

Colombia Telecomunicaciones S.A. E.S.P. BIC and its Subsidiary¹ As of March 31, 2023 and for the quarter ended March 31, 2023

(Amounts in billions of pesos, unless otherwise indicated)

Colombia Telecomunicaciones S.A. E.S.P. BIC informs that today, May 12, 2023, it transmitted to the Financial Superintendency of Colombia the **Consolidated and Separate Financial Statements** as of March 31, 2023 and for the quarter ended March 31, 2023.

I. Relevant Matters

1. Relevant Matters as of March 31, 2023

Colombia Telecomunicaciones S.A. E.S.P. BIC at the end of the first quarter of 2023 has maintained the growth path in revenues from customer contracts, capturing market opportunities in the context of increased demand for connectivity and digital services, leveraged mainly by the expansion of fiber access, postpaid and digital services to businesses and corporations; likewise, an efficient management in costs offsetting in part the macroeconomic and market impacts, with a financial discipline oriented towards the generation of value.

The result as of the first quarter of 2023 reflects **the Company's** good commercial and operating performance and the execution of the strategy focused on value, growth, and profitability projects in an increasingly competitive market. Likewise, an efficient cost management, compensating in part the macroeconomic and market impacts, with a financial discipline oriented towards the generation of value.

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

As of March 31, 2023, 12-month cumulative inflation peaked at 13,34% and is expected to continue its downward trend for the remainder of the year. The results in terms of local inflation are mixed; on the positive side, food and restaurant inflation continued to show a downward trend, leading inflation for the lower income population to decrease, while core and regulated inflation continued to increase, evidencing the strong impact of the indexation effect and energy inflation. In this sense, we observe that the current inflation is explained by the core component, contrary to what was observed in 2022, which was food.

At the local level, the exchange rate reached \$4.646,08 per dollar and was impacted by the moderation in the adjustments of the monetary policy rate despite the growing inflation, added to the uncertainty associated with the structural changes proposed by the new Government. **The Company** has made the overall valuation of the financial risk due to the growth of inflation and devaluation, and after the measures adopted with hedging instruments, there is no evidence of significant impacts affecting the results of operations, financial position and liquidity.

¹ Subsidiary as of March 31, 2023: Empresa Operaciones Tecnológicas y Comerciales S.A.S. - "Optecom".

II. Operating Results

At the end of the first quarter of 2023, **the Company** presented a continued strengthening in commercial activity with year-on-year growth in mobile customers (+9,1%) and fiber optics (+67,9%), increased revenues from digital cloud and cybersecurity services, mobile terminals and fiber optic deployment services. **Operating revenues from customer contracts** showed a year-on-year growth of +6,9% (\$108MM).

The Company's total customers at the end of March 31, 2023 reached 24,2 million (+9,2% year-on-year) and are composed as follows; **mobile business customers** amounted to 20,7 million (+9,0% year-on-year), in contract customers, net additions in the first quarter of 2023 amounted to 35,7k accesses leveraged by the growth of commercial activity amid a very competitive environment. In the **wireline business**, customers totaled 3,5 million, fixed connectivity continued to be transformed through fiber optics, with excellent deployment results, reaching 952k accesses (+67,9% year-on-year), representing 70% of the total broadband plant (1,36 million customers), with 42,5k net additions in the first quarter of 2023. TV customers amounted to 740k, IPTV accesses amounted to 595k (80,5% of total TV), partially offsetting the 33% y-o-y drop in DTH service during the 2023 period.

III. Consolidated Financial Results

1. Consolidated Statement of Comprehensive Income

Total operating revenues during the first quarter of 2023 amounted to \$1,748MM, an increase of 9.5% compared to the end of the same quarter of 2022 (excluding the effect of the KKR transaction in January 2022 for \$840MM). **Revenues from customers** amounted to \$1,667MM, up 6.9% year-over-year (\$1,559MM in the first quarter of 2022), mainly due to the good performance in all segments in both wireless and wireline services, increased commercial activity, postpaid service revenues, fiber connectivity and digital services. **Revenues from terminals** presented an increase of 10.6% compared to the same quarter of 2022, leveraged mainly by the dynamics in commercial strategies and financing options with strategic allies.

Other operating revenues of \$81MM presented an increase of 120% (excluding the effect of the transaction carried out with KKR in January 2022) compared to the same quarter of 2022, mainly due to the recognition of revenues associated with the exclusivity generated in the contractual obligation of the fiber optic business, logistical support services, commercial and administrative platforms.

Operating costs and expenses amounted to \$1.372MM at the end of the first quarter of 2023, an increase of 12,7% (\$1.218MM) compared to the same quarter of 2022, mainly due to commercial costs for the sale of mobile terminals, corporate B2B projects, fiber optic deployment services, customer acquisition costs, equipment and installation at the customer's premises, and price increases associated with macroeconomic impacts.

EBITDA - an indicator that measures performance and operating income before depreciation and amortization amounted to \$376MM as of the first quarter of 2023, with no significant variation versus the same quarter of 2022 (excluding the effect of the transaction carried out with KKR in January 2022). **EBITDA** during the first quarter of 2023 is driven by strong revenue performance, supported by increased mobile handset sales, connectivity through fiber optics, digital services and fiber deployment services, and efficiencies in non-commercial costs and expenses.

Depreciation and amortization expense during the first quarter of 2023 amounted to \$337MM, a decrease of 2,8% compared to the same quarter of 2022. **The financial result net** was \$147MM with an increase of 41,1% year-over-year, mainly due to interest associated with the renewal of the mobile radio spectrum license, the increase in interest rates on

variable rate financial obligations, and the 23,7% devaluation of the Colombian peso against the US dollar when compared to the end of the first quarter of 2022.

Net income for the first quarter of 2023 is -\$114MM and includes **income tax expense** of \$28MM (**net income** for the first quarter of 2022 was \$288MM).

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 March 31, 2023 amounted to Ps. 14,349MM. **Current assets** total \$2,777MM and **non-current assets** total \$11,571MM. The main changes in assets compared to the closing as of December 31, 2022 are summarized below:

Current assets presented a net decrease of 9,4% (\$289MM) mainly in cash and cash equivalents due to payment of suppliers during the quarter generated by the increased commercial activity and acquisitions of goods and services at the end of 2022, the payment of 10% of the obligation for the acquisition of the radio electric spectrum, and a decrease in financial assets due to the valuation of hedges effect of the revaluation of the peso against the dollar during the first quarter of 2023 of 3,4%; partially offset by the increase in prepaid expenses for obtaining contracts with customers, cost of equipment and installation in customers' homes generated by the commercial activity of the period, and in taxes and public administrations due to self-withholdings generated on revenues during the first quarter of 2023.

Non-current assets presented a net decrease of 1,5% (\$174MM) mainly due to depreciation and amortization in property, plant and equipment and intangibles and the effect of the revaluation of the peso against the US dollar during the first quarter of 2023 in the valuation of hedges of financial assets; partially offset by the increase in prepaid expenses for obtaining contracts with customers and the cost of equipment and installation in customers' homes generated by the commercial activity of the period.

Total consolidated liabilities at the close of March 31, 2023 are \$9.744MM and present a net decrease of 3,4% (\$339MM). The main variations compared to the closing as of December 31, 2022 are summarized below:

Current liabilities of \$3.196MM presents a net decrease of 7,3% (\$250MM) mainly due to the decrease in suppliers for the payment of balances as of December 31, 2022 generated in the acquisition of goods and services, mobile terminals, deployment of mobile and fixed network and customer acquisition, equipment and installation at the customer's home for the commercial activity at the end of the year, in the provisions for settlement and payment of ICA returns, consideration and employee benefits during the first quarter of 2023 and increase in financial obligation for loans acquired for short-term working capital due to the seasonality of cash flow in the first part of 2023, for valuation of hedges effect of the revaluation of the peso against the dollar and payment of 10% of the renewal of the license for the use of the radio spectrum and interest and, increase in taxes and, in public administrations for VAT and withholding tax payable that will be compensated with the income tax credit balances of 2022.

Non-current liabilities amounted to \$6.548MM, a net decrease of 1,3% (\$89MM), mainly due to the effect of the revaluation of the peso against the US dollar in financial obligations in foreign currency during the first quarter of 2023.

consolidated net equity at the end of March 31, 2023 amounted to \$4.604MM with a net decrease of 2,6% (\$124MM) generated mainly by the result of the first quarter of 2023 and the decrease in valuation of hedging instruments mainly due to the increases in the Libor and IBR curves associated with the swap instruments.

IV. Subsequent Events

The notes to the Financial Statements disclose information related to subsequent events.

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

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

As of March 31, 2023 and for the three-month period ended March 31, 2023
with statutory auditor's report

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Certification of the Legal Representative and Public Accountant

To the Shareholders of
COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC

May 10, 2023

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 March 31, 2023, and the Condensed Consolidated Interim Consolidated Statements of Comprehensive Income, Condensed Consolidated Interim Statement of Changes in Equity and Condensed Consolidated Interim Statement of Cash Flows for the three-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, and 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 March 31, 2023, exist and all transactions included in such condensed consolidated interim financial statements have occurred during the three-month period then ended.
2. All economic events of the Company and its subsidiary during the three months ended March 31, 2023, 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 March 31, 2023.
4. All items have been recognized at their appropriate values, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia - (NCIF).

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 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2023**

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

	Notes	As of march, 31		As of december, 31	
		2023		2022	
		(Unaudited)		(Audited)	
		(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Assets					
Current assets					
Cash and cash equivalents	5	34.519	160.377.632	103.820	482.357.458
Financial assets	6	1.176	5.462.509	24.639	114.473.812
Debtors and other receivables, net	7	273.636	1.271.334.772	267.495	1.242.801.246
Prepaid expenses	8	84.506	392.619.395	71.752	333.365.146
Contractual assets	9	2.510	11.661.553	2.477	11.509.945
Inventories	10	102.843	477.816.417	104.934	487.531.477
Taxes and public administration	11	98.594	458.075.346	84.886	394.385.624
Total current assets		597.784	2.777.347.624	660.003	3.066.424.708
Non-current assets:					
Financial assets	6	99.016	460.035.229	108.744	505.232.823
Debtors and other receivables, net	7	217.052	1.008.441.469	213.672	992.739.484
Investments companies	12	18.238	84.734.599	13.497,00	62.709.480,00
Prepaid expenses	8	125.927	585.067.038	113.973	529.527.808
Contractual assets	9	1.136	5.275.660	1.282	5.957.797
Right of use assets	13	207.243	962.869.577	207.215	962.738.324
Property, plant and equipment	14	876.791	4.073.638.996	906.120	4.209.906.007
Investment properties	0	1.732	8.045.056	1.732	8.045.056
Intangibles	15	269.470	1.251.979.912	283.662	1.317.918.174
Goodwill	16	291.823	1.355.833.946	291.823	1.355.833.946
Taxes and public administration	11	88.418	410.798.489	86.876	403.634.509
Deferred taxes	11	293.709	1.364.597.818	299.448	1.391.257.589
Total Non-current assets		2.490.555	11.571.317.789	2.528.044	11.745.500.997
Total assets		3.088.339	14.348.665.413	3.188.047	14.811.925.705
Liabilities					
Current liabilities:					
Financial obligations	17	136.674	634.996.518	105.184	488.692.357
Suppliers and accounts payable	18	460.890	2.141.331.116	545.393	2.533.940.691
Contractual liabilities	9	31.888	148.155.740	31.265	145.259.250
Taxes and public administration	11	29.820	138.543.867	23.288	108.196.785
Deferred liabilities	0	558	2.590.420	558	2.590.540
Provisions and pension liabilities	19	28.020	130.178.840	36.018	167.337.608
Total current liabilities		687.850	3.195.796.501	741.706	3.446.017.231
Non-current liabilities					
Financial obligations	17	1.250.902	5.811.788.948	1.265.689	5.880.490.894
Suppliers and accounts payable	18	13.902	64.592.054	15.697	72.930.673
Contractual liabilities	9	88.136	409.487.990	90.363	419.849.081
Deferred liabilities	0	1.323	6.152.097	1.364	6.336.436
Provisions and pension liabilities	19	55.202	256.471.915	55.421	257.489.358
Total non-current liabilities		1.409.465	6.548.493.004	1.428.534	6.637.096.442
Total liabilities		2.097.315	9.744.289.505	2.170.240	10.083.113.673
Total equity, attributable to controlling interests	20	991.024	4.604.375.908	1.017.807	4.728.812.032
Total liabilities and shareholders' equity		3.088.339	14.348.665.413	3.188.047	14.811.925.705

Notes 1 to 30 are an integral part of these condensed interim financial statements.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023 and 2022**

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

Notes	Quarter ended march 31,				
	(Unaudited)				
	2023		2022		
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)	
Operating income:					
Income from contracts with customers	21	358.758	1.666.817.919	335.489	1.558.706.933
Other operating income	22	17.384	80.766.560	188.870	877.506.610
		376.142	1.747.584.479	524.359	2.436.213.543
Operating costs and expenses	23	(295.235)	(1.371.684.747)	(262.063)	(1.217.567.907)
Operating profit before depreciation and amortization		80.907	375.899.732	262.296	1.218.645.636
Depreciation and amortization	24	(72.509)	(336.881.789)	(74.591)	(346.557.210)
Operational result		8.398	39.017.943	187.705	872.088.426
Interest expense, net	25	(31.541)	(146.544.024)	(22.363)	(103.899.688)
Participation method	13	4.620	21.466.700	(347)	(1.613.836)
Profit before taxes		(23.143)	(86.059.381)	165.342	766.574.902
Income and supplementary taxes	11	(5.979)	(27.777.406)	(103.038)	(478.720.763)
Net profit for the period		(29.122)	(113.836.787)	62.304	287.854.139
Other comprehensible results:					
Items to be reclassified to the income statement					
Valuation of hedging derivatives, net of tax	11	(2.402)	(11.157.756)	(1.216)	(5.651.198)
Participation over the other comprehensive income in associated company	11 y 12	121	558.419	-	-
Other comprehensive income	20	(2.281)	(10.599.337)	(1.216)	(5.651.198)
Net comprehensive income for the period		(31.403)	(124.436.124)	61.088	282.202.941

Notes 1 to 30 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 MARCH 31, 2023 AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
(figures expressed in thousands of Colombian pesos, unless otherwise indicated)

