	347.151.770	-	-	152.222.185	499.373.955	499.373.955	
Spectrum supplier	60.769.999	30.385.000	30.385.000	30.385.000	30.385.000	303.849.994	425.389.994	486.159.993	
Interests	31.362.954	-	-	-	-	-	-	31.362.954	
Hedging instruments	17.879.099	(151.110.220)	(87.756.994)	(35.131.028)	28.045.903	261.415.340	15.463.001	33.342.100	
	394.425.364	(54.555.617)	825.282.179	1.247.224.016	175.599.948	3.535.141.611	5.728.692.137	6.123.117.501	

(6) The variation is due to the passive valuation of interest rate swaps due to the increase in the Libor curve

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19. SUPPLIERS AND ACCOUNTS PAYABLE

The balance of suppliers and accounts payable is as follows:

	As of september, 30		As of december, 31	
	2022		2021	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Labor wages payable (3)				
Current:				
Creditors and suppliers (1)	330.589	1.517.580.432	303.645	1.393.896.503
Related parties (Note 29) (2)	47.644	218.713.856	33.821	155.254.693
Suppliers of fixed assets (3)	30.788	141.334.892	45.235	207.653.597
Dividends payable to related parties (4) (Nota 29)	14.938	68.571.912	-	-
Dividends payable, others (4)	7.192	33.017.047	-	-
Spectrum licensing providers (5)	5.673	26.040.586	4.691	21.538.056
Labor wages payable (6)	5.775	26.510.695	8.038	36.896.515
Parafiscal contributions	1.890	8.675.306	2.482	11.392.118
	444.489	2.040.444.726	397.912	1.826.631.482
Non-current:				
Spectrum licensing providers (5)	8.637	39.648.751	10.233	46.976.903
Government grants	7.204	33.068.043	7.108	32.629.465
Related parties (Note 29) (2)	720	3.307.391	467	2.140.956
	16.561	76.024.185	17.808	81.747.324
	461.050	2.116.468.911	415.720	1.908.378.806

Suppliers and accounts payable include balances in foreign currency at September 30, 2022 of USD 109,652 thousand (\$503,361,892) and at December 31, 2021 of USD 114,551 thousand (\$456,045,859), (Note 28).

- (1) Includes the acquisition of mobile terminals, materials, and equipment for mobile and fixed network deployment and installation services, costs of TV content providers, connectivity, rentals, and network maintenance. As of September 30, 2022, the growth is due to acquiring 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 presented by lower CAPEX (Capital Expenditure) execution during 2022, driven by changes in strategy in the deployment of the mobile and fixed network compared to 2021, which corresponds to the sale of the fiber optic business (Note 1(c)).
- (4) In an extraordinary meeting of the Company's General Shareholders' Meeting held on July 21, 2022, approved the release of \$101,588,959,413 pesos from the "Occasional Reserve for the distribution of dividends at the future disposal of the shareholders" to be used for the payment of dividends and decreed the payment of dividends to the shareholders equivalent to \$29.79082159126488 pesos per share on the 3,410,075,788 shares outstanding.
- (5) 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 an inter-administrative contract with the Metropolitan Area of Barranquilla until 2028. The variation is presented by quarterly payments of commitments with the Nation.
- (6) Corresponds to employee severance and vacation liabilities. As of September 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 september, 30		As of december, 31	
	2022		2021	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Corriente:				
Government Grant	429	1.967.138	429	1.967.148
Deferred income	135	623.402	135	623.641
	564	2.590.540	564	2.590.789
No corriente:				
Other defered income (1)				
Government Grant	960	4.406.203	2.215	10.167.548
	960	4.406.203	2.215	10.167.548
	1.524	6.996.743	2.779	12.758.337

- (1) The decrease as of September 30, 2022, is due to the recognition of assets in locality projects and educational institutions.

21. PROVISIONS AND PENSION LIABILITIES

The balance of pension provisions and liabilities is as follows:

	As of september, 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)	20.084	92.197.132	22.133	101.603.316
For employee benefits (2)	8.285	38.033.964	6.570	30.161.385
Pension liability (3)	4.262	19.563.650	4.263	19.563.650
For contingencies (4) (Note 30)	1.843	8.455.162	568	2.607.434
For tax claims	206	946.485	303	1.389.555
For voluntary withdrawal	179	821.520	576	2.645.120
	34.859	160.017.913	34.413	157.970.460
Non-current:				
Pension liability (3)	39.197	179.936.507	40.147	184.296.085
For dismantling (5)	12.044	55.274.522	10.565	48.499.953
For contingencies (4) (Note 30)	3.933	18.065.358	2.195	10.077.285
	55.174	253.276.387	52.907	242.873.323
	90.033	413.294.300	87.320	400.843.783

- (1) Includes the provision for industry and commerce tax (ICA), considerations to the Ministry of Information and Communications Technologies (MinTic), and uncollected VAT. The decrease corresponds to the payment of tax obligations in 2022.
- (2) The increase relates to social benefits and incentives to employees for compliance and performance during the 2022 period.

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- (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 September 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) It refers to the estimated costs associated with the dismantling or retirement of property, plant, and equipment. There is no expected timetable for the disposal 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 September 30, 2022, and December 31, 2021, is presented below:

	(In thousands of US\$)	(In thousands of COP\$)
Authorized capital	316.928	1.454.870.740
Subscribed and paid capital	743	3.410.076
Nominal value (in USD and COP \$)	0,0002	1

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

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

The equity interest as of September 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 september, 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)	8.427	38.686.537	8.427	38.686.537
Statutory reserves (2)	5.729	26.298.376	5.729	26.298.376
Legal reserve	1.317	6.045.752	1.317	6.045.752
	15.473	71.030.665	15.473	71.030.665

- (1) These reserves are constituted by the decision of the Company's stockholders' meeting and correspond to:
- Occasional reserve: The Stockholders' Meeting by means of minute No. 068 of March 16, 2020, constituted a reserve for \$34,925,054 corresponding to 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 on July 21, 2022, the Stockholders' Meeting decreed to pay dividends up to \$101,588,959, the amount that was transferred to dividends payable.
 - Reserve for future expansions: The balance of this reserve as of September 30, 2022, and December 31, 2021 amounts to \$3,730,162.
 - Reserve for share repurchase: The balance as of September 30, 2022, and December 31, 2021, is \$31,321.
- (2) For tax provisions: The balance as of September 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 September 30, 2022, and 2021 for (\$29,292,272) and \$272,399,971, respectively. The variation is presented by the decrease in the valuation of hedging instruments, mainly due to the devaluation of exchange rates of 15.31% during 2022 and increases in the Libor and IBR curves associated with swap instruments.

