

Colombia Telecomunicaciones S.A. E.S.P. BIC and its Subsidiary¹ As of June 30, 2023, and for the six-month period ended June 30, 2023

(Amounts in billions of pesos, unless otherwise indicated)

Colombia Telecomunicaciones S.A. E.S.P. BIC informs that today, August 14, 2023, it has transmitted to the Financial Superintendency of Colombia the **Consolidated and Separate Financial Statements** as of June 30, 2023, and for the six-month period ended June 30, 2023.

I. Relevant Matters

1. Relevant Matters as of June 30, 2023

Colombia Telecomunicaciones S.A. E.S.P. BIC continues to experience net growth in revenues from customer contracts at the close of the first half of 2023, primarily driven by new optical fiber accesses due to increased demand for connectivity and digital services. There is also an impact from reduced prepaid consumption and terminal sales, mainly due to market dynamics, in addition to regulatory changes that decrease interconnection service rates

The result as of the first half 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, the Company maintains a financial discipline focused on value generation, evident in an efficient management of costs and investments.

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

As of June 30, 2023, the 12-month accumulated inflation reached 12.13%, and it is expected to continue its downward trend throughout the remainder of the year. The local inflation results are mixed; on the positive side, food and restaurant inflation continued to show a downward trend, leading to a decrease in inflation for the lower-income population. However, inflation remained at elevated levels due to pressures stemming from fuel price adjustments and the indexing of rates to the previous year's inflation. In this regard, we observe that the current inflation is primarily driven by the core component, contrary to the situation observed in 2022 when it was driven by food prices.

At the local level, the exchange rate reached \$4,177.58 per dollar, and this revaluation behavior of 10.1% compared to the previous quarter can be attributed to a decrease in the country's risk premium, despite the context of high global uncertainty and declines in oil prices. **The Company** has conducted a combined assessment of financial risk related to inflation and exchange rate fluctuations. Following the measures taken with hedging instruments, no significant impacts have been observed that would affect the operational results, financial situation, and liquidity.

II. Operating Results

At the close of the first half of 2023, **the Company** presented a sustained strengthening of its commercial activity, marked by a year-on-year growth in mobile (+6.8%) and optical fiber (+61.4%) customers. There has been an increase in revenues from mobile services, digital services including cloud and cybersecurity, as well as fiber optic deployment services. The **operating revenues from customer contracts** show a year-on-year growth of +3.0% (\$98MM)

The Company's total customers at the end of June 30, 2023, reached 24.7 million (+7.2% YoY) and are composed as follows: **mobile business customers** amount to 21.1 million (+6.8% YoY), of which contract customers represent a net gain of 108.6k accesses in the first half of 2023, driven by the growth in commercial activity within a highly competitive environment. In the **fixed-line business**, there are 3.6 million customers, with

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

a continued transformation towards fixed connectivity through optical fiber, resulting in excellent deployment outcomes. The number of accesses reached 1.045k (+61.4% YoY), representing 74.6% of the total broadband base (1.401 million customers), with a net gain of 84.1k accesses during the first half of 2023. The TV customers amount to 778k, of which IPTV accesses total 649k (83.4% of total TV), partially offsetting the 34.4% YoY decline in DTH service during the 2023 period

III. Consolidated Financial Results

1. Consolidated Statement of Comprehensive Income

The total operating revenues during the first half of 2023 amounted to \$3,505MM, reflecting a 4.5% increase compared to the same period in 2022 (excluding the effect of the operation carried out with KKR in January 2022 for \$840MM). **Revenues from customers** reached \$3,363MM, demonstrating a year-on-year growth of 3.0% (\$3,265MM in the first half of 2022). This growth is mainly attributed to the strong performance across all segments, including fixed services for connectivity and digital services through optical fiber, as well as mobile services, especially in postpaid services.

Other operating revenues of \$141MM reflect a significant increase of 61.1% (excluding the effect of the operation carried out with KKR in January 2022) compared to the same semester in 2022. This increase is due to the recognition of revenues associated with the contractual obligation from the fiber optic business, specifically related to exclusivity and support services, including logistical, commercial, and administrative platforms.