	Subscribed and paid-in capital	Premium on share placement	Reserves	Revaluation surplus, hedging derivatives and actuarial result	Results of post- employment benefit obligations	Accumulated results	Total	Total Equity
(In thousands of US\$)								
Balances as of December 31, 2021	734	2.114.122	15.288	95.746	(2.666)	(1.146.561)	1.076.664	1.079.329
Net profit for the period	-	-	-	-	-	61.956	-	61.956
Distributable reserves	-	-	21.866	-	-	(21.866)	-	-
Transfers (Note 20)	-	-	-	(839)	-	839	-	-
Other comprehensive income for the period (Note 20)	-	-	-	(1.216)	-	-	(1.216)	(1.216)
Balances as of March 31, 2022 (Unaudited)	734	2.114.122	37.154	93.691	(2.666)	(1.105.632)	1.075.448	1.140.069
(In thousands of COP\$)								
Balances as of December 31, 2021	3.410.076	9.822.380.645	71.030.665	444.842.091	(12.386.002)	(5.327.012.650)	5.002.264.825	5.014.650.827
Net profit for the period	-	-	-	-	-	287854139	-	287.854.139
Distributable reserves	-	-	101.588.959	-	-	(101.588.959)	-	-
Transfers (Note 20)	-	-	-	(3.897.959)	-	3.897.959	-	-
Other comprehensive income for the period (Note 20)	-	-	-	(5.651.198)	-	-	(5.651.198)	(5.651.198)
Balances as of March 31, 2022 (Unaudited)	3.410.076	9.822.380.645	172.619.624	435.292.934	(12.386.002)	(5.136.849.511)	4.996.613.627	5.296.853.768
Balances as of December 31, 2022	3.410.076	9.822.380.645	71.030.665	304.823.104	(13.338.881)	(5.472.832.458)	4.715.473.151	4.728.812.032
Net profit for the period	-	-	-	-	-	(113.836.787)	(113.836.787)	(113.836.787)
Transfers (Note 20)	-	-	-	(20.130.575)	-	20.130.575	-	-
Other comprehensive income for the period (Note 20)	-	-	-	(10.599.337)	-	-	(10.599.337)	(10.599.337)
Balances as of March 31, 2023 (Unaudited)	3.410.076	9.822.380.645	71.030.665	274.093.192	(13.338.881)	(5.566.538.670)	4.591.037.027	4.604.375.908

Notes 1 to 30 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 THREE-MONTH PERIOD ENDED MARCH 31, 2023 and 2022.**

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

	Notes	Quarter ended march 31,			
		(Unaudited)			
		2023		2022	
		(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Net cash flows from operating activities					
		402.309	1.869.159.407	323.940	1.505.049.938
		(362.584)	(1.684.594.399)	(315.524)	(1.465.953.797)
		(32.204)	(149.621.269)	(20.388)	(94.722.257)
		(14.769)	(68.619.238)	(31.151)	(144.729.326)
		(9.295)	(43.185.996)	(16.209)	(75.310.115)
	17	(5.424)	(25.199.296)	(4.454)	(20.694.899)
		(21.967)	(102.060.791)	(63.786)	(296.360.456)
Net cash flows used in investing activities					
		1.393	6.471.012	505	2.346.254
		(52.897)	(245.763.325)	(31.824)	(147.857.025)
		-	-	148.937	691.974.162
		(51.504)	(239.292.313)	117.618	546.463.391
Net cash flows (used in) provided by financing activities					
	17	32.294	150.040.975	-	-
		(11.948)	(55.513.680)	-	-
		(16.176)	(75.154.017)	(15.324)	(71.197.764)
		-	-	4.958	23.035.653
		-	-	(113.284)	(526.326.240)
		4.170	19.373.278	(123.650)	(574.488.351)
		(69.301)	(321.979.826)	(69.818)	(324.385.416)
		103.820	482.357.458	117.963	548.069.973
	5	34.519	160.377.632	48.145	223.684.557
Cash and cash equivalents as of January 1					
		103.820	482.357.458	117.963	548.069.973
		87.244	405.344.578	94.477	438.949.908
		16.576	77.012.880	23.486	109.120.065
		34.519	160.377.632	48.145	223.684.557
Cash and cash equivalents as of march 31,					
		23.515	109.250.333	40.066	186.150.994
		11.004	51.127.299	8.079	37.533.563

Notes 1 to 30 are an integral part of these condensed interim financial statements

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2023 AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
(figures expressed in thousands of Colombian pesos, unless otherwise stated)

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

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

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

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

On July 28, 2020, the Company registered in the Chamber of Commerce the modification of the Company's Business Group status, in the sense of indicating that it 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. - "Optecom", S. S., this company proceeded to (i) cancel the titles of Metrotel and Telebucaramanga; (ii) issue in the name of Colombia Telecomunicaciones S. A. E.S.P. BIC the titles corresponding to the 2,330 shares owned by Metrotel and Telebucaramanga; and (iii) register in the share registry book the company Colombia Telecomunicaciones S. A. E.S.P. BIC as shareholder of Optecom. Consequently, Colombia Telecomunicaciones S. A. E.S.P. BIC has a share corresponding to 100% of the capital stock of Optecom. The situation of control over Optecom is predicated on 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 includes general consulting, design, supervision and execution of works, electromagnetic assemblies, maintenance and commercial operation of telecommunications networks, carrying out energy transmission and maintenance projects, integral maintenance of networks associated with external plant and client's loop, design and construction of all kinds of works, assemblies, construction and maintenance of internal and external telecommunications plants with wireless access or built in multipair copper, fiber optic or coaxial cable, or any other technology. The term of duration of the company is indefinite, the address registered as domicile and main office is Calle 74 No. 57 - 35, 2nd floor (Barranquilla, Colombia).

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.

The negotiation included the agreement of an Earn-Out, which was agreed 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 signed 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 fiber optic assets 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 capital stock.

In accordance with the agreement, during the year 2023, the accomplishment of the Earn-Out is determined by verifying compliance with the conditions agreed in the Master Business Plan and making effective the variable price agreed in the transaction.

d) Infrastructure sharing with Colombia Móvil S.A. E.S.P.

Colombia Telecomunicaciones S.A. E.S.P. BIC and Colombia Móvil S.A. E.S.P. entered into an Alliance on December 2, 2013, to jointly execute the deployment of the Telecommunications Network under 4G LTE technology. On October 18, 2022, Addendum No. 5 to the Alliance was subscribed to extend its term until December 2, 2028.

2. OPERATIONS

2.1. Ongoing business

In carrying out its business activities, the Group analyzes the measurement of assets and liabilities, accounting estimates, and appropriate disclosures and the Group's ability to continue as a going concern.

Management continues to have a reasonable expectation that the Group has adequate resources to continue as a going concern for at least the next 12 months and that the going concern basis of accounting remains appropriate. The Group has resources comprising cash and cash equivalents of \$160.377.632, other highly liquid assets, and undrawn credit facilities available at the date of issuance of these Condensed Consolidated Interim Financial Statements.

In addition, to respond to a severe negative scenario, the Group's Management maintains the ability to take mitigating actions to reduce costs, optimize the Group's cash flow and preserve liquidity.

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.

2.3. Main Regulatory Matters

The main regulatory issues as of March 31, 2023, are as follows:

a) The National Planning Department (DNP) presented the legislative proposal that issues the National Development Plan 2022-2026.

The National Development Plan relates the proposals and objectives of the Governments with their management during the four years of the presidential period. In the general comments from the Company, we asked for new models of alliances to promote fixed and mobile connectivity throughout the country, and to contemplate the issues that market concentration brings to market competitiveness.

b) Congress is debating other important legislative proposals related to the TIC sector.

- The Senate of the Republic proposes that Basic Public Commute Telephony and fixed Internet be catalogued as Domestic Public Services and that municipalities subsidize lower income users with the municipal budget and contributions from strata 5 and 6, commercial and industrial. It would limit the reinstallation charge to 1% of one SMLMV, about \$11,600 pesos.
- The Senate of the Republic would declare of public utility and social interest the laying, construction and operation of networks for public telecommunication services.
- The House of Representatives of the Republic would seek to prevent identity theft. It would require providers of mobile telecommunications networks and services and financial entities to establish measures to avoid negative reports and would prevent them from charging those who are processing administrative complaints and reports of identity theft.

c) The Mayor's Office of Bogotá issued the Decree that regulates the requirements and procedure to authorize and install antennas and stations in the city.

The regulation, which is of local application, serves as a reference for many administrations in other municipalities. It included the charge for the use of public space; it requires compliance with the height standards for buildings defined for each urban treatment. It stipulated that the minimum distance between radioelectric stations in private properties on urban land will be 50 meters, as opposed to the 2 meters mentioned in the proposal. It is estimated that the impact of the measure is lower since under the new network deployment model, the Company leases technical sites to specialized companies.

d) The Spectrum Agency postponed compliance with Resolution 797 until July 31, 2023.

This decision gives more time for coordination between mobile operators and the Penitentiary Institute (INPEC). This Institute must invest to modernize its signal inhibitor equipment in prisons. Resolution 797 was issued in 2019 and regulated the operation of the inhibitor or blocking systems installed by INPEC inside penitentiary and prison establishments and the attenuation or reduction of radio signals coming from mobile stations near these establishments.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

3.1. Professional Accounting Standards Applied

3.1.1. Basis of Presentation

These interim financial statements ended March 31, 2023, and for the three-month period ended on that date have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's latest annual consolidated financial statements as of and for the year ended December 31, 2022 ('latest annual financial statements'). They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transactions that are important to understand the Group's financial position and performance changes since the last annual financial statements.

These Condensed Consolidated Interim Financial Statements have been prepared on the historical cost basis except for land, buildings, and derivative financial instruments, which have been measured at fair value.

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

The Condensed Consolidated Interim Financial Statements are presented in Colombian pesos, the Group's functional currency. 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 in effect 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 \$4,649.08 and \$4,810.20 per US\$1 at March 31, 2023 and December 31, 2022, respectively.

The Condensed Consolidated Interim Financial Statements for the year ended March 31, 2023, were authorized for issue by the Chief Executive Officer of Colombia Telecomunicaciones S. A. E.S.P. BIC on May 10, 2023.

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 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.

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- 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 assets, Colombia Telecomunicaciones S.A. E.S.P. BIC has subscribed shares equivalent to a 40% interest in Alamo HoldCo S.L. and considering that the operation constitutes the sale of a business with subsequent investment in an associate, in the presentation of these consolidated financial statements, the profit or loss arising 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 MFRS 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, 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 following is a summary of the main accounting estimates and judgments made by the Group in the preparation of the Condensed Consolidated Interim Financial Statements:

- The assumptions used to calculate the fair value of financial instruments,
- The valuation of financial assets to determine the existence of impairment losses,
- The useful life of property, plant and equipment and intangibles,
- The variables used and the assumptions used in the evaluation and determination of impairment indicators for non-financial assets,
- The variables used in the evaluation and determination of losses and obsolescence of inventories,
- The discount rate used in the calculation of the lease liability and the right of use,
- The probability of occurrence and the value of the liabilities that determine the amount to be recognized as provisions related to litigation and restructuring,
- The assumptions used in recognition of the decommissioning liability,
- The assessment of the probability of having future profits for the recognition of deferred tax assets,
- The estimated time to depreciate the rights of use, the assumptions used in the calculation of the growth rates of the lease contracts recorded as rights of use, and the variables used for the valuation of the lease liability.
- Post-employment employee benefits, the present value of pension obligations, and other post-employment benefits depend on certain factors that are determined on an actuarial basis using several assumptions.

These estimates have been made on the basis of the best information available on the events analyzed at the date of preparation of the Condensed Consolidated Interim Financial Statements, which may give rise to future modifications by virtue of possible situations that may occur and that would require their recognition prospectively, which would be treated as a change in an accounting estimate in future financial statements.

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, 2022. The same has been applied for the period covered by these Condensed Consolidated Interim Financial Statements.

4. REGULATORY CHANGES

1.1 New standards incorporated into the accounting framework accepted in Colombia, the application of which is mandatory as from January 1, 2023

Decree 938 of 2021 updated the technical frameworks of the Accounting and Financial Reporting Standards accepted in Colombia, mainly incorporating amendments to the standards that had already been compiled by Decrees 2270 of 2019, 1432

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of 2020 and 1611 of 2022, 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, 2022, reflect the regulations incorporated into the accounting framework accepted in Colombia, whose application must be evaluated on a mandatory basis in periods subsequent to January 1, 2023.

5. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is as follows:

	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Banks in national and foreign currency	23.510	109.227.706	87.241	405.332.724
Temporary investments (1)	11.004	51.127.299	16.576	77.012.880
Cash	5	22.627	3	11.854
	34.519	160.377.632	103.820	482.357.458

The net decrease corresponds mainly to the payment of suppliers during the quarter generated by the increased in commercial activity and acquisitions of goods and services at the end of 2022. Additional due to the payment of 10% of the obligation for the acquisition of 1900 MHz spectrum, partially offset by collections from customers.

Cash and cash equivalents include balances in foreign currency and its equivalent in thousands of pesos at March 31, 2023 of USD1,913 thousand (\$8.887.951) and at December 31, 2022 of USD 849 thousand (\$4.083.860), respectively (Note 26). As of March 31, 2023 and December 31, 2022, the restricted values in banks amount to \$24.033.611 and \$12.276.033, respectively.

- 1) Includes investments in collective funds whose rates for the three months ended March 31, 2023, and 2022 ranged between 15.89% and 32.30% and between 1.82% and 4.50%, respectively. Yields on temporary investments and bank investments recognized during the three months ended March 31, 2023, and 2022 were \$1.585.486 and \$687.856, respectively (Note 25).

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6. FINANCIAL ASSETS

The balance of financial assets as of March 31, 2023, is as follows:

	<u>At fair value through profit or loss</u>	<u>At amortized cost</u>	<u>Total financial assets</u>
		(In thousands of US\$)	
Current financial assets:			
Hedging instruments (1)	1.115	-	1.115
Deposits and guarantees (2)	-	61	61
	<u>1.115</u>	<u>61</u>	<u>1.176</u>
Non-current financial assets:			
Hedging instruments (1)	94.454	-	94.454
Deposits and guarantees (2)	-	4.549	4.549
Other financial assets	-	13	13
	<u>94.454</u>	<u>4.562</u>	<u>99.016</u>
	<u>95.569</u>	<u>4.623</u>	<u>100.192</u>
		(In thousands of COP\$)	
Current financial assets:			
Hedging instruments (1)	5.177.767	-	5.177.767
Deposits and guarantees (2)	-	284.742	284.742
	<u>5.177.767</u>	<u>284.742</u>	<u>5.462.509</u>
Non-current financial assets:			
Hedging instruments (1)	438.840.000	-	438.840.000
Deposits and guarantees (2)	-	21.135.229	21.135.229
Other financial assets	-	60.000	60.000
	<u>438.840.000</u>	<u>21.195.229</u>	<u>460.035.229</u>
	<u>444.017.767</u>	<u>21.479.971</u>	<u>465.497.738</u>

- (1) As of March 31, 2023, there is a decrease in the valuation of hedge instruments, mainly due to the 3.4% revaluation of the exchange rate compared to the close of the previous year (as of March 31, 2023, for \$4.646,1 and as of December 31, 2022, for \$4.810,2).
- (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 on December 31, 2022, is as follows:

	<u>At fair value through profit or loss</u>	<u>At amortized cost</u> (In thousands of US\$)	<u>Total financial assets</u>
Current financial assets:			
Investments in commercial papers (3)	-	17.153	17.153
Hedging instruments	7.425	-	7.425
Deposits and guarantees	-	61	61
	<u>7.425</u>	<u>17.214</u>	<u>24.639</u>
Non-current financial assets:			
Hedging instruments	104.935	-	104.935
Deposits and guarantees	-	3.796	3.796
Other financial assets	-	13	13
	<u>104.935</u>	<u>3.809</u>	<u>108.744</u>
	<u>112.360</u>	<u>21.023</u>	<u>133.383</u>

	<u>At fair value through profit or loss</u>	<u>At amortized cost</u> (In thousands of COP\$)	<u>Total financial assets</u>
Current financial assets:			
Investments in commercial papers (3)	-	79.696.222	79.696.222
Hedging instruments	34.492.848	-	34.492.848
Deposits and guarantees	-	284.742	284.742
	<u>34.492.848</u>	<u>79.980.964</u>	<u>114.473.812</u>
Non-current financial assets:			
Hedging instruments	487.534.552	-	487.534.552
Deposits and guarantees	-	17.638.271	17.638.271
Other financial assets	-	60.000	60.000
	<u>487.534.552</u>	<u>17.698.271</u>	<u>505.232.823</u>
	<u>522.027.400</u>	<u>97.679.235</u>	<u>619.706.635</u>

- (3) During the first quarter of 2023, the tax refund certificates were used for the payment of withholding tax returns for December 2022, VAT for the VI bimester 2022 and excise tax for the VI bimester 2022.