Revaluation surplus, net of taxes

For the periods ended September 30, 2022, and 2021, the Group transferred directly to revalued assets and their corresponding deferred taxes for \$15,891,030 and \$21,017,606, respectively, to revalued assets and their corresponding deferred taxes in the amount of \$15,891,030 and \$21,017,606, respectively.

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23. OPERATING INCOME

Revenues from contracts with customers are presented below:

	For the nine-month period ended september 30,			
	2022		2021	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Mobile Services (1)				
Data services	242.040	1.111.095.194	239.157	1.097.858.454
Voice services	109.284	501.672.299	95.449	438.163.524
Added value services	31.688	145.466.179	34.257	157.259.294
Roaming services	6.947	31.890.165	7.347	33.725.637
	389.959	1.790.123.837	376.210	1.727.006.909
Fixed services (1)				
Technological capabilities and solutions	159.219	730.900.763	121.085	555.845.532
Data services	128.648	590.562.260	93.122	427.479.574
Television revenue	45.645	209.536.752	42.472	194.968.402
Fixed voice services	32.206	147.841.844	39.334	180.565.445
	365.718	1.678.841.619	296.013	1.358.858.953
Sale of terminal equipment (2)	175.770	806.876.992	109.778	503.939.689
Digital Services (3)	89.949	412.914.025	84.004	385.621.813
Interconnection (4)	50.920	233.750.260	51.051	234.351.138
Sale of equipment for fixed services (5)	10.620	48.750.296	6.314	28.986.912
Other data - virtual mobile operator	6.024	27.659.159	4.682	21.493.150
	333.283	1.529.950.732	255.829	1.174.392.702
	1.088.960	4.998.916.188	928.052	4.260.258.564

During the nine months of 2022 and 2021, operating revenues with related parties amounting to \$314,404,259 and \$38,598,850, respectively, are included (Note 29).

- (1) During the 2022 period, service revenues maintain an increasing trend in postpaid and prepaid mobile revenues due to higher commercial activity in fixed services growing through the fiber network, IT services, data, and capacity rental.
- (2) As of September 30, 2022, growth is presented by commercial dynamics leveraged by market offers in terminal equipment and the opening of new financing lines.
- (3) The increase is mainly due to the recognition of projects with corporate customers that include digital solutions.
- (4) Interconnection revenues include the decreased regulated tariffs on domestic traffic applied for the 2022 period, offset by higher international traffic.
- (5) During the first nine months of 2022, there was a good performance in symmetrical speed offers, which increased the sale of connection repeaters.

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24. OTHER OPERATING INCOME

Other operating revenues are presented below:

	For the nine-month period ended september 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)	218.999	1.005.323.830	1.286	5.902.745
Other operating income (2)	20.051	92.045.806	8.617	39.556.005
Work carried out for fixed assets (3)	7.198	33.040.502	6.111	28.053.533
Leasing investment properties	22	101.576	21	98.617
	246.270	1.130.511.714	16.035	73.610.900

- (1) The growth relates 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 for \$1,307,473 million, (ii) Earnout 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, at the end of September 2022, there was an increase from the sale of fixed assets, principally rooftop towers, with a net effect of \$160,733 million.
- (2) The increase reflects the income from the exclusivity consideration generated in the sale of the fiber optic business (Note 1(c)), logistical support services, administrative platforms, and income from breach of contract by third parties.
- (3) Represents work performed by the Group's personnel in connection with the development and start-up of fixed assets.

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25. OPERATING COSTS AND EXPENSES

Operating costs and expenses are presented below:

	For the nine-month period ended september 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)	216.434	993.548.137	144.061	661.317.446
Renting and third party activities to clients (2)	78.498	360.347.565	53.452	245.372.202
Labor costs	75.199	345.203.283	73.807	338.811.879
Media rental and other network infrastructures (3)	69.044	316.947.762	38.110	174.946.729
Other costs and operating expenses (4)	65.913	302.575.656	55.579	255.138.550
Interconnection and roaming	56.122	257.629.836	55.208	253.435.961
Content providers (5)	46.740	214.561.957	38.631	177.334.949
Taxes and considerations (6)	44.855	205.909.242	39.217	180.027.004
Maintenance of equipment and installations	43.689	200.556.159	42.694	195.986.974
commissions for sales and obtaining contracts (7)	40.990	188.166.193	29.938	137.430.882
Power service (8)	35.242	161.788.532	28.667	131.598.221
Advertising (9)	30.011	137.768.887	26.156	120.069.588
Computer Services	26.246	120.483.014	25.351	116.375.966
Portfolio impairment (10) (Nota 7)	14.988	68.803.840	(14.532)	(66.708.379)
Contract compliance cost (Note 8)	11.090	50.908.371	10.980	50.402.218
Customer services	10.905	50.059.965	9.989	45.856.786
Other costs and expenses and non-recurring (11)	4.160	19.090.764	1.733	7.951.221
Provision for inventories (12) (Note 10)	(663)	(3.045.122)	230	1.061.997
	869.463	3.991.304.041	659.271	3.026.410.194

The net variation presented between the nine-month ended September 30, 2022, and 2021 corresponds to i) an increase due to the execution of new integral solutions contracts with corporate clients; ii) an increase in the cost of sales due to commercial activity in particular mobile terminals and materials due to strategic alliance with third parties for the execution of fiber optic deployment projects; and, iii) higher impairment of accounts receivable due to growth in additions according to commercial activity.

During the nine-month ended September 30, 2022, and 2021, operating expenses with related parties of \$387,273,004 and \$ 244,997,795, respectively, are included (Note 29).