Operating costs and expenses amounted to \$2,762MM at the end of the first semester of 2023, reflecting a 7.0% increase compared to the first semester of 2022 (\$2,582MM). This increase is mainly due to higher costs in network infrastructure services to accommodate the increased commercial activity in corporate projects. Additionally, there was an increase in costs related to content due to higher usage of applications, licensing, and premium channels. The rise in costs is also driven by increased expenses for handset devices, home customer equipment, and materials related to the execution of fiber optic deployment projects, as well as price increases associated with macroeconomic effects.

EBITDA – an indicator that measures performance and operating results before depreciation and amortization – amounted to \$743MM for the first semester of 2023, showing a slight decrease compared to the same semester in 2022 (excluding the effect of the operation with KKR in January 2022). **EBITDA** for the first semester of 2023 is driven by the strong performance of revenues from fiber optic services, digital services, and fiber deployment services, as well as the efficiencies in non-commercial costs and expenses

Depreciation and amortization expense during the first semester of 2023 amounted to \$690MM, showing a slight decrease compared to the same semester in 2022. **The net financial result** was \$307MM, indicating a 34.2% year-on-year increase. This increase was primarily attributed to higher interest rates on variable-rate financial obligations compared to the same semester in 2022, driven by new short-term debt and new financial lease contracts.

Net income for the first semester of 2023 is -\$271MM, which includes **income tax expense** of \$9MM (**net income** for the first semester of 2022 was \$84MM).

2. Consolidated Statement of Financial Position

The **consolidated total assets** of Colombia Telecomunicaciones S.A. E.S.P. BIC and its subsidiary as of June 30, 2023 amount to \$14,094MM. **Current assets** total \$2,713MM and **non-current assets** amount to \$11,381MM. The main variations in assets compared to the closing balance as of December 31, 2022 are summarized as follows:

Current assets have shown a net decrease of 11.5% (\$354 million), primarily attributed to reductions in cash and cash equivalents due to supplier payments resulting from increased commercial activity and acquisitions of goods and services at the end of 2022. Additionally, the payment of 10% of the obligation for the acquisition of spectrum, the decline in financial assets due to the valuation of hedges affected by the peso's revaluation against the dollar during the first semester of 2023 (13.15%), and the decrease in inventories have contributed to this decrease. However, these declines have been partly offset by increased prepaid expenses for acquiring contracts with

clients, costs of equipment and installation at clients' premises generated by commercial activity, and in taxes and payments to governmental entities due to self-withholdings on revenues during the first semester of 2023.

Non-current assets presented a net decrease of 3.1% (\$364 million), mainly due to the impact of the peso's revaluation against the dollar during the first semester of 2023 affecting the valuation of financial asset hedges. Additionally, depreciation and amortization on properties, plant, equipment, and intangibles have contributed to this decrease. However, this decline has been partly offset by an increase in prepaid expenses for acquiring contracts with clients and the cost of equipment and installation at clients' premises generated by commercial activity during the period. Furthermore, the renewal and new contracts for usage rights have also played a role in offsetting the decrease

Total consolidated liabilities at the end of June 30, 2023 amount to \$9,836 million, reflecting a net decrease of 2.4% (\$247 million). The key variations compared to the December 31, 2022 closing are summarized as follows:

Current liabilities of \$3,859 million show a net increase of 12.0% (\$413 million), primarily due to the reclassification of the short-term commitment for the local fixed-rate bond's first part to be paid in the first half of 2024, and a local peso loan. There is also an increment in financial obligations resulting from loans acquired to address short-term cash flow needs during the initial part of 2023. Additionally, there is an increase in tax and public administration liabilities due to VAT and withholding tax payable, which will be offset by the tax credit balances from the 2022 income tax return. Furthermore, a decrease is observed in the accounts payable to suppliers, attributed to payments made during the first half of 2023 for balances outstanding as of December 31, 2022