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7. DEBTORS AND OTHER ACCOUNTS RECEIVABLE, NET

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

	As of march, 31		As of december, 31	
	2023		2022	
	(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)	196.947	915.030.827	195.628	908.902.211
Portfolio by equipment sold at installments (2)	76.839	357.001.369	76.031	353.246.808
Other debtors (3)	56.730	263.575.935	48.706	226.292.747
Related parties (Note 27)	37.689	175.104.777	38.028	176.682.226
Portfolio with national operators (4)	14.382	66.818.264	14.355	66.693.267
Commercial agents and distribution channels	3.793	17.620.736	4.129	19.182.475
Portfolio Impairment (5)	(112.744)	(523.817.136)	(109.382)	(508.198.488)
	273.636	1.271.334.772	267.495	1.242.801.246
Non-current:				
Related parties (Note 27)	157.454	731.542.823	156.738	728.217.757
Customers by sale and provision of services (1)	19.171	89.070.469	19.826	92.111.667
Portfolio by equipment sold at installments (2)	21.495	99.869.811	18.122	84.194.258
Portfolio with national operators (4)	10.400	48.319.174	10.399	48.319.174
Other debtors (3)	8.623	40.064.159	8.824	40.999.916
Portfolio Impairment (5)	(91)	(424.967)	(237)	(1.103.288)
	217.052	1.008.441.469	213.672	992.739.484
	490.688	2.279.776.241	481.167	2.235.540.730

As of March 31, 2023 include balances in foreign currency with debtors and other accounts receivable for USD6,935 thousand (\$32,220,565) and with related parties for USD81,214 thousand (\$377,326,741) and as of December 31, 2022 for USD6,986 thousand (\$33,604,057) and USD1,934 thousand (\$9,302,927) respectively (Note 26).

- 1) As of March 31, 2023, the net growth in the current portion is mainly in the corporate segment due to an increase in the provision of digital services and in the residential segment due to new registrations recorded during the first quarter of 2023. The decrease in the non-current portion corresponds mainly to the transfer to the short term of the portfolio with corporate customers.
- 2) The installment equipment portfolio shows an increase in the current and non-current portion due to higher sales of mobile handset terminals through the different direct sales channels and driven by the Group's commercial strategy.
- 3) The current portion presents a net increase mainly due to the portfolio generated by the sale of equipment through financing channels, partially offset by the decrease in the portfolio due to the sale of real estate and the fiber optic deployment project. The non-current portion presents a variation due to portfolio transfers for the sale of real estate in the short term.

As of March 31, 2023, and December 31, 2022, includes trust rights for \$34.144.535 and \$33.451.319, respectively, of the Biannual Plan. Financial yields from fiduciary assignments generate an increase.

- 4) The decrease as of March 31, 2023 corresponds mainly to the closing of settlements with commercial agents and channels managed by large supermarkets.
- 5) As of March 31, 2023, the net growth corresponds to the impairment expense of \$18,279 million (Note 23) and portfolio write-offs of \$3,338 million.

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8. PREPAID EXPENSES

The balance of prepaid expenses is as follows:

	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Current:				
Costs for obtaining contracts with clients (1)	26.796	124.494.515	22.975	106.738.475
Cost of equipment at clients' homes (2)	25.670	119.265.457	22.200	103.143.589
Cost of fulfilling contracts with clients (3)	15.318	71.167.178	13.896	64.563.919
Support and maintenance (4)	8.089	37.584.037	5.101	23.697.526
Corporate projects (5)	7.291	33.876.120	5.466	25.394.219
Insurance policies	1.120	5.203.089	1.442	6.703.077
Irrevocable use rights - capacity (6)	222	1.028.999	672	3.124.341
	84.506	392.619.395	71.752	333.365.146
Non-current:				
Cost of equipment at clients' homes (2)	50.701	235.559.098	44.262	205.644.826
Cost of fulfilling contracts with clients (1)	48.066	223.316.971	45.538	211.572.593
Costs for obtaining contracts with clients (3)	26.180	121.632.777	22.920	106.488.111
Support and maintenance (4)	707	3.289.182	848	3.937.756
Insurance policies	268	1.246.483	399	1.855.575
Irrevocable use rights - capacity (6)	5	22.527	6	28.947
	125.927	585.067.038	113.973	529.527.808
	210.433	977.686.433	185.725	862.892.954

- (1) The increase corresponds mainly to higher commercial activity, represented by 111 thousand of net add customers and an increase in customer acquisition commissions. Amortization for the period ended March 31, 2022, was \$32.372.750 and \$17.271.722, respectively (Note 23).
- (2) Amortization for the three months ended March 31, 2023 and 2022 for customer premises equipment costs amounted to \$30.345.831 and \$23.596.460, respectively (Note 23). The non-current portion increases due to higher equipment delivered to customers' households which represented 76 thousand new customers during the first quarter of 2023 and a price impact due to the devaluation of the peso against the dollar of more than 20%.
- (3) Amortization for the three months ended March 31, 2023 and 2022 for customer premises equipment costs was \$20.321.979 and \$16.494.436, respectively (Note 23). The current and non-current portion increases due to higher equipment installed into customers' premises as a result of commercial activity.
- (4) As of March 31, 2023, includes network equipment licensing, support, and maintenance services. The increase in the current portion corresponds mainly to the renewal of licenses associated with services and platforms for corporate clients. The decrease in the non-current portion corresponds to transfers to the short term in accordance with the term of the service.
- (5) The increase corresponds mainly to the network deployment project under the contract for the sale of fiber optic assets. As of March 31, 2023, there is an increase due to materials and costs associated with network deployment.
- (6) The diminution in current assets corresponds to the amortization of the transnational cable costs during the first semester of 2023 in relation to the rights of use with Group companies, which ends at the end of 2023. The balance of non-current assets corresponds to a right-of-use contract with termination in 2024.

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9. CONTRACTUAL ASSETS AND LIABILITIES

The changes in contractual assets and liabilities for the quarter ended March 31, 2023 are as follows:

	As of 31 december 2022,	High	Amortization	Transfers	Reversal	As of 31 march 2023,
	(In thousands of US\$)					
Current contractual asset (1)						
Contractual asset	2.481	531	(809)	325	-	2.528
Impairment corrections	(4)	(15)	-	-	1	(18)
	<u>2.477</u>	<u>516</u>	<u>(809)</u>	<u>325</u>	<u>1</u>	<u>2.510</u>
Non-current contractual asset (1)						
Contractual asset	1.282	179	-	(325)	-	1.136
Impairment corrections	(2)	(7)	-	-	-	(9)
	<u>1.280</u>	<u>172</u>	<u>-</u>	<u>(325)</u>	<u>-</u>	<u>1.127</u>
	<u>3.757</u>	<u>688</u>	<u>(809)</u>	<u>-</u>	<u>1</u>	<u>3.637</u>
Current contractual liabilities (2)	31.265	44.799	(46.406)	2.230	-	31.888
Non-current contractual liability (2)	90.363	-	-	(2.230)	-	88.136
	<u>121.628</u>	<u>44.799</u>	<u>(46.406)</u>	<u>-</u>	<u>-</u>	<u>120.024</u>

	As of 31 december 2022,	High	Amortization	Transfers	Reversal	As of 31 march 2023,
	(In thousands of COP\$)					
Current contractual asset (1)						
Contractual asset	11.528.750	2.468.055	(3.759.601)	1.511.136	-	11.748.340
Impairment corrections	(18.805)	(71.277)	0	-	3.295	(86.787)
	<u>11.509.945</u>	<u>2.396.778</u>	<u>(3.759.601)</u>	<u>1.511.136</u>	<u>3.295</u>	<u>11.661.553</u>
Non-current contractual asset (1)						
Contractual asset	5.966.555	861.577	-	(1.511.136)	-	5.316.996
Impairment corrections	(8.758)	(33.786)	-	-	1.208	(41.336)
	<u>5.957.797</u>	<u>827.791</u>	<u>-</u>	<u>(1.511.136)</u>	<u>1.208</u>	<u>5.275.660</u>
	<u>17.467.742</u>	<u>3.224.569</u>	<u>(3.759.601)</u>	<u>-</u>	<u>4.503</u>	<u>16.937.213</u>
Current contractual liabilities (2)	145.259.250	208.141.585	(215.606.186)	10.361.091	-	148.155.740
Non-current contractual liability (2)	419.849.081	-	-	(10.361.091)	-	409.487.990
	<u>565.108.331</u>	<u>208.141.585</u>	<u>(215.606.186)</u>	<u>-</u>	<u>-</u>	<u>557.643.730</u>

- (1) The net decrease corresponds mainly to the amortization of benefits granted in previous periods and is partially offset by new additions with benefits in the corporate segment.
- (2) The increase corresponds mainly to the agreement for the sale of fiber optic assets made on January 11, 2022, to Onnet Fibra Colombia S. A. S.-Onnet. The transaction price is based on two concepts: the sale of fiber optic assets and the exclusivity commitment of the associate through the contract for the supply of connectivity services through the fiber optic network. This agreement has a term of 10 years, and therefore the period for the recognition of this performance obligation is the same term.

The increase in the current portion corresponds mainly to agreements with interconnection operators and commercial agents. This item includes anticipated charges for the provision of services to customers and the current portion of the exclusivity commitment of the agreement for the supply of connectivity services through the fiber optic network for \$37,941 million. The non-current portion corresponds to the exclusivity commitment for \$409,488 million, the decrease is represented by the transfer to the short term in accordance with the term of the agreement as of December 31, 2031.

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10. INVENTORIES

The balance of inventories is as follows:

	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Mobile phones and accessories (1)	56.674	263.312.140	61.125	283.990.364
Equipment in transit (2)	22.506	104.567.162	27.756	128.957.521
Materials and equipment (3)	19.766	91.833.580	10.942	50.838.093
IT equipment	4.651	21.607.556	5.872	27.282.653
	103.597	481.320.438	105.695	491.068.631
Provision for obsolescence (4)	(754)	(3.504.021)	(761)	(3.537.154)
	102.843	477.816.417	104.934	487.531.477

During the three-month period ended March 31, 2023, and 2021, the consumption of inventories carried at the cost of sales was recognized for \$294.876.160 and \$247.780.321, respectively (Note 23).

- (1) The decrease as of March 31, 2023 is primarily generated by sales in the first quarter of 2023 to meet commercial demand.
- (2) Corresponds mainly to modems, equipment for corporate services, and location equipment. The decrease is mainly associated to the growth in commercial activity during the first quarter of 2023.
- (3) The increase as of March 31, 2023 corresponds mainly to equipment in the process of nationalization in accordance with the fixed and mobile commercial activity foreseen during the year 2023.
- (4) During the quarter ended March 31, 2023, a recovery of \$33,133 was recognized (Note 23), mainly due to an improvement in the turnover of inventories exceeding 360 days.

11. TAXES AND GENERAL GOVERNMENT

The balance of tax and government assets is presented below:

	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Current:				
Credit balance (1)	83.535	388.110.172	66.631	309.571.203
Tax discount (2)	12.106	56.243.595	12.380	57.517.915
Advances, withholdings and self-withholdings of ICA (3)	2.052	9.533.610	5.377	24.980.528
Sales tax withholdings (4)	901	4.187.969	498	2.315.978
	98.594	458.075.346	84.886	394.385.624
No Current				
Tax discounts (2)	88.418	410.798.489	86.876	403.634.509
	88.418	410.798.489	86.876	403.634.509

- (1) Corresponds to the corporate income tax credit balance for the taxable year 2022, this amount will be offset with the VAT and National Consumption Tax returns. Additionally, self-withholdings generated on income during the first quarter of 2023 are recognized.

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- (2) The current tax discount as of March 31, 2023 corresponds to 50% of the Industry and Commerce tax effectively paid in the years 2022 and 2023, which will be used in the corporate income tax for the taxable year 2022. The non-current tax credit corresponds to the VAT recognized as of March 31, 2023 on the purchase of fixed assets.
- (3) This item corresponds to self-withholdings and withholdings for ICA, the decrease as of March 31, 2023 is due to the application of the Industry and Commerce Tax returns filed during the first quarter of 2023.
- (4) As of March 31, 2023, VAT withholdings made during the first quarter of 2023 have been recognized and will be deducted according to the certifications in the VAT returns.

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

	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Withholdings and self-withholdings (1)	13.490	62.673.795	14.331	66.583.036
Sales tax - VAT (1)	13.290	61.746.577	6.449	29.962.115
Other current taxes (2)	2.234	10.378.435	1.957	9.091.300
National consumption tax	806	3.745.060	551	2.560.334
	29.820	138.543.867	23.288	108.196.785

- (1) As of March 31, 2023, includes the amount payable for VAT returns, withholding tax and national consumption tax. The VAT returns for 2023 will be offset against the corporate income tax credit balance for the taxable year 2022.
- (2) The balance corresponds mainly to public lighting and telephony taxes.

Provision for Income and Complementary Taxes

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

	Quarter ended march 31,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Current income tax	(10)	(46.010)	(3.127)	(14.528.347)
Occasional earnings tax	(231)	(1.071.625)	(291)	(1.350.152)
Current income and complementary tax (1)	(241)	(1.117.635)	(3.418)	(15.878.499)
Deferred tax:				
Taxable temporary differences (2)	749	3.485.357	(23.358)	(108.522.842)
Deductible temporary differences (3)	(4.026)	(18.705.720)	28.477	132.306.878
Tax credits (4)	(2.461)	(11.439.408)	(104.739)	(486.626.300)
Deferred income tax	(5.738)	(26.659.771)	(99.620)	(462.842.264)
Income tax and complementary	(5.979)	(27.777.406)	(103.038)	(478.720.763)

- (1) The current tax, occasional and complementary gains as of March 31, 2023, presents a variation compared to 2022, mainly due to the sale of fiber optic assets during 2022.
- (2) During the first quarter of 2023 the use of the deferred tax liability is recognized, compared to the same period of 2022, the decrease corresponds to the sale of the fiber optic business. Deferred tax is recognized for the income from the equity method with Alamo Holdco S.L. at the end of the first quarter of 2023.
- (3) During the first quarter of 2023 the use of the deferred tax liability is recognized, compared to the same period of 2022, the decrease corresponds to the sale of the fiber optic business. Deferred tax is recognized for the income from the equity method with Alamo Holdco S.L. at the end of the first quarter of 2023.

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- (4) During the first quarter of 2023 and 2022 the use of the Group's tax credits was recognized, derived from tax losses offset against taxable income for each quarter

Deferred Tax Assets and Liabilities

On March 31, 2023, the deferred tax asset on temporary differences and tax losses is supported by the Group's strategic plan (2023 - 2024) and projected results (2023 - 2031).