- (1) During the nine months ended September 30, 2022, and 2021, consumption of inventories carried at the cost of sales of \$921,128,364 and \$585,056,397 (Note 10) and amortization of customer premises equipment costs of \$72,419,773 and \$76,261,049 (Note 8), respectively, were recognized. The increase during the nine-month period that ended September 30, 2022, corresponds to higher commercial activity, particularly in mobile terminal equipment and materials for executing fiber optic deployment projects, compared to the same period of 2021.
- (2) The increase in the nine-month ended September 30, 2022, corresponds to the execution of new end-to-end solutions contracts with corporate customers.
- (3) The variation in the nine months that ended September 30, 2022, compared to the same period of 2021, relates to new projects in the corporate segment.
- (4) The increase in the nine months ended September 30, 2022, refers to collection management related to commercial portfolio and execution of corporate projects, compared to the same period of 2021.
- (5) Includes the increase in costs associated with content services, mainly from entertainment platforms for customers.

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- (6) Corresponds to the increase in large part to the liability as taxpayers of current taxes, such as public lighting, telephone tax, and municipal surcharges, due to amendments to local bylaws. In the nine months that ended September 30, 2021, several exemptions were in force due to the pandemic.
- (7) During the nine-month periods ended September 30, 2022, and 2021, include amortization of contract procurement costs of \$62,277,712 and \$25,012,360, respectively (Note 8). The increase relates to increased commercial activity during the nine months that ended September 30, 2022.
- (8) The increase during the nine months ended September 30, 2022, due to consumption volume and tariff increase.
- (9) The increase in the nine months that ended September 30, 2022, pertains to the higher volume of media campaigns, especially to promote fiber optic service in the home.
- (10) The increase during the nine months ended September 30, 2022, mainly due to higher commercial activity.
- (11) At the end of September 30, 2022, there is a higher impact from litigation during the pandemic, represented by customer complaints and claims petitions (PQR) through the Superintendence of Industry and Commerce.
- (12) The decrease during the nine months ended September 30, 2022, resulted from the change in the accounting estimate of the provision from 50% with an aging of more than 180 days to 100% with an aging 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:

	For the nine-month period ended september 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)	100.658	462.076.616	106.005	486.618.732
Amortization of intangible assets (Note 16)	81.145	372.494.536	85.514	392.555.204
Depreciation of assets for rights of use (Note 14)	43.278	198.671.339	40.031	183.764.262
	225.081	1.033.242.491	231.550	1.062.938.198

27. FINANCIAL EXPENSES, NET

Financial expenses, net are presented below:

	For the nine-month period ended september 30,			
	2022		2021	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Income:				
Interest hedging operations, net (1)	7.007	32.165.242	-	-
Clients' interest in arrears	3.417	15.685.242	3.074	14.104.237
Income from temporary investments and bank loans (Note 5)	264	1.212.881	332	1.526.057
	10.688	49.063.365	3.406	15.630.294
Expenses:				
Interest on loans, financial obligations and bonds (2)	(39.722)	(182.344.312)	(31.209)	(143.267.303)
Financial expenses for leases (3)	(13.063)	(59.964.775)	(10.217)	(46.900.159)
Interest hedging transactions, net (4)	(12.992)	(59.639.088)	(21.058)	(96.668.019)
Expenses for loans from spectrum providers (5)	(11.305)	(51.902.328)	-	-
Other financial expenses (6)	(10.268)	(47.134.961)	(6.339)	(29.097.571)
Financial update of liabilities	(2.809)	(12.895.185)	(2.843)	(13.049.679)
Tax on financial transactions	(126)	(576.386)	(78)	(357.035)
	(90.285)	(414.457.035)	(71.744)	(329.339.766)
Exchange difference gain (loss), net	97	447.555	(399)	(1.829.552)
	(90.188)	(414.009.480)	(72.143)	(331.169.318)
	(79.500)	(364.946.115)	(68.737)	(315.539.024)

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The net increase is explained by: (i) interest associated with the renewal of the mobile radio spectrum license (Note 2), (ii) the increase in interest on financial obligations caused by the impact of the 15.3% devaluation of the Colombian peso against the US dollar, (iii) lower hedging expenses associated with the prepayment of the US dollar debt in January 2022, increase in interest rate curves positively affects the valuation of IBR swaps instruments.

- (1) The increase during the 2022 period relates to the loan to an associated company.
- (2) Includes interest on the senior bond for the nine months ended September 30, 2022, and 2021 for \$76,184,063 and \$68,973,784, on the local bond for \$29,051,604 and \$23,008,502 and financial obligations for \$76,821,776 and \$51,285,017, respectively, the latter caused by the impact of the devaluation of the peso against the dollar affecting interest rates.
- (3) During the nine months of 2022, there is an increase due to new contracts from sale and leaseback sales.
- (4) The decrease during 2022 is related to the benefit of settling hedges associated with the debt in dollars prepaid in January 2022.
- (5) Corresponds to financial indexation for renewing the 1,900 MHz spectrum for 20 years (Note 2).
- (6) The increase during the 2022 period relates to recognizing the financial component in the exclusivity contract associated with the Alamo project.

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, 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 15 MHz spectrum permits in the 1,900 MHz band, which was 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 Ministry decided with resolution 2143 of June 17, 2022, to renew the 15 MHz for 20 years, to revoke the technological update obligations, accepting that these obligations must be valued and be part of the price, which generates a positive precedent for future renewal and/or spectrum assignment processes. It also modified the renewal value to a value 19% lower than October 2021. As important petitions were denied, new legal actions are being considered.

The Group relies 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 September 30, 2022, the Group had 14 suppliers of mobile terminals (none of them located in China). In addition, the Group has 25 infrastructure suppliers. The amount awarded for mobile terminals corresponds to 23% of the total awards made in the third quarter of 2022 and 21% for infrastructure providers. The mobile terminals supplier with the highest share of the amount awarded for this category is 23%. For infrastructure providers, the one with the highest share is 65% of the amount awarded to these providers. These suppliers can, among other things, extend delivery times, raise prices and limit supply due to a lack of stock and business requirements or 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 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.