Non-current liabilities amounted to \$5,977 million, reflecting a net decrease of 9.9% (\$660 million). This reduction is attributed to the reclassification of the long-term commitment for the local bond payment to the short-term in the first half of 2024 and a local peso loan. Additionally, there is an impact from the revaluation of foreign currency-denominated financial liabilities due to the peso's appreciation against the dollar during the first half of 2023, with a depreciation of 13.15%.

consolidated net equity at the end of June 30, 2023, amounts to \$4,257 million, reflecting a net decrease of 10.0% (\$471 million). This reduction is mainly to the results of the first semester of 2023 and a decrease in the valuation of hedging instruments, primarily due to the peso's appreciation against the dollar during the first half of 2023 and increases in the LIBOR, SOFR, and IBR curves associated with 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 June 30, 2023 and for the six-month period ended June 30, 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

August 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 June 30, 2023, and the Condensed Consolidated Interim Statement of Comprehensive Income, the Condensed Consolidated Interim Statement of Changes in Equity and the Condensed Consolidated Interim Statement of Cash Flows for the six-month period ended on that date, in accordance with the regulations are made available to the shareholders and third parties, the statements contained therein have been previously verified. The figures have been faithfully taken from the books of Colombia Telecomunicaciones S. A. E.S.P. BIC and its subsidiary. These explicit and implicit statements are as follows:

1. All assets and liabilities included in the condensed consolidated interim financial statements of the Company and its subsidiary as of June 30, 2023, exist and all transactions included in such condensed consolidated interim financial statements have occurred during the six-month period then ended.
2. All economic events of the Company and its subsidiary during the six months ended June 30, 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 June 30, 2023.
4. All items have been recognized at their appropriate values, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia - (NCIF).
5. All economic events affecting the Company and its subsidiary have been correctly classified, described, and disclosed in the condensed consolidated interim financial statements.

Fabián Andrés Hernández Ramírez
Representante Legal

Nancy Navarro Bueno
Contador Público
Tarjeta Profesional No. 61799-T

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023**

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

Notes	As of june, 30		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	15.744	65.770.702	115.463	482.357.458
Financial assets	6	68	284.742	27.402	114.473.812
Debtors and other receivables, net	7	308.950	1.290.663.141	297.493	1.242.801.246
Prepaid expenses	8	103.204	431.141.587	79.799	333.365.146
Contractual assets	9	2.713	11.334.483	2.755	11.509.945
Inventories	10	93.650	391.231.622	116.702	487.531.477
Taxes and public administration	11	124.963	522.044.016	94.405	394.385.624
Total current assets		649.292	2.712.470.293	734.019	3.066.424.708
Non-current assets:					
Financial assets	6	56.412	235.664.202	120.939	505.232.823
Debtors and other receivables, net	7	238.548	996.551.811	237.635	992.739.484
Investments companies	12	14.246	59.512.377	15.011,00	62.709.480
Prepaid expenses	8	153.695	642.074.511	126.755	529.527.808
Contractual assets	9	1.157	4.833.810	1.426	5.957.797
Right of use assets	13	255.628	1.067.907.150	230.454	962.738.324
Property, plant and equipment	14	953.547	3.983.519.303	1.007.738	4.209.906.007
Investment properties		1.926	8.045.056	1.926	8.045.056
Intangibles	15	284.557	1.188.761.205	315.474	1.317.918.174
Goodwill	16	324.550	1.355.833.946	324.550	1.355.833.946
Taxes and public administration	11	103.858	433.875.175	96.619	403.634.509
Deferred taxes	11	336.287	1.404.866.841	333.030	1.391.257.589
Total Non-current assets		2.724.411	11.381.445.387	2.811.557	11.745.500.997
Total assets		3.373.703	14.093.915.680	3.545.576	14.811.925.705
Liabilities					
Current liabilities:					
Financial obligations	17	314.987	1.315.884.768	116.980	488.692.357
Suppliers and accounts payable	18	486.767	2.033.509.148	606.557	2.533.940.691
Contractual liabilities	9	36.928	154.268.955	34.771	145.259.250
Taxes and public administration	11	46.388	193.789.751	25.899	108.196.785
Deferred liabilities		619	2.587.780	620	2.590.540
Provisions and pension liabilities	19	38.060	158.992.601	40.057	167.337.608
Total current liabilities		923.749	3.859.033.003	824.884	3.446.017.231
Non-current liabilities					
Financial obligations	17	1.259.555	5.261.893.017	1.407.631	5.880.490.894
Suppliers and accounts payable	18	12.835	53.617.618	17.458	72.930.673
Contractual liabilities	9	95.650	399.586.172	100.500	419.849.081
Deferred liabilities		1.436	6.004.053	1.517	6.336.436
Provisions and pension liabilities	19	61.365	256.355.558	61.636	257.489.358
Total non-current liabilities		1.430.841	5.977.456.418	1.588.742	6.637.096.442
Total liabilities		2.354.590	9.836.489.421	2.413.626	10.083.113.673
Total equity, attributable to controlling interests	20	1.019.113	4.257.426.259	1.131.950	4.728.812.032
Total liabilities and shareholders' equity		3.373.703	14.093.915.680	3.545.576	14.811.925.705