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

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

	As of march, 31		As of december, 31	
	2023		2022	
	(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	57.052	265.067.449	61.047	283.631.376
Hedge operations (1)	-	-	64.841	301.252.239
Other assets	702	3.262.232	733	3.404.068
Deferred tax asset on deductible temporary differences (2)	57.754	268.329.681	126.621	588.287.683
Deferred tax asset for tax losses (3)	262.995	1.221.896.271	265.457	1.233.335.678
Total deferred tax asset	320.749	1.490.225.952	392.078	1.821.623.361
Deferred tax liability:				
Taxable temporary differences (2)	27.040	125.628.134	92.630	430.365.772
Total deferred tax liability	27.040	125.628.134	92.630	430.365.772
Total net deferred tax	293.709	1.364.597.818	299.448	1.391.257.589

- (1) As of March 31, 2023, hedging operations generate a net deferred tax asset for \$6,671 million and due to the uncertainty of its recoverability this amount is not recognized. At the end of 2022, this same concept generated a net deferred tax liability of \$9,629 million, recognized as follows: deferred liability of \$310,881 million and a deferred asset of \$301,252 million.
- (2) At the closing of March 31, 2023, deferred tax assets and liabilities include the effect generated by the update of income tax rates to 15%, in accordance with the nominal statutory tax rate in force. Additionally, there is a variation due to the taxable and deductible temporary differences arising from the deferral of the exclusivity commitment and the equity method of Alamo Holdco S.L.
- (3) Corresponds to the balance of the use of tax credits generated by the compensation of the tax profit calculated at the end of each period.

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

	Quarter ended march 31,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Valuation of hedging instruments (1)	(2.401)	(11.157.756)	(1.216)	(5.651.198)
Participation over the other comprehensive income in associated company	120	558.419	-	-
Hedge valuation result, net of taxes	(2.281)	(10.599.337)	(1.216)	(5.651.198)

- (1) The variation is presented by the decrease in the valuation of hedging instruments, resulting from the revaluation of exchange rates of 3.4% during the first quarter of 2023.

Tax Losses

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

As a result of the provisions of Ruling 25444 of June 30, 2022, issued by the Council of State Contentious Administrative Chamber, the Company proceeded to recalculate the tax losses generated in the Income Tax up to 2017, where an unrecognized deferred tax asset was determined in the amount of \$214,192 million.

Below is the summary of tax losses at the closing of March 31, 2023:

Tax	Year of origin	Adjusted losses	Loss compensation	Loss balance	Expiration date
(In thousands of US\$)					
Rent	Between 2007 y 2017	694.381	(7.035)	687.346	Unlimited
CREE	2015	64.069	-	64.069	Unlimited
		758.450	(7.035)	751.415	Unlimited
(In thousands of COP\$)					
Rent	Between 2007 y 2017	3.226.148.285	(32.684.021)	3.193.464.264	Unlimited
CREE	2015	297.667.938	-	297.667.938	Unlimited
		3.523.816.223	(32.684.021)	3.491.132.202	Unlimited

12. INVESTMENTS IN COMPANIES

Investments in companies of the Group were as follows:

Associated	Type of investment	Country / City	Direct participation	As of march, 31	As of december, 31	
				Investment	Direct participation	Investment
(In thousands of US\$)						
Alamo HoldCo S.L. (1)	Significant influence	Spain / Madrid	40%	18.238	-	13.497
				18.238		13.497
(In thousands of COP\$)						
Alamo HoldCo S.L. (1)	Significant influence	Spain / Madrid	40%	84.734.599	-	62.709.480
				84.734.599		62.709.480

Colombia Telecomunicaciones S. A. E.S.P. BIC has subscribed shares equivalent to a 40% participation in Alamo HoldCo S.L.. This Spanish company owns 100% of the shares of Onnet Fibra Colombia S. A. S. S. for \$183.409,2. Additional includes

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the costs incurred in the acquisition of this minority shareholding for \$13.775,5 million, adjustment as lower value for the cession of control for \$67.277,7 million, loss from the equity method on net income of \$45,730.8, as follows: during the year 2022 loss of \$67.277,7 million and during the first quarter of 2023 for \$21.466,7 million and profit from the equity method on other comprehensive income for \$558,4 million.

Equity method

The equity method accounts for investments in associated companies in which the Group has a direct equity interest. During the quarter ended March 31, 2023 and 2022, a profit of \$21,466,700 and a loss of (\$1,613,836) were recognized and on the other comprehensive income for the period, a profit of \$558,419 and (\$0) respectively. The financial information of the associated company, taken as a basis for the application of the equity method, corresponds to the closing of March 31, 2023 and 2022.

Determination of the equity method:

Associated	Direct participation	Results		Participation method	
		Quarter ended march 31,			
		2023	2022	2023	2022
(In thousands of US\$)					
Alamo HoldCo S.L.	40%	11.551	(868)	4.620	(347)
		11.551	(868)	4.620	(347)
(In thousands of COP\$)					
Alamo HoldCo S.L.	40%	53.666.748	(4.034.590)	21.466.700	(1.613.836)
		53.666.748	(4.034.590)	21.466.700	(1.613.836)

Determination of equity method on other comprehensive income for the period:

Associated	Direct participation	Comprehensive other income		Participation method	
		Quarter ended march 31,			
		2023	2022	2023	2022
(In thousands of US\$)					
Alamo HoldCo S.L.	40%	300	-	120	-
		300	-	120	-
(In thousands of COP\$)					
Alamo HoldCo S.L.	40%	1.396.048	-	558.419	-
		1.396.048	-	558.419	-

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

Subsidiary / Associate	Asset		Passive		Results	
	As of march, 31 2023	As of december, 31 2022	As of march, 31 2023	As of december, 31 2022	Quarter ended march 31,	
					2023	2022
(In thousands of US\$)						
Alamo HoldCo S.L.	484.338	455.303	406.013	388.829	11.551	(868)
	484.338	455.303	406.013	388.829	11.551	(868)
(In thousands of COP\$)						
Alamo HoldCo S.L.	2.250.273.280	2.115.372.871	1.886.369.619	1.806.532.006	53.666.748	(4.034.590)
	2.250.273.280	2.115.372.871	1.886.369.619	1.806.532.006	53.666.748	(4.034.590)

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13. RIGHTS-OF-USE ASSETS

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

Concept	As of march, 31 2023			As of december, 31 2022		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
	(In thousands of US\$)					
Land and buildings (1)	255.017	(132.838)	122.179	252.250	(124.945)	127.305
Industrial Equipment (1)	156.383	(72.206)	84.177	144.874	(66.056)	78.818
Transport equipment	4.048	(3.161)	887	4.023	(2.931)	1.092
	415.448	(208.205)	207.243	401.147	(193.932)	207.215
	(In thousands of COP\$)					
Land and buildings (1)	1.184.829.893	(617.174.087)	567.655.806	1.171.972.807	(580.506.058)	591.466.749
Industrial Equipment (1)	726.568.497	(335.474.848)	391.093.649	673.096.782	(306.899.830)	366.196.952
Transport equipment	18.806.341	(14.686.219)	4.120.122	18.690.748	(13.616.125)	5.074.623
	1.930.204.731	(967.335.154)	962.869.577	1.863.760.337	(901.022.013)	962.738.324

For the three-month periods ended March 31, 2023, and 2022, depreciation expense recognized in the statements of comprehensive income was \$69.241.491 and \$68.357.644, respectively (Note 24).

- 1) The increase in cost as of March 31, 2023, corresponds to the subscription, renewal, and increases in lease fees for land and sites for technical facilities, thus generating higher depreciation expense for the three-month period ended March 31, 2023, compared to the same quarter of 2022.

14. PROPERTY, PLANT, AND EQUIPMENT

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

Concept	As of march, 31 of 2023			As of december, 31 of 2022		
	Cost	Accumulated depreciation	Net value in books	Cost	Accumulated depreciation	Net value in books
	(In thousands of USD)					
Switching, access and transmission (1)	1.839.033	(1.377.183)	461.850	1.806.044	(1.354.067)	451.977
Land and buildings (2)	636.841	(366.717)	270.124	635.477	(364.778)	270.699
Assets under construction (3)	111.012	-	111.012	148.627	-	148.627
Furniture, information and transport equipment	124.363	(90.558)	33.805	121.659	(86.842)	34.817
	2.711.249	(1.834.458)	876.791	2.711.807	(1.805.687)	906.120
	(In thousands of COP\$)					
Switching, access and transmission (1)	8.544.296.628	(6.398.501.532)	2.145.795.096	8.391.031.003	(6.291.104.435)	2.099.926.568
Land and buildings (2)	2.958.811.990	(1.703.800.997)	1.255.010.993	2.952.468.750	(1.694.785.461)	1.257.683.289
Assets under construction (3)	515.771.019	-	515.771.019	690.534.628	-	690.534.628
Furniture, information and transport equipment	577.800.907	(420.739.019)	157.061.888	565.235.636	(403.474.114)	161.761.522
	12.596.680.544	(8.523.041.548)	4.073.638.996	12.599.270.017	(8.389.364.010)	4.209.906.007

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For the three-month periods ended March 31, 2023 and 2022, depreciation expense recognized in income was \$136.189.894 and \$154.204.007, respectively (Note 24).

- (1) The net increase is mainly due to the activation of equipment associated with the deployment of the 4G mobile network, fiber optic network, IPTV platform - television through fiber optics and infrastructure and communications networks for corporate clients.
- (2) The net increase in cost as of March 31, 2023 corresponds to activations of civil works associated with the deployment mainly of the 4G mobile network and fiber optic network for \$12,491,676 and decrease from the sale of real estate for (\$6,148,436). Includes provision for decommissioning of sites as of March 31, 2023 and December 31, 2022 for \$60,315,621 and \$58,750,975, respectively (Note 19).
- (3) The net decrease as of March 31, 2023 corresponds mainly to the transfer to final assets, both property, plant and equipment and intangible assets (software and licensing), of projects associated with the deployment of 4G mobile network, fiber optics, IPTV, Datacenter and infrastructure, which guarantee the provision of services to customers.

15. INTANGIBLES

The cost and accumulated amortization of intangibles are presented below:

Concept	As of march, 31 of 2023			As of december, 31 of 2022		
	Cost	Accumulated	Net book	Cost	Accumulated	Net value in
	<i>(In thousands of USD)</i>					
Qualifying degrees (1)	594.575	(415.704)	178.871	594.576	(397.671)	196.905
Network and office equipment software (2)	287.285	(204.247)	83.039	273.185	(194.164)	79.021
Rights (3)	13.608	(6.048)	7.560	13.608	(5.872)	7.736
	895.468	(625.999)	269.470	881.369	(597.707)	283.662

Concept	As of march, 31 of 2023			As of december, 31 of 2022		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net value in books
	<i>(In thousands of COP\$)</i>					
Qualifying degrees (1)	2.762.446.278	(1.931.395.154)	831.051.124	2.762.446.279	(1.847.612.566)	914.833.713
Network and office equipment software (2)	1.334.751.179	(948.947.390)	385.803.789	1.269.239.036	(902.100.330)	367.138.706
Rights (3)	63.225.312	(28.100.313)	35.124.999	63.225.312	(27.279.557)	35.945.755
	4.160.422.769	(2.908.442.857)	1.251.979.912	4.094.910.627	(2.776.992.453)	1.317.918.174

For the three-month periods ended March 31, 2023 and 2022, the amortization expense recognized in income was \$131.450.404 and \$123.995.559 (Note 24).

- (1) Includes the renewal of the use of the spectrum of the mobile operation and the economic compensation of the arbitration award for the reversion of assets. The decrease corresponds mainly to the amortization of the first quarter of 2023.
- (2) The increase as of March 31, 2023, is presented by offset by the acquisition of software and licenses mainly for Datacenter, 4G network equipment, DWDM technology transmission equipment - wavelength division multiplexing for fiber optic deployment, IPTV platform - television through optical fiber for \$65.494.594 and amortization for the period of (\$46,821,027).
- (3) Mainly includes Irrevocable Rights of Use - IRU's of optical fiber. The decrease as of March 31, 2023, corresponds to the amortization for the period.

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16. GOODWILL

The value in Goodwill during the first quarter of 2023 and December 2022 is \$1.355.833.946.

Colombia Telecomunicaciones S. A. E.S.P. BIC recognized in its Opening Statement of Financial Position under IFRS 1 the remeasurement of goodwill, from the moment of the acquisition of Empresa Celular de Colombia S. A. - COCELCO S. A., based on IFRS 3 for \$939,163,377 and as of May 27, 2020, and as a result of the merger by absorption indicated in Note 1, the goodwill originated in the business combination in which the Company acquired control of Empresa Metropolitana de Telecomunicaciones S. A. E.S.P. and Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P., for \$433,138,188 is incorporated.

On January 11, 2022, the sale of fiber optic assets was formalized, generating a decrease in goodwill and a lower value in goodwill of \$16,467,619.

The impairment analysis is performed in accordance with the strategic plan approved at the end of 2022, considering the restatement and correlation of assets and liabilities as of March 31, 2023 and incorporated for the calculation of the Business Plan. Based on this information, the Group concludes that there is no evidence and reasons to believe that there are indications of impairment.

Discount Rate

At the closing of March 31, 2023, a nominal percentage rate calculated in pesos of 12,20%, which corresponds to the determined at the end of 2022.

Sensitivity to Changes in Assumptions

In accordance with the asset recoverability review process based on internal and external factor reviews, the WACC as of March 2023 has been determined. The model sensitivities were performed with a step of +/-1% for the discount rate and +/-5% for the net assets with a WACC rate of 12.20%. The sensitivity analysis shows that the net book value of assets and liabilities subject to impairment is lower than the financial valuation, and therefore no impairment indicators were identified.

17. FINANCIAL LIABILITIES

The balance of financial obligations is presented below:

	As of march, 31				As of december, 31			
	Value		Rate		Value		Rate	
	(In thousands of US\$)	(In thousands of COP\$)	Base	Spread	(In thousands of US\$)	(In thousands of COP\$)	Base	Spread
Financial in foreign currency								
Financial obligations (1)	31.000	144.028.480	SOFR 6M	1,79%	-	-		
	31.000	144.028.480			-	-		
Current:								
Financial institutions in national other obligations								
Financial leasing (2)	77.142	358.409.423			74.020	343.901.701		
Interest payable	7.250	33.679.011			13.642	63.377.231		
Instruments of Protection (3)	14.304	66.457.639			4.057	18.856.031		
	98.696	458.546.073			91.719	426.134.963		
Spectrum Provider (4)	6.978	32.421.965			13.465	62.557.394		
	136.674	634.996.518			105.184	488.692.357		
No Current:								
Financial institutions in national Obligations financial								
	300.788	1.397.483.845	Set 5,745%	IBR3M 1,1% - 2%	300.774	1.397.418.961	Set 5,745%	IBR3M 1,1% - 2%
	300.788	1.397.483.845			300.774	1.397.418.961		
Financial in foreign currency								
Senior bonus (5)	497.720	2.312.444.776	Set 4,95%		515.304	2.394.141.649	Set 4,95%	
Financial leasing (1)	238.057	1.106.029.931			239.187	1.111.281.686		
Local bond (6)	107.509	499.496.056	Set 6,65%	- II 3,39%	107.496	499.435.677	Set 6,65%	- I 3,39%
Hedging instruments (2)	16.110	74.847.277			8.676	40.311.161		
	859.396	3.992.818.040			870.663	4.045.170.173		
Spectrum provider (4)	90.718	421.487.063			94.252	437.901.760		
	1.250.902	5.811.788.948			1.265.689	5.880.490.894		
	1.387.576	6.446.785.466			1.370.873	6.369.183.251		

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Financial liabilities include balances in foreign currency on March 31, 2023, of USD 536.230 thousand (\$2.491.367.478) and on December 31, 2022, of USD 511.275 thousand (\$2.459.335.005) (Note 26).