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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 September 30, 2022, gross financial debt amounted to \$6,123,118 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..

Risk Management Policy

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 September 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:

	<u>As of september, 30</u>	<u>As of december, 31</u>
	<u>2022</u>	<u>2021</u>
	(In thousands of US\$)	(In thousands of US\$)
Assets		
Cash and cash equivalents (Note 5)	460	17.696
Debtors and other receivables (Note 7)	6.911	7.513
Related Parties (Note 27)	1.808	1.326
Total assets	9.179	26.535
Liabilities		
Financial obligations	505.088	557.933
Suppliers and accounts payable (Note 18)	109.652	99.345
Related Parties (Note 27)	20.575	12.704
Total liabilities	635.315	669.982
Passive, net position	(626.136)	(643.447)

	<u>As of september, 30</u>	<u>As of december, 31</u>
	<u>2022</u>	<u>2021</u>
	(In thousands of COP\$)	(In thousands of COP\$)
Assets		
Cash and cash equivalents (Note 5)	2.111.648	81.235.570
Debtors and other receivables (Note 7)	31.725.222	34.488.789
Related Parties (Note 27)	8.299.696	6.087.194
Total assets	42.136.566	121.811.553
Liabilities		
Financial obligations	2.318.626.668	2.561.211.606
Suppliers and accounts payable (Note 18)	503.361.892	456.045.859
Related Parties (Note 27)	94.450.361	58.316.032
Total liabilities	2.916.438.921	3.075.573.497
Passive, net position	(2.874.302.355)	(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 a growth of 8.6% in August, contrasting with the GDP growth of 12.6% YoY in the year's second quarter. The moderation in growth rates is partly explained by the statistical effect of a higher base of comparison and the lower dynamism of economic activity, particularly in agricultural activities, which have been significantly affected by the rainy season. The activity level in August was 9.4% above its pre-pandemic level (Feb-2020), 1.2 percentage points higher than in June.

Inflation continued its upward trend and in September reached a new all-time high since 1999 at 11.4%, considerably higher than in June (9.7%). Although food price increases account for 40% of inflation, inflationary pressures have been generalized across the board, reflecting the effects of a higher exchange rate, strong domestic demand, and higher regulated tariffs. The upward trend in inflation and inflation expectations at different maturities, coupled with positive economic growth results, led the Central Bank to continue increasing its policy rate to 10%, +250 bps for June.

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At the end of September, the exchange rate stood at \$4,590.54 pesos per dollar, representing a depreciation of 15.3% for the end of 2021 (\$3,981.16). The upward trend was framed by a high-risk aversion that triggered a greater search for safe-haven assets and a generalized strengthening of the dollar at a global level as a consequence of the tightening of global financial conditions due to the increase in interest rates by the main central banks of the world and the growing risks of recession in developed countries. At the local level, the moderation in monetary policy rate adjustments despite rising inflation, added to the uncertainty associated with the evolution of the tax reform and the structural changes initially proposed by the incoming government, explained the greater volatility of the currency.

28.4. Legal and Compliance Risks

Legal proceedings.

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

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

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

An adverse outcome or an out-of-court settlement of these or other current or future litigation or disputes could impact the Group's financial position, results of operations, or cash generation.

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

In Colombia, anti-corruption legislation establishes a series of specific obligations and prohibitions, both for companies and their partners, administrators, managers, and collaborators, established under 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. Likewise, keeping books and records that do not adequately and accurately reflect transactions is prohibited.

However, with the issuance of Law 2195 of 2022, there was an expansion of the range of conducts considered as acts of corruption that includes 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 this order and in accordance with the meaning given by the legislator, corruption includes various punishable conducts ranging from agreements restricting competition to environmental pollution, including the crimes of private corruption and unfair administration.

In this respect, due to the nature of its activity and the broad scope of what is understood as acts of corruption in Colombia, the Group's exposure to this risk has increased and, consequently, its probability of occurrence in the framework of the relationship between Telefónica and its different stakeholders.

In particular, this risk is especially relevant in the relationship between Telefónica and public officials and/or entities in the institutional, regulatory (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) areas.

In addition to having high exposure to the risk of corruption, the Group is subject to the authority of different regulators and compliance with various national or extraterritorial regulations, sometimes with shared competencies. This makes it very difficult to quantify the potential impact of any non-compliance, considering that such quantification must contemplate 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 policies and procedures in place to ensure compliance with the aforementioned anti-corruption and sanctions laws, it cannot guarantee that these will eliminate sources of risk or that the Group's employees, directors, officers, partners, agents and service providers will not act in violation of the policies and procedures (or, for that matter, in violation of the relevant anti-corruption and sanctions laws). For this reason, the Group currently cooperates with governmental authorities (where appropriate, by conducting the corresponding internal investigations) regarding requests for information

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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 above, 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 the generation of a material adverse effect on the Group's reputation or business, and its financial condition, operating results and/or cash flows.

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 nine months ended September 30, 2022, and 2021, the Group made payments to the Colombian Government for contributions to the Ministry of Communications and Information Technologies (MINTIC) for \$73,530,401 and \$70,340,921 and the Communications Regulation Commission (CRC) for \$6,963,816 and \$6,548,089 respectively, on revenues 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, economic affiliates, and associated companies are as follows:

Current:

Shareholders

	As of september, 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				
Telefónica Hispanoamérica S.A. (1)	2.348	10.779.050	905	4.152.844
	2.348	10.779.050	905	4.152.844

Economic Links

	As of september, 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.	2.650	12.165.055	4.215	19.347.173
Telxius Cable Colombia S.A.	122	561.838	198	910.344
Telefonica Cybersecurity Tech Colombia	18	83.776	12	54.740
Wayra Colombia S.A.S.	9	39.450	8	37.955
	2.799	12.850.119	4.433	20.350.212