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

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023 and 2022

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

	Notes	Six-month period ended June 30,			
		(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	805.097	3.363.356.953	781.584	3.265.130.317
Other operating income	22	33.867	141.483.990	222.288	928.625.696
		838.964	3.504.840.943	1.003.872	4.193.756.013
Operating costs and expenses	23	(661.153)	(2.762.020.471)	(617.954)	(2.581.552.533)
Operating profit before depreciation and amortization		177.811	742.820.472	385.918	1.612.203.480
Depreciation and amortization	24	(165.255)	(690.364.820)	(166.224)	(694.412.559)
Operational result		12.556	52.455.652	219.694	917.790.921
Interest expense, net	25	(73.472)	(306.936.977)	(54.746)	(228.707.764)
Participation method	13	(1.835)	(7.664.783)	(981)	(4.098.703)
Profit before taxes		(62.751)	(262.146.108)	163.967	684.984.454
Income and supplementary taxes	11	(2.227)	(9.306.516)	(143.889)	(601.107.987)
Net profit for the period		(64.978)	(271.452.624)	20.078	83.876.467
Other comprehensible results:					
Items to be reclassified to the income statement					
Valuation of hedging derivatives, net of tax	11	(48.928)	(204.400.829)	(7.546)	(31.521.945)
Participation over the other comprehensive income in associated company	11 y 12	1.069	4.467.680	-	-
Other comprehensive income	20	(47.859)	(199.933.149)	(7.546)	(31.521.945)
Net comprehensive income for the period		(112.837)	(471.385.773)	12.532	52.354.522

	Notes	Three month period ended June 30,			
		(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	406.106	1.696.539.034	408.472	1.706.423.384
Other operating income	22	14.534	60.717.430	12.237	51.119.086
		420.640	1.757.256.464	420.709	1.757.542.470
Operating costs and expenses	23	(332.809)	(1.390.335.724)	(326.501)	(1.363.984.626)
Operating profit before depreciation and amortization		87.831	366.920.740	94.208	393.557.844
Depreciation and amortization	24	(84.614)	(353.483.031)	(83.267)	(347.855.349)
Operational result		3.217	13.437.709	10.941	45.702.495
Interest expense, net	25	(38.394)	(160.392.953)	(29.876)	(124.808.076)
Participation method	13	(6.973)	(29.131.483)	(595)	(2.484.867)
Profit before taxes		(42.150)	(176.086.727)	(19.530)	(81.590.448)
Income and supplementary taxes	11	4.422	18.470.890	(29.296)	(122.387.224)
Net profit for the period		(37.728)	(157.615.837)	(48.826)	(203.977.672)
Other comprehensible results:					
Items to be reclassified to the income statement					
Valuation of hedging derivatives, net of tax	11	(46.257)	(193.243.073)	(6.193)	(25.870.747)
Participation over the other comprehensive income in associated company	11 y 12	936	3.909.261	-	-
Other comprehensive income	20	(45.321)	(189.333.812)	(6.193)	(25.870.747)
Net comprehensive income for the period		(83.049)	(346.949.649)	(55.019)	(229.848.419)