- (1) During the first quarter of 2023, debt was acquired with local financial institutions for working capital.
- (2) The increase in finance leases is mainly associated with renewals and new contracts in 2023 and increases in rents in accordance with the Consumer Price Index (CPI).

The movement in the finance lease liability for the three-month period ended March 31, 2023, is presented below:

	As of december, 31 of 2022	High	Low	Payments (a)	Transfers	Others (b)	As of march, 31 of 2023
	(In thousands of US\$)						
Current							
Financial leasing	73.987	9.746	-	(21.566)	15.738	(762)	77.143
Financial liability - Renting (a)	33	-	-	(33)	-	-	-
	74.020	9.746	-	(21.599)	15.738	(762)	77.143
Not current							
Financial leasing	239.187	15.928	(1.320)	-	(15.738)	-	238.057
	239.187	15.928	(1.320)	-	(15.738)	-	238.057
	313.207	25.674	(1.320)	(21.599)	-	(762)	315.200

	As of december, 31 of 2022	High	Low	Payments (a)	Transfers	Others (b)	As of march, 31 of 2023
	(In thousands of COP\$)						
Current							
Financial leasing	343.747.474	45.280.149	-	(100.199.086)	73.119.983	(3.539.097)	358.409.423
Financial liability - Renting (a)	154.227	-	-	(154.227)	-	-	-
	343.901.701	45.280.149	-	(100.353.313)	73.119.983	(3.539.097)	358.409.423
Not current							
Financial leasing	1.111.281.686	74.001.608	(6.133.380)	-	(73.119.983)	-	1.106.029.931
	1.111.281.686	74.001.608	(6.133.380)	-	(73.119.983)	-	1.106.029.931
	1.455.183.387	119.281.757	(6.133.380)	(100.353.313)	-	(3.539.097)	1.464.439.354

- a) Corresponde a los pagos de arrendamientos financieros de capital durante el primer trimestre de 2023 por \$75.154.017 en intereses por \$25.199.296. Corresponds to capital lease payments during the first quarter of 2023 for \$75.154.017 and interest for \$25.199.296.
- b) Corresponds to payment by crossing accounts between liabilities and financial assets.
- (1) The increase is mainly due to the valuation of interest and exchange rate instruments due to the impact of the 3.4% revaluation of the peso against the US dollar during the first quarter of 2023.
- (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 with a balance of \$388.596 million and the recognition of the financial indexation payable for \$65.313 million, classified between short and long term according to the established payment dates. During the first quarter of 2023, \$55,514 million of capital was paid.
- (3) Senior bond: As of March 31, 2023, and December 31, 2022, the face value of the outstanding senior bond was USD 500 million, equivalent to \$2.323.040 million and \$2.405.100 million and associated transaction costs of \$10.595 million and \$10.958 million, respectively, measured at amortized cost.

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The characteristics of the issue are summarized below:

Format	Issuing currency	Premium discounts	Total amount issued	Total amount issued	Maximum redemption period	Date of issue	Date expiration	Fee/Payment	Resource use
R144/RegS	USD millones	Cero	500	500	10 years	17-jul-20	17-jul-30	4,95% Six months	Replacement Senior Bonus For \$750 million

During the periods ended March 31, 2023, and December 31, 2022, interest payable on the bond amounted to \$23.637 million and \$54.235 million, respectively.

- (4) Local Bond: As of March 31, 2023, and December 31, 2022, the face value of the local bond is \$500.000 million, and transaction costs of \$504 and \$564 million, respectively, measured at amortized cost

The characteristics of the issue are summarized below:

Format	Issuing currency	Premium discounts	Total amount issued	Total amount issued	Maximum redemption period	Date of issue	Date expiration	Fee/Payment	Resource use
C10	USD millones	Cero	75	33	10 years	29-may-19	29-may-29	IPC + 3,39% Six months	Prepayment of local debt
A5	USD millones	Cero	33	75	5 years	29-may-19	29-may-24	6,65% Six months	
			108	108					

Format	Issuing currency	Premium discounts	Total amount issued	Total amount issued	Maximum redemption period	Date of issue	Date expiration	Fee/Payment	Resource use
C10	COP millones	Cero	347.590	152.410	10 years	29-may-19	29-may-29	IPC + 3,39% Six months	Prepayment of local debt
A5	COP millones	Cero	152.410	347.590	5 years	29-may-19	29-may-24	6,65% Six months	
			500.000	500.000					

At March 31, 2023 and December 31, 2022, interest payable on the bond amounted to \$4.128 million and \$4.128 million, respectively.

The following are the maturities of the financial obligations as of March 31, 2023:

Maturities	Current		Non-current:					Total Non-current	Total
	2021 (1)	2022	2023	2024	2025	Following years			
	(In thousands of USD\$)								
Local bond	-	-	-	-	-	497.720	497.720	497.720	
Financial leasing	77.142	43.074	38.203	29.219	27.733	99.827	238.057	315.199	
Financial obligations	31.000	64.140	236.648	-	-	-	300.788	331.788	
Spectrum provider	6.978	6.732	6.732	6.732	6.732	63.790	90.719	97.697	
Local bond	-	107.509	-	-	-	-	107.509	107.509	
Interests	7.249	-	-	-	-	-	-	7.249	
Hedging instruments	14.305	(22.370)	140.666	17.544	16.401	(136.131)	16.109	30.414	
	136.674	199.085	422.249	53.495	50.866	525.206	1.250.902	1.387.576	

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Maturities	Current		Non-current:				Total Non-current	Total
	2023	2024	2025	2026	2027	Following years		
	(In thousands of COP\$)							
Local bond	-	-	-	-	-	2,312,444.776	2,312,444.776	2,312,444.776
Financial leasing	358,409.423	200,125.407	177,493.864	135,755.539	128,851.876	463,803.245	1,106,029.931	1,464,439.354
Financial obligations	144,028.480	298,000.000	1,099,483.845	-	-	-	1,397,483.845	1,541,512.325
Spectrum provider	32,421.965	31,278.697	31,278.697	31,278.697	31,278.697	296,372.275	421,487.063	453,909.028
Local bond	-	499,496.056	-	-	-	-	499,496.056	499,496.056
Interests	33,679.011	-	-	-	-	-	-	33,679.011
Hedging instruments	66,457.639	(103,933.636)	653,545.669	81,511.945	76,199.433	(632,476.134)	74,847.277	141,304.916
	634,996.518	924,966.524	1,961,802.075	248,546.181	236,330.006	2,440,144.162	5,811,788.948	6,446,785.466

18. SUPPLIERS AND ACCOUNTS PAYABLE

The balance of suppliers and accounts payable is as follows:

	As of march, 31		As of december, 31	
	2023	2022	2023	2022
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Current:				
Creditors and suppliers (1)	342.015	1,589,031.086	386.978	1,797,935.888
Suppliers of fixed assets (2)	60.160	279,508.800	94.142	437,390.429
Related parties (Note 27)	48.286	224,339.397	48.861	227,009.827
Labor wages payable (3)	4.994	23,201.090	8.171	37,965.212
Spectrum licensing providers (4)	3.267	15,178.862	5.475	25,434.509
Parafiscal contributions	2.168	10,071.881	1.766	8,204.826
	460.890	2,141,331.116	545.393	2,533,940.691
Non-current:				
Government grants (Note 7)	7.349	34,144.535	7.200	33,451.319
Spectrum licensing providers (4)	5.224	24,269.633	7.460	34,661.586
Related parties (Note 27)	1.329	6,177.886	1.037	4,817.768
	13.902	64,592.054	15.697	72,930.673
	474.792	2,205,923.170	561.090	2,606,871.364

Suppliers and accounts payable include balances in foreign currency at March 31, 2023 of USD 109.770 thousand (\$510,000.202) and to related parts of USD27,765 thousand (\$128,998.411) and at December 31, 2022 of USD 156.931 thousand (\$754,869.496) and USD30,880 thousand (\$148,538.976) (Note 26).

- (1) The decrease corresponds mainly to the payment of suppliers of terminal equipment, network deployment materials, equipment associated with the maintenance and support for the mobile and fixed network and installation services during the first quarter of 2023.
- (2) The decrease as of March 31, 2023 is mainly due to payments during the period for acquisitions at the end of 2022 of licenses, mobile network and fiber optic network, equipment for installations and software development.
- (3) Corresponds to the consolidated liability for severance and vacations of employees and share-based payments to Group executives, the decrease as of March 31, 2023 corresponds mainly to the transfer of severance payments to the funds during the 2023 period.

Share-based payments: The Plan consists of the possibility for Group executives to receive a certain number of Telefónica, S.A. shares after a period of three years, through the prior allocation of a certain number of theoretical shares or units, which will serve as the basis for determining the number of ordinary shares of Telefónica, S.A.'s capital stock that may be delivered under the Plan as variable compensation and based on the fulfillment of the objectives established for each of the cycles into which the Plan is divided

- (4) Includes the balances of obligations to do, renewal of spectrum for the provision of cellular telephony service in March 2014 for ten years and inter-administrative contract with the Metropolitan Area of Barranquilla until 2028. Quarterly

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payments present the net decrease between current and non-current liabilities during the year 2022 in accordance with the commitments acquired with the Nation and payment of the balance corresponding to the 1900Mhz license.

19. PROVISIONS AND PENSION LIABILITIES

The balance of provisions and pension liabilities is as follows:

	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Current:				
Taxes and consideration (1)	18.726	87.003.332	21.541	100.082.064
Pension liabilities (2)	4.638	21.550.558	4.638	21.550.558
Benefits to employees (3)	3.135	14.566.233	7.477	34.738.064
Contingencies (4) (Note 28)	853	3.965.212	1.442	6.701.584
Tax claims	493	2.288.620	474	2.202.959
Voluntary retirement	173	804.885	444	2.062.379
	28.018	130.178.840	36.016	167.337.608
Non-current:				
Pension liabilities (2)	39.421	183.153.943	39.613	184.046.743
Dismantling (5)	12.982	60.315.621	12.645	58.750.975
Contingencies (4) (Note 28)	2.799	13.002.351	3.162	14.691.640
	55.202	256.471.915	55.420	257.489.358
	83.220	386.650.755	91.436	424.826.966

- (1) Incluye la provisión de impuesto de industria y comercio (ICA), contraprestaciones al Ministerio de las TIC y el IVA no recaudado de cartera clientes. Includes the provision for industry and commerce tax (ICA), considerations to the Ministry of ICT, and uncollected VAT. The decrease as of March 31, 2023 corresponds to the filing and payment of ICA returns in specific municipalities and payment of considerations.
- (2) The Group recognizes post-employment benefits corresponding to retirement pensions. The post-employment benefit plan in force at the date does not have any asset related to it.
- (3) Includes the employee incentive for compliance and performance for the first quarter of 2023. The estimate was based on the current headcount and the estimated compliance percentages with objectives. The decrease corresponds mainly to the payment at the end of March 2023 of the employee incentive generated in 2022.
- (4) Includes processes related to requests, complaints, and claims (PQR) from additional civil and administrative processes, which are in the process of discussion with the regulator. The net decrease during the first quarter of 2023 corresponds mainly to finalized processes.
- (5) Includes the costs associated with dismantling or removing property, plant, and equipment when this has been contractually agreed. In this regard, there is no expected schedule for the disposal of resources since the Group does not estimate the disposal of such sites at this date (Note 14). The increase during the first quarter of 2023 corresponds mainly to the update of macroeconomic indicators.

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20. SHAREHOLDERS' EQUITY, NET

The authorized, subscribed, and paid-in capital as of March 31, 2023, and December 31, 2022, is presented below:

	(In thousands of US\$)	(In thousands of COP\$)
Authorized capital	313.139	1.454.870.740
Subscribed and paid capital	734	3.410.076
Nominal value (in USD and COP \$)	<u>0,00022</u>	<u>1</u>

The equity interest as of March 31, 2023 and December 31, 2022 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%
	<u>3.410.075.788</u>	<u>100,0000000%</u>

The equity interest as of March 31, 2023 did not change compared to the end of December 2022.

Reserves

The following is a detail of the reserves as of March 31, 2023 and December 31, 2022 is presented below:

	(In thousands of US\$)	(In thousands of US\$)
Reservations:		
Voluntary reserves (1)	8.327	38.686.537
Statutory reserves (2)	5.660	26.298.376
Legal reserve (3)	1.301	6.045.752
	<u>15.288</u>	<u>71.030.665</u>

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

- a) Occasional reserve: the Shareholders' Meeting by Act No. 068 of March 16, 2020, constituted a reserve for \$34,925,054 corresponding to profits obtained during 2019, and by Act No.074 of March 16, 2022, constituted a new reserve for \$101,588,959, corresponding to profits obtained during 2021. On July 21, 2022, the Stockholders' Meeting decreed to pay dividends as follows: direct payment to the stockholders for \$95,769,390 in December 2022 and \$5,819,569 for

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withholding at the source for the payment of dividends to the stockholders. This amount was transferred to the National Tax and Customs Office for a total of \$101,588,959.

The balance of these reserves at March 31, 2023 and December 31, 2022 is \$34,925,054.

- b) Reserve for future expansions: Reserve created by the Company for future expansions, which is not distributable. The balance of this reserve as of March 31, 2023, and December 31, 2022 amounts to \$3,730,162.
 - c) Reserve for share repurchase: Reserve constituted by the Company for share repurchase, non-distributable and whose balance as of March 31, 2023 and December 31, 2022 is \$31,321.
- (2) For tax provisions: The Company, in accordance with tax regulations, when in its income tax return it requests depreciation installments that exceed the value of the installments recorded for accounting purposes, constitutes a non-distributable reserve equivalent to 70% of the greater value requested as a deduction. When the depreciation requested for tax purposes is lower than that recorded for accounting purposes, the Company may release from such reserve an amount equivalent to 70% of the difference between the value requested and the value recorded; the profits released from the reserve may be distributed as non-income taxable income. As of March 31, 2023 and December 31, 2022, the reserve amounted to \$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 a reserve.
- (3) Legal Reserve: The Reserve constituted by the Company as of March 31, 2023 and December 31, 2022 is \$6,045,752.

Other Comprehensive Income

The Group recognized net (loss) income in Other Comprehensive Income (OCI) for the periods ended March 31, 2023, and 2022 for \$10,599,337 and \$5,651,198, respectively.

The decrease during the first quarter of 2023 is mainly due to the valuation of hedging derivative instruments net of taxes, which mainly corresponds to the devaluation of the peso against the dollar of 23,7% for the same period in 2022 with an impact on the Libor and IBR interest curves

Revaluation surplus net of taxes

The Group for the periods ended March 31, 2022, and 2021 transferred directly to retained earnings the write-offs and the value equal to the depreciation made to the revalued assets and the corresponding deferred tax for \$20,130,575 and \$3,897,959, respectively.