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	As of september, 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				
Telefónica Global Roaming GmbH (2)	1.513	6.946.504	-	-
TIWS II	643	2.951.642	1.240	5.694.385
Telefónica Argentina S.A.	439	2.014.491	-	-
Telefónica Móviles España S.A.	270	1.241.197	230	1.057.133
Otecel S.A.	140	643.705	379	1.740.371
Telefónica S.A.	73	334.942	87	398.787
Telefónica Móviles de Chile S.A.	57	260.368	33	151.585
Telefónica Brasil S.A	57	260.105	15	67.907
Telefónica Móviles Argentina S.A.	47	216.509	76	347.118
Telefónica del Perú S.A.	47	213.692	85	392.447
Telefónica Venezolana C.A.(a)	41	187.222	144	660.927
Telefónica Germany GMBH & CO OHG	29	132.909	54	247.262
Pegaso Pcs. S.A. de C.V.	27	121.685	62	283.195
Terra Networks Mexico S.A. de CV	25	114.819	12	57.182
Telefónica Móviles Uruguay S.A.	6	28.838	1	5.227
Tele Cybersecurity & Cloud	-	-	120	550.487
Telefónica Móviles El Salvador S.A.	-	-	18	82.044
	3.414	15.668.628	2.556	11.736.057
	6.213	28.518.747	6.989	32.086.269

Associated Companies

	As of september, 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. (3)	18.535	85.085.752	-	-
Telefónica Factoring Colombia S.A.	-	-	24	111.563
	18.535	85.085.752	24	111.563
From outside				
O2 T. UK Limited	-	-	12	52.778
	18.535	85.085.752	36	164.341
	27.096	124.383.549	7.930	36.403.454

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Non-current:

Associated companies

	As of september, 30		As of december, 31	
	2022		2021	
Alamo HolCo S.L.(4)	86.521	397.179.920	-	-
Onnet Fibra Colombia S.A.S. (3)	78.992	362.615.845	-	-
	165.513	759.795.765	-	-
Total accounts receivable with related parties (Nota 7)	192.609	884.179.314	7.930	36.403.454

The foreign currency balances of domestic accounts receivable from related parties as of September 30, 2022, and December 31, 2021, are USD 1,808 thousand (\$8,299,696) and USD 1,529 thousand (\$6,087,194), respectively (Note 28).

- (1) The increase at the end of September 30, 2022, corresponds to the Group's service revenues to the Hispam operating model.
- (2) Corresponds mainly to the recognition of roaming traffic through local codes (IMSI) for \$6,225 million.
- (3) As of September 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 Earnout, which was agreed between the parties fundamentally from the analysis of the Master Business Plan for three years for USD 83.3 million (Note 1(c)).
- (4) Corresponds to the account receivable that the Group will maintain with Alamo HoldCo S.L. (Note 1 (c)), related to the sale of the fiber optic business to Onnet Fibra Colombia S.A.S., plus financial restatement as of September 30, 2022.

29.2. Accounts payable

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

Current:

Shareholders

	As of september, 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				
Telefónica Hispanoamérica S.A. (1)	16.307	74.859.388	-	-
	16.307	74.859.388	-	-

Economic Links

	As of september, 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	8.632	39.625.431	7.149	32.817.967
Telxius Cable Colombia S.A.	3.907	17.933.442	2.493	11.443.467
Tiws Colombia II S.A.S.	3.380	15.514.536	4.588	21.061.230
	15.919	73.073.409	14.230	65.322.664

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	As of september, 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				
Telefónica S.A.	7.414	34.034.481	4.206	19.306.362
TIWS II	5.840	26.807.824	5.012	23.008.723
Telefónica Global Technology	3.705	17.006.233	340	1.566.673
Telefónica Digital España S.A.	2.205	10.124.145	3.159	14.501.390
Telefónica Compras Electrónicas	809	3.711.881	763	3.502.888
Telefónica USA Inc.	686	3.148.367	743	3.411.043
Telefónica IOT & Big Data Tech, S.A	665	3.053.633	418	1.917.266
Telefónica Móviles España S.A.	456	2.094.619	168	770.137
Terra Networks Mexico S.A. de CV	353	1.620.398	318	1.458.743
Telefónica Global Roaming	297	1.363.392	257	1.178.426
Telefónica del Perú S.A.	205	940.650	125	571.738
Pegaso Pcs. S.A. de C.V.	161	740.129	191	875.551
Telefónica Servicios Audiovisuales	145	666.130	150	688.682
Otecel S.A.	85	388.231	375	1.722.820
Telefónica Brasil S.A	63	289.243	16	71.315
Telefónica Venezolana C.A.	32	147.274	85	388.608
O2 Germany GMBH & CO OHG	31	141.813	17	79.345
Telefónica Móviles de Chile	23	106.332	57	262.255
Telefónica Ingeniería de Seguridad	21	96.847	22	98.996
Telefónica Móviles Argentina S.A.	12	52.804	1.977	9.076.851
Telefónica Móviles Uruguay S.A.	10	48.191	2	7.682
Telefónica Cybersecurity Tech S.L	-	-	27	124.620
Media Network Latin América	-	-	181	829.080
Telefónica Educacion Digital	-	-	6	29.731
E-Plus Mobilfunk GMBH & CO	-	-	-	317
Telefónica de Argentina S.A.	-	-	906	4.160.152
Telefónica Móviles El Salvador S.A.	-	-	2	7.104
Total national and foreign economic associates	23.218	106.582.617	19.523	89.616.498

Associated Companies

	As of september, 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 (1)	7.099	32.587.733	-	-
From outside				
O2 T. UK Limited	39	182.621	68	315.531
	7.138	32.770.354	68	315.531
	30.356	139.352.971	19.591	89.932.029
Total suppliers and accounts payable with related parties (Note 19)	62.582	287.285.768	33.821	155.254.693

- (1) The increase relates to dividends declared to be paid to shareholders as per Act No. 75 of July 21, 2022, of the Group's General Shareholders' Meeting, amounting to \$68,571 million and for services of the Hispam operating model.
- (2) Corresponds to connectivity services through the fiber optic infrastructure established in the sale agreement of the fiber optic business (Note 1 (c)).