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

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF JUNE 30, 2023 AND FOR THE SIX MONTHS ENDED JUNE 30, 2023
(figures expressed in thousands of Colombian pesos, unless otherwise stated)

	Subscribed and paid-in capital	Premium on share placement	Reserves	Revaluation surplus, hedging derivatives and actuarial result	Accumulated results	Total Equity
(In thousands of US\$)						
Balances as of December 31, 2021	816	2.351.213	17.003	106.483	(1.275.143)	1.200.372
Net profit for the period	-	-	-	-	20.078	20.078
Distributable reserves	-	-	24.318	-	(24.318)	-
Transfers (Note 20)	-	-	-	(1.362)	1.362	-
Other comprehensive income for the period (Note 20)	-	-	-	(7.546)	-	(7.546)
Balances as of june 30, 2022 (Unaudited)	816	2.351.213	41.321	97.575	(1.278.021)	1.212.904
Balances as of December 31, 2022	816	2.351.213	17.003	72.966	(1.310.049)	1.131.950
Net profit for the period	-	-	-	-	(64.978)	(64.978)
Transfers (Note 20)	-	-	-	(9.288)	9.288	-
Other comprehensive income for the period (Note 20)	-	-	-	(47.859)	-	(47.859)
Balances as of june 30, 2023 (Unaudited)	816	2.351.213	17.003	15.819	(1.365.739)	1.019.113

	Subscribed and paid-in capital	Premium on share placement	Reserves	Revaluation surplus, hedging derivatives and actuarial result	Accumulated results	Total Equity
(In thousands of COP\$)						
Balances as of December 31, 2021	3.410.076	9.822.380.645	71.030.665	444.842.090	(5.327.012.649)	5.014.650.827
Net profit for the period	-	-	-	-	83876467	83.876.467
Distributable reserves	-	-	101.588.959	-	(101.588.959)	-
Transfers (Note 20)	-	-	-	(5.687.918)	5.687.918	-
Other comprehensive income for the period (Note 20)	-	-	-	(31.521.945)	-	(31.521.945)
Balances as of june 30, 2022 (Unaudited)	3.410.076	9.822.380.645	172.619.624	407.632.227	(5.339.037.223)	5.067.005.349
Balances as of December 31, 2022	3.410.076	9.822.380.645	71.030.665	304.823.104	(5.472.832.458)	4.728.812.032
Net profit for the period	-	-	-	-	(271.452.624)	(271.452.624)
Transfers (Note 20)	-	-	-	(38.800.403)	38.800.403	-
Other comprehensive income for the period (Note 20)	-	-	-	(199.933.149)	-	(199.933.149)
Balances as of june 30, 2023 (Unaudited)	3.410.076	9.822.380.645	71.030.665	66.089.552	(5.705.484.679)	4.257.426.259

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

**COLOMBIA TELECOMUNICACIONES S.A. E.S.P. BIC AND ITS SUBSIDIARY
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022**