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21. OPERATING INCOME

Income from contracts with customers is presented below:

	Quarter ended march 31,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Mobile Services (1)				
Data services	82.714	384.296.110	78.367	364.100.852
Voice services	33.780	156.941.545	37.011	171.954.295
Added value services	9.660	44.879.959	9.484	44.064.071
Roaming out	2.189	10.171.281	2.168	10.071.560
	128.343	596.288.895	127.030	590.190.778
Fixed services (1)				
Data services	48.708	226.297.398	47.946	222.759.470
Technological capabilities and solutions	45.306	210.493.574	41.398	192.340.242
Television revenue	17.540	81.489.909	14.491	67.325.093
Fixed voice services	9.594	44.576.418	10.156	47.184.279
	121.148	562.857.299	113.991	529.609.084
Sale of terminal equipment (2)	54.565	253.518.939	49.338	229.229.829
Digital Services (3)	33.689	156.522.098	24.726	114.881.021
Interconnection (4)	11.766	54.662.889	14.621	67.928.622
Sale of equipment for fixed services (5)	5.338	24.801.531	2.057	9.559.238
Other data - virtual mobile operator	1.836	8.528.949	2.888	13.415.962
Roaming revenue (6)	2.073	9.637.319	838	3.892.399
	109.267	507.671.725	94.468	438.907.071
	358.758	1.666.817.919	335.489	1.558.706.933

Revenues from contracts with customers are generated by the provision of services and the sale of goods continuously throughout the period.

During the first quarter of 2023 and 2022, operating income with related parties of \$90.560.581 and \$74.950.766 respectively, is included (Note 27)

- (1) Net increase in the first quarter of 2023, mainly leveraged on postpaid service revenues with preference in connectivity, fixed services through fiber optics and deployment solutions and links.
- (2) The increase during 2023 compared to the same period in 2022 corresponds mainly to the dynamics in commercial strategies and maintaining financing options with strategic allies.
- (3) The increase during the first quarter of 2023 corresponds mainly to services and value-added projects in application services, security and technology solutions with corporate clients.
- (4) The decrease during the first quarter of 2023 corresponds to the impact of tariff adjustments made by the regulator for interconnection services, mainly with mobile operators.
- (5) The growth corresponds mainly to the increase in coverage of internet services provided over fiber through the use of Wifi amplifiers.
- (6) The increase during the first quarter of 2023 is due to the rise in traffic, mainly due to greater international mobility of customers.

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22. OTHER OPERATING INCOME

Other operating revenues are presented below:

	Quarter ended march 31,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Other operating income (1)	11.505	53.454.916	5.555	25.809.908
Sale of movable and immovable property (2)	3.429	15.929.760	180.973	840.816.437
Work carried out for fixed assets (3)	2.442	11.346.569	2.335	10.846.406
Leasing of investment property	8	35.315	7	33.859
	17.384	80.766.560	188.870	877.506.610

- (1) The increase during the first quarter of 2023 corresponds mainly to the amortization of the exclusivity and guarantee commitment of the contract for the supply of connectivity services through the fiber optic network for \$22.259 million. Additionally, includes logistical and commercial support services, administrative platforms, and non-compliance with third party agreements for \$3.172 million and mandate and management agreements for \$2.233 million.
- (2) During the first quarter of 2023 mainly includes the sale of towers and real estate for a net of \$11,132 million. At the end of the same period of 2022 includes the sale of fiber optic assets to ONNET Fibra Colombia S.A.S. for a net of \$840.799 million.
- (3) Corresponds mainly to work performed by the Group's direct personnel, who perform work related to the development and start-up of fixed assets.

Reclassification in comparative information

For presentation purposes, the Group reclassified in the condensed consolidated interim statement of comprehensive income as of the first quarter of 2022 the amount of revenues from customers associated with value added services to the other operating income line. This is presented for comparable purposes and had no impact on the statement of comprehensive income, nor on the statement of financial position, changes in equity or cash flows.

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23. OPERATING COSTS AND EXPENSES

Operating costs and expenses are presented below:

	Quarter ended march 31,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Equipment cost (Notes 8 and 10) (1)	69.999	325.221.991	58.410	271.376.781
Labor costs	27.885	129.555.168	20.520	95.337.467
Other costs and operating expenses (2)	27.701	128.699.119	24.124	112.083.109
Interconnection and roaming (3)	24.572	114.164.131	19.438	90.311.804
Renting and third party activities to clients (4)	20.588	95.651.687	14.999	69.688.837
Maintenance of equipment and installations	18.533	86.104.102	23.844	110.782.147
Taxes and considerations	17.587	81.709.744	12.722	59.105.569
Content providers (5)	15.061	69.972.657	12.380	57.519.069
Media rental and other network infrastructures	14.466	67.211.676	14.351	66.676.147
commissions for sales and obtaining contracts (6)	14.412	66.960.029	18.035	83.792.606
Power service	13.520	62.814.097	10.485	48.715.543
Advertising (7)	9.731	45.209.715	9.326	43.327.527
Computer Services	9.129	42.416.076	8.931	41.492.859
Contract compliance cost (Note 8)	4.374	20.321.979	3.550	16.494.436
Customer services	3.955	18.376.389	6.267	29.116.219
Other costs and expenses and non-recurring	3.837	17.836.539	3.160	14.679.079
Provision for inventories (Note 10)	(6)	(33.133)	(506)	(2.354.040)
Portfolio impairment (Note 7) (8)	(109)	(507.219)	2.027	9.422.748
	295.235	1.371.684.747	262.063	1.217.567.907

The net variation presented between the quarters ended March 31, 2023, and 2022 corresponds mainly to a: i) increase in mobile terminals, customer premises equipment and materials for the execution of fiber optic deployment projects, due to price increases associated with macroeconomic impacts and good performance in commercial activity; ii) network infrastructure services generated by increased commercial activity mainly in corporate projects; iii) increase in TV content, mainly due to an increase in entertainment platform fees and growth in the number of clients; iv) increase in taxes; and v) increase in other expenses, mainly due to collection management related to the commercial portfolio and operating expenses in the development of corporate projects.

During the quarters ended March 31, 2023, and 2022, operating expenses with related parties of \$157.889.324 and \$108.000.131, respectively, are included (Note 27).

- (1) During the quarters ended March 31, 2023 and 2022, consumption of inventories carried at cost of sales of \$294.876.160 y \$247.780.321 (Note 10) and amortization of customer premises equipment costs of \$30.345.831 y \$23.596.460 (Note 8), respectively, were recognized. The increase during the quarter ended March 31, 2023, corresponds to the increase in prices mainly in mobile terminals, customer premises equipment and materials for the execution of fiber optic deployment projects, compared to the same period of 2022.
- (2) The variation in the first quarter of 2023 compared to the same quarter of the previous year corresponds mainly to fiber optic connectivity services for the residential and corporate segments.
- (3) The variation during the quarter ended March 31, 2023 corresponds mainly to the salary increase, in addition to the increase in sales commissions in line with the growth in commercial activity in the first quarter of 2023.

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- (4) The decrease during the quarter ended March 31, 2023 corresponds mainly to lower execution of projects with corporate clients, in addition to the decrease in co-investment services for network deployment.
- (5) The increase during the quarter ended March 31, 2023, corresponds mainly to collection management related to the commercial portfolio and execution of corporate projects, compared to the same period of 2022.
- (6) The increase is mainly due to the rise in tariffs of entertainment platforms and growth in the customers.
- (7) The increase during the quarter ended March 31, 2023, corresponds mainly to the industry and commerce tax - ICA, which for the year 2023 will be a deduction in the calculation of the tax on net profits, compared to the year 2022 where 50% of the tax was treated as a tax discount. Additionally, in the first quarter of 2023 there is an increase in the expense for the proportionality of the deductible VAT in line with the growth of income.
- (8) During the quarters ended March 31, 2023 and 2022, includes the amortization of costs of obtaining contracts for \$32.372.750 and \$17.271.722, respectively (Note 8), generated due to higher commercial activity during 2022 and the first quarter of 2023.
- (9) The decrease during the quarter ended March 31, 2023, compared with the same period of 2022, corresponds mainly to the impact of the regulatory changes that will decrease the tariffs for interconnection services between operators as of January 2023.
- (10) The increase during the quarter ended March 31, 2023, corresponds mainly to the volume of consumption and tariff increases in public services.
- (11) The increase during the quarter ended March 31, 2023 corresponds mainly to the higher volume of customer service for retention, customer loyalty, and consultations through the mass and technical call. In addition, there was an increase in commercial activity through the door-to-door channel (DTD).
- (12) The increase during the quarter ended March 31, 2023 corresponds primarily to the amortization of customer installation costs associated with increased commercial activity during 2022 and the first quarter of 2023.
- (13) During the first quarter of 2023 the net expense was \$18.376 million, as follows: i) Impairment of customers for \$18.279 million (Note 7), ii) recovery for (\$3) million and iii) impairment of contractual assets for \$100 million. The decrease corresponds mainly to the updating of the matrices, which represent an improvement in the expected loss percentages, in addition to the good performance of collections.
- (14) The variation from the quarter ended March 31, 2023 is mainly due to the improvement in inventory turnover in excess of 360 days.
- (15) The decrease during the quarter ended March 31, 2023 corresponds mainly to the restatement of the provision for legal proceedings with third parties. During the first quarter of 2022, there was an increase in litigation, petitions, complaints, and claims (PQR) from clients before the Superintendence of Industry and Commerce.

24. DEPRECIATION AND AMORTIZATION

Depreciation and amortization are presented below:

	Quarter ended march 31,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Depreciation of property, plant and equipment (Note 14)	29.313	136.189.894	33.190	154.204.007
Amortization of intangible assets (Note 15)	28.293	131.450.404	26.688	123.995.559
Depreciation of assets for rights of use (Note 13)	14.903	69.241.491	14.713	68.357.644
	72.509	336.881.789	74.591	346.557.210

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25. FINANCIAL EXPENSES, NET

Financial expenses, net are presented below:

	Quarter ended march 31,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Income:				
Clients' interest in arrears (1)	2.578	11.975.788	1.731	8.043.326
Financial income from operations with related parties (2)	2.390	11.105.022	-	-
Income from temporary investments and bank loans (Note 5)	341	1.585.486	148	687.856
	5.309	24.666.296	1.879	8.731.182
Expenses:				
Interest on loans, financial obligations and bonds (3)	(17.562)	(81.594.155)	(11.332)	(52.649.052)
Financial expenses for leases (4)	(6.771)	(31.458.921)	(4.418)	(20.525.147)
Costs for spectrum lending providers (5)	(3.774)	(17.534.773)	-	-
Operations to cover interest, net (6)	(3.760)	(17.474.532)	(5.164)	(23.993.421)
Other financial expenses (7)	(3.553)	(16.506.380)	(8)	(38.486)
Financial update of liabilities (8)	(1.043)	(4.844.392)	(2.510)	(11.662.476)
	(36.463)	(169.413.153)	(23.432)	(108.868.582)
Exchange difference loss net	(387)	(1.797.167)	(810)	(3.762.288)
	(36.850)	(171.210.320)	(24.242)	(112.630.870)
	(31.541)	(146.544.024)	(22.363)	(103.899.688)

The net increase is explained by: (i) interest associated with the renewal of the mobile radio spectrum license (Note 2.3 (a)), (ii) the increase in interest on financial obligations caused by the impact of the devaluation of the Colombian peso against the US dollar between quarters, (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) During the first quarter of 2023, there is an increase respect to 2022 in interest on late payments generated by the management of portfolio recovery with customers.
- (2) The increase during the quarter ended March 31, 2023 corresponds to the interest on the long-term loan with the associated company Alamo Hodlco established in the framework contract for the sale of fiber optic assets made in 2022.
- (3) Mainly includes interest on the senior bond for the quarters ended March 31, 2023 and 2022 for \$29.147.260 and \$23.952.080, on the local bond for \$11.379.130 and \$8.832.302 and financial obligations for \$41.067.160 and \$19.863.400, respectively. the increase is due to increases in interest rates and the impact of the devaluation of the peso against the U.S. dollar.
- (4) During the quarter ended March 31, 2023, there is an increase with respect to 2022 due to renewals and subscriptions of new sales contracts with leaseback and fee increases due to the impact of the CPI (consumer price index)
- (5) Corresponds to financial indexation for renewing the 1,900 MHz spectrum for 20 years.
- (6) The decrease in the first quarter of 2023 corresponds to the net effect of the evolution of Libor and IBR curves in the valuation of swap instruments.
- (7) The increase during the quarter ended March 31, 2023, corresponds mainly to the recognition of the financial component of the long-term exclusivity contract related to optical fiber for \$8.473 million. Additionally, it includes the indexation of the obligations to make financial commissions.
- (8) During the quarter ended March 31, 2023, and 2022 it includes the expense for the restatement of the pension liability for \$3.280.730 and \$3.011.290 and the restatement of the provision for decommissioning of fixed assets for \$1.563.660 and \$1.088.490, respectively.

26. 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.

26.1. 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 it 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 Group's highly regulated business affects revenues, operating income before depreciation and amortization (EBITDA), and investments.

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

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In Colombia, both the 5G Plan and the Spectrum Public Policy 2020-2024 and the Spectrum Allocation Framework Plan 2020-2024 were published, announcing that actions will be taken to carry out 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 spectrum auction 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 review of the spectrum valuation methodology is completed, to align its costs to the spectrum value generation capacity, and that measures are established to avoid resource hoarding by operators.

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.

The Group depends on a network of suppliers.

The existence of critical suppliers in the supply chain, especially in areas such as network infrastructure, information systems, or terminals with a high concentration of 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 in a manner that does not 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.

If suppliers are unable to supply their products within the agreed deadlines or such products and services do not meet the requirements, this could jeopardize the network deployment and expansion plans, which in some instances 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 adversely affect some of the Group's suppliers and other operators in the sector.

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 Group's success 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, obliging us to update them constantly. 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 FTTxtype 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.

26.2 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.

26.3 Financial risks.

The economic or political environment deterioration 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 deteriorating fiscal situation resulting from COVID-19 and its macroeconomic effects could adversely affect future economic performance and social stability to the extent that fiscal consolidation drives further tax reforms or adjustments in the trajectory of social spending. The acceleration of inflation threatens to be more persistent than expected, generating a fierce 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, funding 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 the capital markets. As of March 31, 2023 and December 31, 2022, financial debt amounted to \$6.446.785 million and \$6.369.183 million, respectively (Note 17).

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.

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.

Política de Gestión de Riesgos

El Grupo podría estar expuesta a diversos riesgos de mercado financiero como consecuencia de: i) el curso normal de sus negocios y ii) la deuda financiera contratada para financiar sus negocios. Los principales riesgos son de tipo de cambio, tipo de interés, liquidez y crédito. En el proceso de valoración de los riesgos financieros no se identificaron impactos significativos.

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.

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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.

As of March 31, 2023, the Group had the following portfolio of exchange rate and interest rate financial derivatives, expressed in their currency of origin:

Values in millions Underlying	NDF		IRS Libor	IRS IBR	IRS IPC	CCIRS (margin)	CCIRS
	USD	EUR	USD	COP	IPC	USD	USD
Senior Bond	-	-	500	1.498.700	-	500	1.000
Debt USD\$/COP	32	-	-	600.000	152.410	-	-
Commercial accounts	47	20	-	-	-	-	-
Future cash flows	33	-	-	-	-	-	-
	112	20	500	2.098.700	152.410	500	1.000

NDF: Non delivery forwards

IRS: Interest rate swap

CCIRS: Cross currency interest rate swap

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As of December 31, 2022, the Group had the following portfolio of exchange rate and interest rate financial derivatives, expressed in their currency of origin:

Values in millions Underlying	NDF		IRS Libor	IRS IBR	IRS IPC	CCIRS (margen)	CCIRS
	USD	EUR	USD	COP	IPC	USD	USD
Senior Bond	-	-	500	1.498.700	-	500	1.000
Debt USD\$/COP	-	-	-	600.000	152.410	-	-
Commercial accounts	98	31	-	-	-	-	-
Future cash flows	12	-	-	-	-	-	-
	110	31	500	2.098.700	152.410	500	1.000

NDF: Non delivery forwards

IRS: Interest rate swap

CCIRS: Cross currency interest rate swap

Exchange Rate Risk

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

As of March 31, 2023, and December 31, 2022, the Group's debt in US dollars, including the senior bond maturing in 2030, is equivalent to USD 530 million and USD 500 million, respectively.