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Non-Current:

Shareholders

	As of september, 30		As of december, 31	
	2022		2021	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Share-based payments				
Telefónica S.A.	720	3.307.391	467	2.140.956
Total suppliers and accounts payable with related parties (Note 18)	720	3.307.391	467	2.140.956

The balances in foreign currency of accounts payable in relation to related parties as of September 30, 2022, are USD 20,575 thousand (\$94.450.361) 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 conducts transactions with its related parties on the same market conditions and independent mutual terms. The following is a summary of the Group's revenues, costs, and expenses with related parties:

Shareholders

	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2022	2021	2022	2021
	(In thousands of US\$)			
From outside				
Telefónica Hispanoamérica S.A.	2.549	-	1.370	-
Total actionists from abroad	2.549	-	1.370	-

	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2022	2021	2022	2021
	(In thousands of COP\$)			
From outside				
Telefónica Hispanoamérica S.A.	11.701.751	-	6.287.476	-
Total actionists from abroad	11.701.751	-	6.287.476	-

Economic Links

	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2022	2021	2022	2021
	(In thousands of US\$)			
National				
Tiws Colombia II S.A.S.	3.234	3.528	3.101	4.675
Telxius Cable Colombia S.A.	1.007	381	7.286	6.457
Wayra Colombia S.A.S.	77	74	-	-
Telefonica Cybersecurity Tech Colombia	62	35	6.047	7.099
	4.380	4.018	16.434	18.231

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	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2022	2021	2022	2021
	(In thousands of COP\$)			
National				
Tiws Colombia II S.A.S.	14.844.246	16.193.984	14.234.267	21.460.765
Telxius Cable Colombia S.A.	4.621.752	1.747.009	33.445.505	29.640.320
Wayra Colombia S.A.S.	353.387	340.568	-	-
Telefonica Cybersecurity Tech Colombia	286.075	162.669	27.757.613	32.588.202
	20.105.460	18.444.230	75.437.385	83.689.287

	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2022	2021	2022	2021
	(In thousands of US\$)			
From outside				
TIWS II	3.160	4.124	9.859	8.374
Media Network Latin América	600	-	-	2.042
Telefónica Móviles España S.A.	252	214	378	116
Telefónica Móviles de Chile	183	52	28	5
Telefónica del Perú S.A.	121	223	72	212
Telefónica Brasil S.A	85	20	68	16
Otecel S.A.	88	15	31	23
Telefónica Móviles Argentina S.A.	40	18	41	6
Terra Networks Mexico S.A. de CV	35	23	526	447
Telefónica Digital España S.A.	11	144	2.701	4.269
Telefónica Educación Digital, S.L.U.	6	-	-	20
Pegaso Pcs. S.A. de C.V.	29	75	242	107
Telefónica Móviles Uruguay S.A.	6	3	10	-
Telefónica Germany GMBH & CO OHG	2	1	47	9
Telefónica Ingeniería de Seguridad	-	155	-	-
Telefónica S.A.	1	421	10.661	9.542
Telefónica Venezolana C.A.	-	15	30	11
Telefónica Empresas Chile S.A.	-	348	-	-
Telefónica Móviles El Salvador S.A.	-	217	-	4
Telefónica Cybersecurity Tech S.L	6	-	18	1.025
Telefónica On The Spot Services	-	-	1.318	973
Telefónica Global Roaming	2.153	40	241	128
Telefónica Chile S.A.	-	19	-	-
Telefónica Compras Electrónicas	-	3	1.320	1.098
Telefónica USA Inc.	-	1	1.360	1.192
Telefónica de Costa Rica	-	-	-	4
E-Plus Mobilfunk GMBH & CO	-	-	-	-
Telefónica Global Technology	-	-	4.172	3.980
Telxius Cable América S.A. (antes TIWS AMERICA)	-	-	939	939
Telxius Cable	-	-	323	323
Telefónica Servicios Audiovisuales	-	-	212	233
Telefonica de Contenidos SAU	-	-	-	31
Pegaso Recursos Humanos S.A. de C.V.	-	-	-	7
Telefonica Argentina S.A.	428	-	-	-
	7.206	6.131	34.597	35.136
	11.586	10.149	51.031	53.367

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	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2022	2021	2022	2021
	(In thousands of COP\$)			
From outside				
TIWS II	14.507.109	18.931.816	45.257.507	38.442.624
Media Network Latin América	2.753.183	-	-	9.374.880
Telefónica Móviles España S.A.	1.156.845	982.908	1.737.220	533.863
Telefónica Móviles de Chile	842.259	237.871	126.459	21.493
Telefónica del Perú S.A.	554.304	1.025.903	330.502	972.816
Telefónica Brasil S.A	392.091	92.508	312.939	74.683
Otecel S.A.	404.881	70.383	143.238	104.020
Telefónica Móviles Argentina S.A.	181.411	81.247	186.765	29.098
Terra Networks Mexico S.A. de CV	160.508	106.573	2.415.628	2.054.216
Telefónica Digital España S.A.	52.558	660.386	12.396.935	19.598.845
Telefónica Educación Digital, S.L.U.	29.731	-	-	92.208
Pegaso Pcs. S.A. de C.V.	134.757	344.287	1.111.957	490.612
Telefónica Móviles Uruguay S.A.	29.367	14.447	47.020	1.601
Telefónica Germany GMBH & CO OHG	9.271	2.365	213.598	40.030
Telefónica Ingeniería de Seguridad	2.150	710.218	-	-
Telefónica S.A.	3.954	1.930.739	48.938.051	43.804.210
Telefónica Venezolana C.A.	113	68.962	138.584	48.610
Telefónica Empresas Chile S.A.	-	1.599.142	-	-
Telefónica Móviles El Salvador S.A.	-	995.924	-	17.667
Telefonica Cybersecurity Tech S.L	29.084	-	84.255	4.703.828
Telefonica On The Spot Services	-	-	6.048.037	4.465.860
Telefónica Global Roaming	9.884.312	184.275	1.107.689	588.173
Telefonica Chile S.A.	-	88.689	-	-
Telefónica Compras Electrónicas	-	12.692	6.059.700	5.042.006
Telefónica USA Inc.	-	3.359	6.242.008	5.473.526
Telefónica de Costa Rica	-	-	-	18.636
E-Plus Mobilfunk GMBH & CO	-	-	-	-
Telefónica Global Technology	-	-	19.149.549	18.271.619
Telxius Cable América S.A. (antes TIWS AMERICA)	-	-	4.309.854	4.309.854
Telxius Cable	-	-	1.480.679	1.480.679
Telefónica Servicios Audiovisuales	-	-	975.183	1.068.527
Telefonica de Contenidos SAU	-	-	-	144.124
Pegaso Recursos Humanos S.A. de C.V.	-	-	-	32.000
Telefonica Argentina S.A.	1.964.289	-	-	-
	33.092.177	28.144.694	158.813.357	161.300.308
	53.197.637	46.588.924	234.250.742	244.989.595