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

	Notes	Six-month period ended June 30,			
		(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					
		895.674	3.741.747.736	791.486	3.306.496.401
		(747.552)	(3.122.956.342)	(692.583)	(2.893.326.625)
		(49.351)	(206.169.432)	(39.659)	(165.679.539)
		(26.000)	(108.615.583)	(44.727)	(186.850.097)
		(31.010)	(129.544.910)	(34.109)	(142.492.777)
	17	(13.766)	(57.507.717)	(9.602)	(40.111.106)
Net cash provided by operating activities		27.995	116.953.752	(29.194)	(121.963.743)
Net cash flows used in investing activities					
		7.656	31.981.977	1.472	6.148.391
		(116.519)	(486.768.409)	(59.530)	(248.689.523)
		-	-	164.244	686.140.469
Net cash (used in) provided investing activities		(108.863)	(454.786.432)	106.186	443.599.337
Net cash flows (used in) provided by financing activities					
		35.916	150.040.975	-	-
	17	(13.288)	(55.513.680)	-	-
	17	(37.291)	(155.786.571)	(33.048)	(138.060.725)
		-	-	5.514	23.035.653
		(4.190)	(17.494.800)	-	-
		-	-	(125.988)	(526.326.240)
Net cash provided by (used in) financing activities		(18.853)	(78.754.076)	(153.522)	(641.351.312)
(Decrease) net increase in cash and cash equivalents		(99.721)	(416.586.756)	(76.530)	(319.715.718)
Cash and cash equivalents as of January 1		115.465	482.357.458	131.192	548.069.973
Cash and cash equivalents as of June 30,		15.744	65.770.702	54.662	228.354.255
Cash and cash equivalents as of January 1		115.465	482.357.458	131.192	548.069.973
		97.029	405.344.578	105.072	438.949.908
		18.436	77.012.880	26.120	109.120.065
Cash and cash equivalents as of June 30,		15.744	65.770.702	54.662	228.354.255
		14.695	61.386.350	51.083	213.404.346
		1.049	4.384.352	3.579	14.949.909

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

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 AND FOR THE SIX MONTHS ENDED JUNE 30, 2023.**

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

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).

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b) 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 contract, during the year 2023, the fulfillment 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.

c) Profit Distribution Project - Absorption of Losses

The Group at the end of fiscal year 2022 generated a net loss of \$69,917,413. In accordance with the above, the General Shareholders' Meeting of Colombia Telecomunicaciones S.A. E.S.P. BIC, at the ordinary meeting held on March 17, 2023, approved "the non-distribution of profits given that at the close of the 2022 fiscal year they were not generated, according to the financial statements as of December 31, 2022".

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 \$65,770,702, 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.

2.2. Main Regulatory Matters

The main regulatory issues as of June 30, 2023, are as follows:

a) The Congress of the Republic issued the National Development Plan 2022-2026.

The framework of the National Development Plan 2022- 2026, establishes the allocation of the spectrum to maximize social welfare and its sharing, increases the maximum allowed for obligations to do, orders the Ministry of Information and Communication Technologies (hereinafter MINTIC) and the Communications Regulation Commission (hereinafter CRC) to define a single procedure for infrastructure deployment in territories, favorable conditions to serve remote areas and/or vulnerable population and regulation of the regulated prices update index for sharing of poles and ducts in the sector.

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b) The Ministry of Information and Communications Technologies announced that the auction to assign spectrum to support 5G technology will be held in 2023 and will be supported by the International Telecommunications Union (ITU).

On June 1, 2023, the Company submitted to MINTIC the interest in renewing the 30MHz spectrum use permit in the AWS band (See Note 30).

c) Ongoing regulatory projects of the Agenda 2023-2026

The Communications Regulation Commission issued Resolution No. 7120 of 2023, which establishes the conditions for access, use and remuneration of passive infrastructure for the deployment of infrastructure. Additionally, it issued Resolution No. 7151 of 2023, which incorporates the changes on mobile number portability by eliminating payment default as a cause for rejection.

Problem formulation document for the "4G mobile service quality continuous improvement tools" project, this document defines the problem to be solved and is the result of the initial phase of the application of the Regulatory Impact Analysis - RIA methodology, corresponding to the first phase of this regulatory initiative.

The Regulator requested by May 25, 2023 information on costs associated with the subscription television service, within the analysis of audiovisual markets, and by June 30 of the same year, the number of poles and ducts to establish the indicator for updating the regulated caps on passive infrastructure sharing, as established in the National Development Plan.

d) Bills related to the TIC sector under study by the Congress of the Republic and Presidential approval.