Additionally, considering the normal 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 Consolidated Statement of Financial Position. Finally, highly probable future cash flow hedges were contracted through NDF (Non-Delivery Forwards) with terms up to one year to hedge a portion of the OPEX and CAPEX in foreign currency of the budget during the following year.

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

Figures in thousands of US dollars:

	As of march, 31	As of december, 31
	2023	2022
	(In thousands of US\$)	
Assets		
Cash and cash equivalents (Note 5)	1.913	849
Debtors and other receivables (Note 7)	6.935	6.986
Related Parties (Note 27)	81.214	1.934
Total assets	90.062	9.769
Liabilities		
Financial obligations (Note 17)	536.230	511.275
Suppliers and accounts payable (Note 18)	109.770	156.931
Related Parties (Note 27)	27.765	30.880
Total liabilities	673.765	699.086
Passive, net position	(583.703)	(689.317)

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Figures in thousands of US dollars:

	As of march, 31	As of december, 31
	2023	2022
	(In thousands of COP\$)	
Assets		
Cash and cash equivalents (Note 5)	8.887.951	16.098.425
Debtors and other receivables (Note 7)	32.220.565	17.787.215
Related Parties (Note 27)	377.326.741	15.978.288
Total assets	418.435.257	49.863.928
Liabilities		
Financial obligations (Note 17)	2.491.367.478	3.358.107.428
Suppliers and accounts payable (Note 18)	510.000.202	253.013.008
Related Parties (Note 27)	128.998.411	67.791.875
Total liabilities	3.130.366.091	3.678.912.311
Passive, net position	(2.711.930.834)	(3.629.048.383)

Interest Rate Risk

After hedging, the variable rate exposure is 22% 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

In the first two months of the year, economic activity, measured through the Economic Tracking Indicator (monthly proxy of GDP), showed a new momentum by registering a 4.4% growth compared to the same period of the previous year, above the growth recorded in 4Q22 (2.5%), reversing the deceleration trend observed since October. The result was partly driven by a low comparison base effect and by the dynamics of the services sector, particularly the financial, entertainment and public administration sectors. However, household consumption data fell for the fifth consecutive month in March, evidencing a cooling of domestic demand.

In 1Q23, inflation continued its upward trend and closed at 13.34%, a new high since 1999, increasing +0.22 p.p. compared to December's figure. This reflects the strong impact of the indexation effect in the services and accommodation CPI, in addition to the continuous increases in fuel prices, while food inflation has started to ease thanks to more favorable weather conditions and a correction in input prices. The above, together with an increase in inflation expectations and the tightening of global financial conditions, led the Central Bank to increase its monetary policy rate by 100 bps in the first quarter of the year, to 13%, slowing the pace of tightening and indicating that the hiking cycle is about to end.

At the close of the first quarter of 2023, the exchange rate stood at \$4.646,08 pesos per dollar, appreciating 3.4% respect to the close of 2022 (\$4.810,2). The dollar weakened globally thanks to the rebound in oil prices and positive surprises in inflation data in developed economies, which could eventually lead to a loosening of global financial conditions, boosting risk appetite among investors and favoring emerging market currencies. In February, however, there was high volatility due to episodes of instability in the global banking system. The appreciation occurred despite local political uncertainty.

Between January and March, the government presented structural reforms to the health and pension systems and the labor market to congress. The possible impact of these reforms increases the uncertainty in the medium- and long-term fiscal perspectives for the country, although the country's institutional framework and the control between powers moderates the concerns.

On the other hand, the first trade balance figures indicate a significant correction compared to those recorded in the previous quarter thanks to a more than proportional drop in imports versus exports, indicating the beginning of the correction of the country's external deficit, favoring a decrease in idiosyncratic risk.

26.4 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 the probable, possible, and remote nature of their occurrence and the amounts involved to decide on the amounts recognized and/or disclosed in the consolidated financial statements.

Further details of litigation, fines, and penalties can be found in Note 28 to the consolidated financial statements as of March 31, 2023.

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 sense, 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 within the framework of the relationship between the Group and its different stakeholders.

In particular, this risk is especially relevant in the relationship between the Group 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 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 extra-territorial regulations, sometimes with shared competencies, making it very difficult to quantify the potential impact of any non-compliance, taking into account that such quantification must consider not only the economic amount of sanctions, but also their potential negative impact on the business, reputation and/or brand, and even, if applicable, on the ability to contract with the Public Administrations.

On the other hand, the Group is committed to developing its activity in compliance with the international sanctions regimes that may be applicable at any time and, consequently, to respect the restrictions and/or prohibitions that are imposed by governments, regulators, and/or other international organizations against governments/countries, individuals, entities and/or sectors of activity on the occasion of the development of activities that represent a danger to international security, peace or human rights, among others.

To this effect, the Board of Directors of the Telefónica Group published the Corporate Regulations on sanctions (November/2022), whose purpose is to define the main control elements to ensure compliance with such regimes in the framework of the relationship with its counterparties, including due diligence processes and controls of payments to suppliers and/or third parties, protection through contractual clauses, training and advice and monitoring of the control model.

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

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authorities (where appropriate, by conducting the corresponding internal investigations) regarding requests for information potentially related, directly or indirectly, to possible violations of anti-corruption laws. The Group considers that any potential sanctions in the framework of these specific requests would not materially affect the Group's financial position, considering its size.

Notwithstanding the 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

27. 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 quarters ended March 31, 2023, and 2022, the Group made payments to the Colombian Government for contributions to the Ministry of Communications and Information Technologies (MINTIC) for \$24.861.214 and \$24.521.343 and to the Communications Regulation Commission (CRC) for \$4.917.220 and \$3.408.023 respectively, on revenues obtained from the provision of network and telecommunications services.

27.1. Accounts Receivable

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

Current

a) Shareholders

	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
From outside				
Telefónica Hispanoamerica S.A. (1)	4.198	19.504.077	3.505	16.282.486
Total actionists from abroad	4.198	19.504.077	3.505	16.282.486

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b) Economic relationships

	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
National				
Tiws Colombia II S.A.S. (2)	1.638	7.608.534	1.474	6.848.683
Telxius Cable Colombia S.A.	189	876.348	124	578.032
Telefonica Cybersecurity Tech Colombia	47	218.007	33	153.685
Wayra Colombia S.A.S.	1	3.622	9	40.006
	1.875	8.706.511	1.640	7.620.406
	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
From outside				
TIWS II	1.039	4.825.860	1.617	7.513.974
Otecel S.A.	146	678.603	151	702.603
Telefónica Móviles España S.A.	111	522.569	227	1.052.367
Telefónica Móviles Argentina S.A.	85	400.061	64	297.818
Telefónica Global Roaming GmbH	55	259.814	188	875.785
Telefónica Brasil S.A.	52	246.748	69	321.563
Telefónica del Perú S.A.	44	203.059	63	292.358
Telefónica Venezolana C.A.(a)	41	189.331	42	195.007
Pegaso Pcs. S.A. de C.V.	34	158.534	31	144.199
Telefónica Germany GMBH & CO OHG	32	147.730	32	147.445
Telefónica Móviles de Chile S.A.	28	131.344	69	322.050
Terra Networks Mexico S.A. de CV	20	91.741	17	79.943
Telefónica Móviles Uruguay S.A.	4	19.868	5	21.097
Telefónica S.A.	1	2.437	5	24.751
	1.692	7.877.699	2.580	11.990.960
Total national and foreign affiliates	3.567	16.584.210	4.220	19.611.366

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c) Associated Companies

	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
National				
Onnet Fibra Colombia S.A.S. (3)	29.884	138.836.659	30.253	140.559.521
	29.884	138.836.659	30.253	140.559.521
From outside				
O2 T. UK Limited	40	179.831	50	228.853
	29.924	139.016.490	30.303	140.788.374
	37.689	175.104.777	38.028	176.682.226
Non current				
Alamo HolCo S.L.(4)	93.541	434.594.381	91.151	423.489.359
Onnet Fibra Colombia S.A.S. (3)	63.915	296.948.442	65.589	304.728.398
Total accounts non current	157.456	731.542.823	156.740	728.217.757
Total accounts receivable with related parties (Note 7)	195.145	906.647.600	194.768	904.899.983
	37.689	175.104.777	38.028	176.682.226

- (1) As of March 31, 2023, includes charges for direct personnel providing support services, support, and regional consulting services.
- (2) The increase as of March 31, 2023 corresponds mainly to the provision of fixed services during the 2023 first quarter.
- (3) The decrease in the current portion is mainly due to collections during the first quarter of 2023 associated with the provision of fiber deployment services. The non-current portion decreases due to the appreciation of the peso against the U.S. dollar related to the Earn Out concept.
- (4) Corresponds to the portfolio generated by the sale of fiber optic assets, as follows: loan for \$376.873 million and financial interest for \$67.721 million. The increase corresponds to interest accrued during the first quarter of 2023.

The balances in foreign currency of domestic accounts receivable from related parties as of March 31, 2023 and December 31, 2022, are USD 81.214 thousand (\$377.326.741) and USD 1.934 thousand (\$9.302.927), respectively (Note 26).

27.2. Accounts payable

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

Current

c) Shareholders

	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
From outside				
Telefónica Hispanoamerica S.A. (1)	2.545	11.826.480	2.071	9.622.788
	2.545	11.826.480	2.071	9.622.788

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d) Economic related parties

	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
National				
Telefonica Cybersecurity Tech Colombia	7.878	36.602.767	8.363	38.857.323
Tiws Colombia II S.A.S.	3.367	15.644.212	3.762	17.477.719
Telxius Cable Colombia S.A.	2.987	13.877.727	4.095	19.025.875
	14.232	66.124.706	16.220	75.360.917
	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
From outside				
Telefónica S.A. (2)	6.928	35.142.137	6.712	31.182.254
TIWS II	7.564	32.189.903	4.229	19.647.698
Telefónica Digital España S.A.	2.662	12.367.480	3.759	17.466.888
Telefónica USA Inc.	1.475	6.854.661	3.235	15.032.224
Telefónica Global Technology	1.281	5.952.292	1.234	5.731.688
Telefónica Compras Electrónicas	1.211	5.626.309	898	4.173.282
Telefónica Chile Servicios	709	3.291.807	-	-
Telefónica IOT & Big Data Tech, S.A	579	2.687.780	660	3.066.449
Telefónica Móviles España S.A.	335	1.554.528	437	2.029.992
Terra Networks Mexico S.A. de CV	279	1.296.385	299	1.388.772
Telefónica del Perú S.A.	203	945.368	231	1.071.005
Pegaso Pcs. S.A. de C.V.	164	762.832	208	966.155
Telefónica Servicios Audiovisuales	150	698.940	199	924.163
Telefónica Global Roaming	145	671.998	86	399.247
Otecel S.A.	99	460.351	113	523.189
Telefónica Móviles Argentina S.A.	69	321.133	50	230.849
Telefónica Brasil S.A	61	283.085	77	355.764
Telefónica Venezolana C.A.	35	163.627	58	270.335
Telefónica Móviles de Chile	28	131.840	40	183.853
Telefónica Ingeniería de Seguridad	25	117.982	26	118.488
O2 Germany GMBH & CO OHG	15	71.429	15	69.894
Telefónica Móviles Uruguay S.A.	7	31.833	8	35.072
Total national and foreign economic associates	24.024	111.623.700	22.574	104.867.261
	38.256	177.748.406	38.794	180.228.178

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Associated Companies

	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
National				
Onnet Fibra Colombia (3)	7.469	34.705.175	7.968	37.025.755
	7.469	34.705.175	7.968	37.025.755
From outside				
O2 T. UK Limited	12	59.335	28	133.106
	12	59.335	28	133.106
Total with related parties (Nota 19)	45.737	224.339.397	48.861	227.009.827

Non-current

	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Share-based payments				
Telefónica S.A.	1.329	6.177.886	1.037	4.817.768
Total suppliers and accounts payable with related parties (Note 17)	1.329	6.177.886	1.037	4.817.768

The balances in foreign currency of accounts payable in relation to related parties as of March 31, 2023 and December 31, 2022, are USD\$27.765 thousand (\$128.998.411) and USD \$30.880 thousand (\$148.538.976), respectively, (Note 26)

- (1) As of March 31, 2023, the increase includes charges for the provision of support services, support, and regional advisory services of direct personnel.
- (2) As of March 31, 2023, the increase is mainly due to the Brand Fee agreement for \$12,239 million and the employee stock ownership plan for \$3,000 million.
- (3) As of March 31, 2023, the decrease corresponds mainly to the use and access to the fiber optic network for connectivity.

27.3. Revenues, Costs, and Expenses with Related Parties

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

a) Shareholders

	Quarter ended march 31,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of US\$)			
From outside				
Telefónica Hispanoamérica S.A. (1)	1.184	212	515	-
Total actionists from abroad	1.184	212	515	-

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	Quarter ended march 31,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of COP\$)			
From outside				
Telefónica Hispanoamérica S.A. (1)	5.501.884	984.640	2.391.686	-
Total actionists from abroad	5.501.884	984.640	2.391.686	-

(1) Increase during the first quarter of 2023 is mainly generated by regional support and advisory services.

b) Financial Related Parties

	Quarter ended march 31,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of US\$)			
National				
Tiws Colombia II S.A.S.	1.253	1.249	964	987
Telxius Cable Colombia S.A.	121	58	2.847	2.228
Wayra Colombia S.A.S.	28	23	-	-
Telefonica Cybersecurity Tech Colombia	42	5	3.248	1.790
	1.444	1.335	7.059	5.005

	Quarter ended march 31,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of COP\$)			
National				
Tiws Colombia II S.A.S.	5.822.998	5.802.792	4.480.683	4.585.689
Telxius Cable Colombia S.A.	562.895	268.811	13.229.145	10.350.430
Wayra Colombia S.A.S.	127.976	107.116	-	-
Telefonica Cybersecurity Tech Colombia	196.641	24.292	15.089.023	8.314.675
	6.710.510	6.203.011	32.798.851	23.250.794

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	Quarter ended march 31,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of US\$)			
From outside				
TIWS II	776	1.162	3.082	3.150
Telefónica Global Roaming	264	-	72	59
Telefónica Móviles España S.A.	57	103	84	74
Telefónica del Perú S.A.	56	33	29	23
Telefónica Móviles de Chile	55	65	13	4
Telefónica Brasil S.A	53	18	25	16
Otecel S.A.	50	14	27	2
Telefónica Móviles Argentina S.A.	24	19	22	-
Terra Networks Mexico S.A. de CV	14	8	208	116
Pegaso Pcs. S.A. de C.V.	5	1	65	65
Telefónica Móviles Uruguay S.A.	3	1	3	4
Telefonica Germany GMBH & CO OHG	1	1	9	4
Telefónica Ingeniería de Seguridad	-	1	-	-
Telefónica Venezolana C.A.	-	-	13	9
Media Network Latin América	-	46	365	-
Telefónica Digital España S.A.	-	11	1.426	727
Telefónica S.A.	-	-	3.585	3.133
Telefónica chile Servicios	-	-	709	-
Telefonica Cybersecurity Tech S.L	-	-	-	7
Telefonica On The Spot Services	-	-	511	551
Telefónica Compras Electrónicas	-	-	606	578
Telefónica USA Inc.	-	-	690	537
Telefónica Global Technology	-	-	1.080	1.508
Telxius Cable América S.A. (antes TIWS AMERICA)	-	-	309	309
Telxius Cable	-	-	106	106
Telefónica Servicios Audiovisuales	-	-	91	65
	1.358	1.483	13.130	11.047
Total national and foreign economic associates	2.802	2.818	20.189	16.052