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Associated Companies

	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2022	2021	2022	2021
	(In thousands of US\$)			
National				
Onnet Fibra Colombia S.A.S.	420.743	-	31.965	-
Alamo HolCo S.L.	6.602	-	-	-
Telefónica Factoring Colombia S.A.	74	68	-	-
	427.419	68	31.965	-
From outside				
O2 T. UK Limited	55	53	-	2
	55	53	-	2
	441.609	10.270	84.366	53.369

	For the nine-month period ended september 30,			
	Income		Costs and expenses	
	2022	2021	2022	2021
	(In thousands of COP\$)			
National				
Onnet Fibra Colombia S.A.S.	1.931.436.530	-	146.734.786	-
Alamo HolCo S.L.	30.306.522	-	-	-
Telefónica Factoring Colombia S.A.	340.406	310.417	-	-
	1.962.083.458	310.417	146.734.786	-
From outside				
O2 T. UK Limited	252.052	244.175	-	8.200
	252.052	244.175	-	8.200
	2.027.234.898	47.143.516	387.273.004	244.997.795

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

Operating Income:

	For the nine-month period ended september 30,			
	2022		2021	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Fixed services (1)	62.214	285.603.926	4.329	19.875.533
Fixed interconnection	2.287	10.500.162	2.406	11.043.763
Digital services	900	4.132.602	855	3.923.762
Roaming revenue	2.966	13.615.830	425	1.953.018
Mobile services	118	543.077	16	74.610
Sale of terminal equipment	2	8.662	376	1.728.164
	68.487	314.404.259	8.407	38.598.850
Other operating income (2)	366.115	1.680.665.397	1.386	6.356.733
	434.602	1.995.069.656	9.793	44.955.583
Financial Income (3)	7007	32.165.242	477	2.187.933
	441.609	2.027.234.898	10.270	47.143.516

(1) The net variation between the nine-month periods that ended September 30, 2022, and 2021 relates to the recognition of fiber optic operation, maintenance, and deployment services during 2022.

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- (2) The net variation presented between the nine-month periods ended September 30, 2022, and 2021 corresponds to the sale of the fiber optic business to Onnet Fibra Colombia S.A.S. for \$1,616,371 million, straight-line recognition of deferred exclusivity income in the fiber optic business for \$45,635 million, administrative platforms, IT services for \$5,913 million and management fee with Telefónica Hispanoamérica for \$11,702 million.
- (3) During the nine months ended September 30, 2022, the increase corresponds mainly to financial income from the loan to Alamo Holdco S.L. for \$30,306 million, Onnet Colombia for \$1,822 million, and \$37 million with other economic-related parties.

Operating Costs and Expenses:

	For the nine-month period ended september 30,			
	2022		2021	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Media rental (1)	38.660	177.457.404	15.328	70.363.933
Renting and third party activities to clients	2.765	12.694.023	8.705	39.960.141
Advertising	10.033	46.056.546	8.644	39.680.688
Other non-recurring costs and expenses (2)	8.174	37.524.148	5.462	25.074.957
Other costs and operating expenses (3)	7.571	34.755.914	6.050	27.773.291
Interconnection and roaming	6.955	31.925.849	5.710	26.213.348
Maintenance	612	2.808.484	532	2.442.589
Content providers	1.495	6.864.545	1.674	7.686.551
Labor expenses	767	3.522.717	917	4.210.387
Terminal cost	1.461	6.705.757	273	1.252.518
Sales commissions	45	205.863	74	339.392
	78.538	360.521.250	53.369	244.997.795
Financial Income (4)	5.828	26.751.754	-	-
	84.366	387.273.004	53.369	244.997.795

- (1) The increase in 2022 applies to connectivity services, access charges, and circuit rentals.
- (2) Includes services with Telefónica Cybersecurity & Cloud Tech Colombia for Security Operations Center (SOC) for IT infrastructure, maintenance, and monitoring.
- (3) Includes IT applications, consulting, project integration, equipment rental, and costs, among others.
- (4) During the nine months ended September 30, 2022, the increase refers to the financial component of the exclusivity contract included in the framework agreement for the sale of the fiber optic business (Note 1(c)).

Remuneration information for key management personnel

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

	For the nine-month period ended september 30,			
	2022		2021	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Salaries, salaries and other benefits	2.612	11.990.828	2.592	11.900.004
Executive remuneration plan (shares and annual bonus)	967	4.440.458	1.013	4.651.874
Institutional plans	577	2.647.270	1.544	7.087.245
Others	88	405.449	75	345.551
Bonus for voluntary withdrawal	-	-	429	1.969.499
	4.244	19.484.005	5.653	25.954.173

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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 September 30, 2022, 2,741 processes are in progress, of which 156 correspond to probable contingencies, 892 are classified as possible, and 1,694 are classified as remote.

1. Probable Processes

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

	As of september, 30		As of december, 31	
	2022		2021	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
	Quantity	Value	Quantity	Value
Currents:				
Administrative investigations of users (1)	61	1.843	21	568
	61	1.843	21	568
Non-currents:				
Legal proceedings (2)	57	2.059	47	1.523
Administrative, regulatory and competency investigations (3)	25	481	29	226
Labor processes	13	1.393	11	446
	95	3.933	87	2.195
	156	5.776	108	2.763

- (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 446 open proceedings classified as possible for a value of \$116,609,513. 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.

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 362 open processes classified as possible for an amount of \$39,092,726.