- The law project "dejen de fregar" orders the CRC and MINTIC to extend the registry of excluded numbers so that users stop receiving promotional calls, this bill is under presidential sanction.
- Minimum vital Internet, this project seeks to guarantee a vital minimum of Internet access and use for Colombians from their homes and public entities, through the technologies deployed.
- TIC easements, this project seeks to regulate easements on real estate affected by works for the provision of telecommunications services.
- Identity theft, this project seeks to prevent identity theft, 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.
- Sara Sofia Law Project, the initiative to create an alert system for lost underage According to the Law Project "the alert must appear on the main screen of the cell phones for a few seconds where the information of the underage will be displayed. The photograph must occupy at least 70% of the screen of the cellular device and must vibrate. The alert signal will be in red danger color".
- Pink Alert Law Project, this initiative seeks to expedite the search for missing women by sending a text message to internet-connected devices, official media (radio and television), civil society and public entities as a mass call of utmost urgency.
- Senate of the Republic would declare by law the public utility and social interest of the expansion, construction, and operation of networks for public telecommunications services.

e) 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.

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f) 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.

g) Interconnection

The prices scheme of access charges between telecommunications operators is found in Resolutions 5050 of 2016 modified by resolutions 5107 and 5108 of 2017, which regulated the price of National Automatic Roaming (hereinafter RAN) for voice, data and SMS; and the volume of discounts and the methodology of the base price to charge mobile virtual operators, respectively. CRC Resolution 7007 of December 2022 established a new adjustment in the pricing conditions for interconnection in mobile networks and the prices of Automatic National Roaming and adjusted the rules for prices to be charged to Mobile Virtual Network Operators (hereinafter OMV). We highlight the adoption of the Bill and Keep (B&K) scheme as of 2025. It is estimated that the decision will favor users by reducing and in some cases eliminating wholesale interconnection costs, since final prices were reduced more slowly than the initial proposal.

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 June 30, 2023, and for the six-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. 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 \$4,177.58 and \$4,810.20 per US\$1 at June 30, 2023 and December 31, 2022, respectively.

The Condensed Consolidated Interim Financial Statements for the year ended June 30, 2023, were authorized for issue by the Chief Executive Officer of Colombia Telecomunicaciones S. A. E.S.P. BIC on August 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

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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.
- 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,

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- 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

4.1. 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 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 june, 30		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	14.691	61.370.642	97.025	405.332.724
Temporary investments (1)	1.049	4.384.352	18.435	77.012.880
Cash	4	15.708	3	11.854
	15.744	65.770.702	115.463	482.357.458

The net decrease corresponds mainly to the payment of suppliers during the semester generated by the increased in commercial activity and acquisitions of goods and services and execution of CAPEX (Capital Expenditure). Additional due to the payment of 10% of the obligation for the acquisition of 1900 MHz spectrum and payments associated with financial leasing.

Cash and cash equivalents include balances in foreign currency and its equivalent in thousands of pesos at June 30, 2023 of USD1,259 thousand (\$5.259.573) and at December 31, 2022 of USD 849 thousand (\$4.083.860), respectively (Note 26). As of June 30, 2023 and December 31, 2022, the restricted values in banks amount to \$13.963.030 and \$12.276.033, respectively.

- (1) Includes investments in collective funds whose rates for the six months ended June 30, 2023, and 2022 ranged between 9.14% and 33.50% and between 2.35% and 4.91%, respectively. Yields on temporary investments and bank investments recognized during the six months ended June 30, 2023, and 2022 were \$3.552.999 and \$942.035, respectively (Note 25).