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	Quarter ended march 31,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of COP\$)			
From outside				
TIWS II	3.605.462	5.400.089	14.321.504	14.635.709
Telefónica Global Roaming	1.228.141	-	334.582	275.838
Telefónica Móviles España S.A.	265.915	478.581	391.720	345.925
Telefónica del Perú S.A.	261.601	154.222	135.297	108.417
Telefónica Móviles de Chile	254.674	302.245	59.812	19.285
Telefónica Brasil S.A	243.939	84.625	115.340	74.829
Otecel S.A.	231.073	63.905	124.651	8.404
Telefónica Móviles Argentina S.A.	113.191	86.019	101.174	-
Terra Networks Mexico S.A. de CV	66.992	37.061	964.324	541.246
Pegaso Pcs. S.A. de C.V.	24.396	6.523	301.140	300.783
Telefónica Móviles Uruguay S.A.	13.133	4.535	15.249	18.820
Telefonica Germany GMBH & CO OHG	5.160	4.156	39.674	18.314
Telefónica Ingeniería de Seguridad	506	6.017	-	-
Telefónica Venezolana C.A.	130	-	58.773	39.837
Media Network Latin América	-	211.418	1.696.149	-
Telefónica Digital España S.A.	-	52.558	6.624.334	3.378.306
Telefónica S.A.	-	-	16.657.618	14.557.699
Telefónica Chile Servicios	-	-	3.291.807	-
Telefonica Cybersecurity Tech S.L	-	-	-	32.035
Telefonica On The Spot Services	-	-	2.373.531	2.557.793
Telefónica Compras Electrónicas	-	-	2.817.359	2.683.159
Telefónica USA Inc.	-	-	3.206.778	2.494.628
Telefónica Global Technology	-	-	5.017.517	7.006.631
Telxius Cable América S.A. (antes TIWS AMERICA)	-	-	1.436.618	1.436.618
Telxius Cable	-	-	493.560	493.560
Telefónica Servicios Audiovisuales	-	-	421.426	301.518
	6.314.313	6.891.954	60.999.937	51.329.354
Total national and foreign economic associates	13.024.823	13.094.965	93.798.788	74.580.148

c) Associated Companies

	Quarter ended march 31,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of US\$)			
National				
Onnet Fibra Colombia S.A.S. (2)	23.849	362.865	13.270	7.191
Telefónica Factoring Colombia S.A.	29	23	-	-
	23.849	362.865	13.270	7.191
From outside				
O2 T. UK Limited	87	14	9	2
	87	14	9	2
	27.922	365.909	33.983	23.245

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	Quarter ended march 31,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of COP\$)			
National				
Onnet Fibra Colombia S.A.S. (2)	110.804.339	1.685.900.715	61.651.533	33.411.179
Telefónica Factoring Colombia S.A.	132.625	105.544	-	-
	110.936.964	1.686.006.259	61.651.533	33.411.179
From outside				
O2 T. UK Limited	401.221	65.768	47.317	8.804
	401.221	65.768	47.317	8.804
	129.864.892	1.700.151.632	157.889.324	108.000.131

Financial:	Quarter ended march 31,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of US\$)			
Nacionales				
Associated Companies (3)	3.098	150	-	-
Economic Associates	140	9	-	-
	3.238	159	-	-
Operational total with related parties	3.325	173	9	2

Financial:	Quarter ended march 31,			
	Income		Costs and expenses	
	2023	2022	2023	2022
National				
Associated Companies (3)	14.392.794	695.989	-	-
Economic Associates	651.706	41.615	-	-
	15.044.500	737.604	-	-
Operational total with related parties	144.909.392	1.700.889.236	157.889.324	108.000.131

The decrease in revenues during the first quarter of 2023 corresponds mainly to the sale of fiber optic assets to Onnet Fibra Colombia S. A. S. in the first semester of 2022, during the first quarter of 2023, revenues are recognized mainly for fiber optic network deployment and administrative services.

The growth in expenses during the first quarter of 2023 corresponds mainly to the use and access to the fiber optic network for connectivity during the period.

- (2) Corresponds to the financial interest on the loan with Alamo HoldCo S.L. since January 2022, on the occasion of the sale of the fiber optic assets for \$11.105 million (Note 25) and financial restatement on the Earn Out right for \$3.288 million.

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

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

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Operating Income:

	Quarter ended march 31,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Fixed services (1)	17.832	82.990.821	14.687	68.340.011
Fixed interconnection	636	2.956.131	824	3.829.645
Roaming revenue (2)	635	2.948.630	260	1.207.489
Digital services	336	1.560.272	292	1.356.605
Mobile services	23	104.722	45	211.131
Sale of terminal equipment	-	5	1	5.885
	19.462	90.560.581	16.109	74.950.766
Other operating income (3)	8.460	39.304.311	349.800	1.625.200.866
	27.922	129.864.892	365.909	1.700.151.632

- (1) During the first quarter of 2023, the increase is mainly due to fiber optic deployment services, international long-distance access, and connectivity.
- (2) Increase in international roaming traffic mainly related to Telefónica Global Roaming GmbH and O2 UK limited
- (3) The decrease during the first quarter of 2023 is mainly due to the sale of fiber optic assets recorded in 2022 with Onnet Fibra Colombia S.A.S.; in the first quarter of 2023, income corresponding to the exclusivity commitment generated by the fiber optic business is recognized; additionally, support services, support and regional advisory services are included.

Financial Income:

During the first quarter of 2023 financial income corresponds to interest generated on loan to Alamo Holdco linked to the sale of fiber optic assets for \$11.105 million (Note 25), a financial restatement on the Earn-Out right for \$3.288 million, and the net benefit from exchange rate fluctuation with related economic parties for \$652 million.

Operating Costs and Expenses:

	Quarter ended march 31,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Media rental (1)	17.986	83.562.374	11.261	52.320.571
Renting and third party activities to clients (2)	4.053	18.829.090	2.645	12.287.565
Other costs and operating expenses	3.442	15.983.825	1.514	7.032.376
Advertising	3.227	14.992.686	3.137	14.575.937
Interconnection and roaming	2.299	10.683.104	2.108	9.792.569
Other non-recurring costs and expenses	1.142	5.307.319	1.565	7.269.511
Content providers	1.064	4.942.046	670	3.111.605
Terminal cost	174	815.442	130	612.569
Maintenance	169	786.171	184	853.034
Labor expenses	416	1.931.502	16	74.551
Sales commissions	11	55.765	15	69.843
	33.983	157.889.324	23.245	108.000.131

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- (1) The increase at the first semester of 2023 includes mainly service charges for use and access to the fiber optic network for connectivity and submarine cable capacity rental.
- (2) The increase is mainly due to licensing services, monitoring, managed security, censuses, and designs with the operators Operaciones Tecnológicas y Comerciales S.A.S and Telefónica Cybersecurity & Cloud Tech Colombia.

Financial Costs:

During the first semester of 2023 corresponds to the financial component of the long-term exclusivity contract related to the sale of fiber optic assets for \$8.473 million (Note 25).

27.4 Remuneration information for key management personnel

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

	Quarter ended march 31,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Salaries, salaries and other benefits	894	4.152.618	780	3.625.918
Executive remuneration plan (shares and annual bonus)	753	3.496.285	645	2.997.273
Institutional plans	632	2.936.739	539	2.502.855
Bonus for voluntary withdrawal	46	214.572	-	-
Others	20	92.635	7	30.444
	2.345	10.892.849	1.971	9.156.490

28. CONTINGENCIES

The Group is subject to claims for regulatory proceedings, labor, tax settlements, and others arising in the ordinary course of business. The Group evaluates these situations based on the probable, possible, and remote nature of their occurrence and the amounts involved to decide on the amounts recognized and/or disclosed in the consolidated financial statements. This analysis, which may require considerable judgment, includes reviewing legal proceedings instituted against any claims yet to be initiated, all supported by reports and evaluation of the Group's legal advisors. A provision is recognized when the Group has a present obligation due to a past event, an outflow of resources will probably be required to settle the obligation, and a reliable estimate can be made of the obligation amount.

As of March 31, 2023, 2.394 processes are in progress, of which 134 correspond to probable contingencies, 1.047 are classified as possible, and 1.213 are classified as remote

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28.1. Probable Proceedings

The following details the proceedings classified as highly probable (Note 19).

	As of march, 31		As of december, 31	
	2023		2022	
	(In thousands of USD\$)		(In thousands of USD\$)	
	Cantidad	Valor	Cantidad	Valor
Currents:				
Administrative investigations of users (1)	40	853	21	1.442
	40	853	21	1.442
Non-currents:				
Legal proceedings (2)	53	733	47	1.053
Labor processes (3)	27	415	29	445
Administrative, regulatory and competency investigations (4)	13	1.619	-	1.664
Tax processes (5)	1	32	-	-
	94	2.799	76	3.162
	134	3.652	97	4.604

1. Includes processes related to requests, complaints, and claims (PQR) from customers, which are in the process of being discussed with the regulator.
2. Includes mainly civil and administrative process petitions.
3. Includes legal proceedings arising from an employment relationship, whether direct or indirect, with the Company, which are brought before the labor courts.
4. Includes mainly requests for administrative and regulatory processes through the superintendence of industry and commerce and the Ministry of Information and Communications Technologies of Colombia.
5. Includes judicial process with the administrative court, for national excise tax issues.

28.2. Possible Contingencies

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

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

a. Legal Proceedings

These are proceedings aimed at obtaining a decision by the jurisdictional authority called upon to resolve the disputed issue. There are 559 open processes classified as possible for a value of \$62.309.745. They include civil, contentious-administrative, criminal, constitutional, among others

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 338 open lawsuits classified as possible for an amount of \$49.337.827

c. Administrative Investigations

These are processes initiated by administrative authorities through the formulation of charges, ex officio, or complaints from third parties aimed at determining the responsibility of the investigated party in the infringement of regulations.

Contingencies for administrative investigations are classified as:

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- a) Taxes: Proceedings under discussion for taxes with different municipalities in the country, corresponding to claims, such as industry and commerce tax (ICA) public lighting tax, among others. There are 20 administrative and judicial processes in progress with possible qualifications, valued at \$4.594.980.
- b) 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 66 possible processes reported for \$7.408.960
- c) Regulatory: Administrative proceedings initiated by oversight and control authorities for alleged failures to comply with telecommunications regulatory standards. There are 14 possible proceedings for \$10.346.709

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

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

1) EBITDA

	Quarter ended march 31,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Net profit for the period	(24.502)	(113.836.787)	61.956	287.854.139
More:				
Depreciation and amortization (Note 24)	72.509	336.881.789	74.591	346.557.210
Financial expense, net (Note 25)	31.541	146.544.024	22.363	103.899.688
Equity method (Note 12)	(4.620)	(21.466.700)	348	1.613.836
Income and complementary taxes (Note 11)	5.979	27.777.406	103.038	478.720.763
EBITDA	80.907	375.899.732	262.296	1.218.645.636

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

2) Financial Indicators

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

2.1. Indebtedness ratios

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

	As of march, 31		As of december, 31	
	2023		2022	
a) Total debt level (1)		67,911%		68,074%
b) Level of short-term debt (2)		32,797%		34,176%

- (1) The level of indebtedness improved mainly due to the payment of suppliers during the first quarter, in addition to the 3.4% revaluation of the peso against the dollar.
- (2) The level of indebtedness shows an improvement mainly due to the payment of short-term suppliers during the first quarter.

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2.2. Solvency Ratios:

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

	<u>As of march, 31</u>	<u>As of december, 31</u>
	<u>2023</u>	<u>2022</u>
Solvency ratio (1)	1,473 v	1,532 v

- (1) The solvency ratio measures a company's ability to pay its debts. As of March 31, 2023, there is an increase mainly due to the payment of commitments with suppliers during the first quarter of 2023.

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>Quarter ended march 31,</u>	
	<u>2023</u>	<u>2022</u>
a) Operating margin (1)	2,233%	35,797%
b) OIBDA margin (2)	21,510%	50,022%

- (1) The increase during the first quarter of 2023 compared to the same period of 2022 after adjusting the 2022 ratio to 2.1% excluding the impact of the sale of the fiber optic business, corresponds mainly to the improvement in operating income leveraged on the good performance of revenues, the optimization of non-trade expenses and the decrease in depreciation and amortization.
- (2) The decrease in the first quarter of 2023 compared to the same period of 2022 after adjusting the 2022 ratio to 23.8% excluding the impact of the sale of the fiber optic business, corresponds mainly to the increase in commercial expenses in the acquisition of new customers.

2.4. Liquidity ratios

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

	<u>As of march, 31</u>	<u>As of march, 31</u>
	<u>2023</u>	<u>2022</u>
a) Net working capital (In thousands of US\$)	(90.065)	36.174
a) Net working capital (In thousands of COP\$)	(418.448.877)	168.068.526
b) Current ratio	0,869	1,078
c) Acid test	0,720	1,200

These indicators are static measures of the resources available at a given time to meet short-term obligations. The variation corresponds mainly to the payment during the first quarter of 2023 of suppliers and 10% of the obligation for the acquisition of spectrum in the 1900MHz band. In this sense, the analysis of short-term liquidity and solvency must consider the cash flow projections made by the Group, which guarantee a going concern.

2.5. Interest coverage

This indicator measures the Group's capacity to meet its financial interest obligations.

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	Quarter ended march 31,	
	2023	2022
Interest coverage	0,394 v	16,564 v

- (1) The decrease in this indicator at the end of the first quarter of 2023 is mainly due to the increase in interest rates generated by the devaluation of the peso against the dollar and the new obligation for the acquisition of spectrum in the 1900Mhz band.

3) Operational Information

3.1. Access

	2023		2022		
	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
	<i>(Unidades 000)</i>				
End Clients Access	24.082	23.880	23.354	23.004	22.073
Basic Line (1)	1.419	1.421	1.414	1.414	1.414
Data	1.360	1.318	1.272	1.232	1.207
TV	740	704	659	620	586
Mobile Services	20.563	20.437	20.009	19.738	18.866
Prepaid	15.088	15.088	14.609	14.534	13.759
Postpaid	5.475	5.349	5.400	5.204	5.107

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

3.2. ARPU (Average revenues per user)

	2023		2022		
	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
	<i>(USD\$)</i>				
LB-BA-TV (1)	7	7	7	7	7
Total Mobile (2)	2	2	2	2	2
Prepaid	1	1	1	1	1
Postpaid	7	7	7	7	7

	2023		2022		
	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
	<i>(COP\$)</i>				
LB-BA-TV (1)	33.852	33.394	32.268	32.528	31.652
Total Mobile (2)	10.459	10.657	10.546	10.965	11.391
Prepaid	2.389	2.689	2.519	2.553	2.964
Postpaid	32.864	32.530	32.437	34.324	34.040

- (1) Includes monthly fixed tariffs and excludes data and rental revenues.
 (2) Excludes revenues from Mobile Virtual Network Operators - MVNOs.

30. EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

Between April 1, 2023, and the date of issuance of the financial statements, no significant events have occurred that could affect the Company's financial position.