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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 18 administrative and judicial processes in progress with possible qualifications, valued at \$3,091,347.
- 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 51 possible processes reported for \$5,779,067.
- iii. Regulatory: Administrative proceedings initiated by oversight and control authorities for alleged failures to comply with telecommunications regulatory standards. There are 15 possible proceedings for \$7,778,220.

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)

	For the nine-month period ended september 30,			
	2022		2021	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Net profit for the period	(3.166)	(14.532.934)	(22.911)	(105.173.617)
More:				
Depreciation and amortization (Note 26)	225.080	1.033.242.491	231.550	1.062.938.198
Financial expense, neto (Note 27)	79.500	364.946.115	68.737	315.539.024
Participation method (Note 13)	7.644	35.090.103	-	-
Income and complementary taxes (Note 11)	156.709	719.378.086	7.440	34.155.665
EBITDA	465.767	2.138.123.861	284.816	1.307.459.270

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

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2) Financial Indicators

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

2.1. Indebtedness Ratios

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

	<u>As of september, 30</u>	<u>As of december, 31</u>
	<u>2022</u>	<u>2021</u>
a) Total debt level (1)	65,891%	62,612%
b) Level of short-term debt (2)	31,815%	31,400%

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

2.2 Solvency Ratio:

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

	<u>As of september, 30</u>	<u>As of december, 31</u>
	<u>2022</u>	<u>2021</u>
Solvency ratio (1)	1,518 v	1,597 v

- (1) The solvency ratio measures a company's ability to pay its debts. At the end of September 30, there was a slight decrease due to the devaluation of the peso against the dollar, which impacted financial liabilities and the obligation to acquire spectrum in the 1900 MHz band.

2.3 Profitability ratios:

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

	<u>For the nine-month period ended september 30,</u>	
	<u>2022</u>	<u>2021</u>
a) Operating margin (1)	18,026%	5,642%
b) OIBDA margin	34,883%	30,168%

- (1) The improvement during the 2022 period reflects 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 5.0%, showing a slight decrease due to the impact of the peso's devaluation against the US dollar, derived from commercial costs related to the higher commercial activity during the nine months.
- (2) The improvement during the first nine months of 2022 corresponds to the sale of the fiber optic business to Onnet Fibra Colombia S.A.S. (Note 1 (c)). Excluding this impact, the adjusted EBITDA margin is 24.5%, with variation related to commercial costs associated with the higher commercial activity during the nine months of 2022, partially offset by the positive results of business revenues and higher markup of mobile terminals.

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2.4 Liquidity Ratios

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

	<u>As of september, 30</u>	<u>As of december, 31</u>
	<u>2022</u>	<u>2021</u>
a) Net working capital (In thousands of US\$)	(17.086)	38.630
a) Net working capital (In thousands of COP\$)	(78.431.848)	177.332.981
b) Current ratio	0,974	1,067
c) Acid test	0,814	0,955

These indicators are static measures of the resources available at a given time to meet short-term obligations. The variation relates to the increase in obligations in dollars due to devaluation and payment of 20% of spectrum acquisition in the 1900MHz band. In this respect, the analysis of short-term liquidity and solvency must consider the projections of future cash flows made by the Group, which guarantee continuity as a going concern.

2.5. Organizational Capacity

	<u>For the nine-month period ended september 30,</u>	
	<u>2022</u>	<u>2021</u>
a) Return on equity-ROE (1)	(0,298%)	(2,097%)
b) Return on assets- ROA (1)	7,740%	1,823%
c) Return, net (1)	(0,237%)	(2,427%)

(1) The improvement in this indicator at the end of the third quarter of 2022 is due to the profit obtained from the sale of the fiber optic business (Note 1 (c)) and the good performance of the business, net of costs due to increased commercial activity.

2.6. Interest coverage

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

	<u>For the nine-month period ended september 30,</u>	
	<u>2022</u>	<u>2021</u>
Interest coverage (1)	4,717 v	1,707 v

(1) The net increase in this indicator at the end of the third quarter of 2022 represents the improvement in operating results, leveraged by the sale of the fiber optic business and the good performance of the business, net of costs due to increased commercial activity.

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3. Operating Information

3.1. Access

	2022			2021		
	Sep-30	Jun-30	Mar-31 (Units 000)	Dec-31	Sep-30	jun-30
End Clients Access	23.351	23.004	22.073	21.924	21.024	20.321
Basic Line (1)	1.411	1.414	1.414	1.410	1.411	1.419
Data	1.272	1.232	1.207	1.183	1.170	1.166
TV	659	620	586	554	535	527
Mobile Services	20.009	19.738	18.866	18.777	17.908	17.209
Prepaid	14.609	14.534	13.759	13.792	13.043	12.477
Postpaid	5.400	5.024	5.107	4.985	4.865	4.732

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

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

	2022			2021		
	Sep-30	Jun-30	Mar-31 (In of US\$)	Dec-31	Sep-30	jun-30
LB-BA-TV (1)	7,03	7,09	6,90	6,89	7,26	6,81
Total Mobile (2)	2,30	2,39	2,48	2,51	2,54	2,60
Prepaid	0,55	0,56	0,65	0,64	0,59	0,59
Postpaid	7,07	7,48	7,42	7,69	8,09	7,94

	2022			2021		
	Sep-30	Jun-30	Mar-31 (In of COP\$)	Dec-31	Sep-30	jun-30
LB-BA-TV (1)	32.268	32.528	31.652	31.626	33.345	31.262
Total Mobile (2)	10.546	10.965	11.391	11.539	11.645	11.948
Prepaid	2.519	2.553	2.964	2.934	2.690	2.714
Postpaid	32.437	34.324	34.040	35.318	37.148	36.462

(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 October 1 and the date of issuance of the condensed consolidated interim financial statements, which do not affect the figures as of September 30, 2022.

Infrastructure Sharing with Colombia Móvil S.A.

Colombia Telecomunicaciones S.A. E.S.P. BIC and Colombia Móvil S.A. established a legal and juridical framework for the sharing of infrastructure elements and, for this purpose, jointly executed the project for the deployment of a 4G access network, called the Alliance. On October 18, 2022, an Addendum No.5 to the Alliance signed with Colombia Móvil S.A. ESP was subscribed to extend its validity until December 2, 2028.