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6. FINANCIAL ASSETS

The balance of financial assets as of June 30, 2023, is as follows:

	At fair value through profit or loss	At amortized cost	Total financial assets
		(In thousands of US\$)	
Current financial assets:			
Deposits and guarantees (1)	-	68	68
	-	68	68
Non-current financial assets:			
Hedging instruments (2)	48.974	-	48.974
Deposits and guarantees (1)	-	7.424	7.424
Other financial assets	-	14	14
	48.974	7.438	56.412
	48.974	7.506	56.480

	At fair value through profit or loss	At amortized cost	Total financial assets
		(In thousands of COP\$)	
Current financial assets:			
Deposits and guarantees (1)	-	284.742	284.742
	-	284.742	284.742
Non-current financial assets:			
Hedging instruments (2)	204.590.000	-	204.590.000
Deposits and guarantees (1)	-	31.014.202	31.014.202
Other financial assets	-	60.000	60.000
	204.590.000	31.074.202	235.664.202
	204.590.000	31.358.944	235.948.944

- (1) Corresponds to deposits constituted by court order on which the Group is advancing the necessary processes for their resolution. The increase in the long term corresponds mainly to processes with territorial entities associated with municipal taxes.
- (2) As of June 30, 2023, there is a decrease in the valuation of hedge instruments, mainly due to the 13.2% decrease in the exchange rate compared to the close of the previous year (as of June 30, 2023, for \$4.177,58 and as of December 31, 2022, for \$4.810,2).

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The balance of financial assets on December 31, 2022, is as follows:

	At fair value through profit or loss	At amortized cost (In thousands of US\$)	Total financial assets
Current financial assets:			
Investments in commercial papers (3)	-	19.077	19.077
Hedging instruments	8.257	-	8.257
Deposits and guarantees	-	68	68
	8.257	19.145	27.402
Non-current financial assets:			
Hedging instruments	116.703	-	116.703
Deposits and guarantees	-	4.222	4.222
Other financial assets	-	14	14
	116.703	4.236	120.939
	124.960	23.381	148.341
At fair value through profit or loss			
	At fair value through profit or loss	At amortized cost (In thousands of COP\$)	Total financial assets
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
	34.492.848	79.980.964	114.473.812
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
	487.534.552	17.698.271	505.232.823
	522.027.400	97.679.235	619.706.635

- (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 june, 30		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)	219.507	917.009.757	217.567	908.902.211
Portfolio by equipment sold at installments (2)	85.721	358.107.040	84.558	353.246.808
Other debtors (3)	57.768	241.326.641	54.167	226.292.747
Related parties (4) (Note 27)	54.558	227.921.846	42.293	176.682.226
Portfolio with national operators (5)	13.138	54.883.787	15.965	66.693.267
Commercial agents and distribution channels (6)	3.654	15.265.012	4.592	19.182.475
Portfolio Impairment (7)	(125.396)	(523.850.942)	(121.649)	(508.198.488)
	308.950	1.290.663.141	297.493	1.242.801.246
Non-current:				
Related parties (4) (Note 27)	170.111	710.650.523	174.316	728.217.757
Portfolio by equipment sold at installments (2)	27.300	114.049.308	20.154	84.194.258
Customers by sale and provision of services (1)	20.229	84.508.672	22.049	92.111.667
Portfolio with national operators (5)	11.566	48.319.174	11.566	48.319.174
Other debtors (3)	9.370	39.140.177	9.814	40.999.916
Portfolio Impairment (7)	(28)	(116.043)	(264)	(1.103.288)
	238.548	996.551.811	237.635	992.739.484
	547.498	2.287.214.952	535.128	2.235.540.730

As of June 30, 2023 include balances in foreign currency with debtors and other accounts receivable for USD6,674 thousand (\$27,881,169) and with related parties for USD85,505 thousand (\$357,203,978) 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 June 30, 2023, the net growth in the current portion is mainly in the corporate segment due to the good performance in digital services and growth in traditional services. In the residential segment, due to new additions associated with the commercial offer with more households connected to fiber and good performance in postpaid additions. The decrease in the non-current portion corresponds mainly to the transfer to the short term of the portfolio with corporate customers in accordance with the contractually established deadlines.
- (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 WIFI connection amplifiers.
- (3) The increase in the current portion is mainly due to the portfolio generated by the fiber optic deployment project and logistical and commercial support services. The decrease in the non-current portion corresponds to the transfer to the short term of the portfolio with third parties for real estate sales in accordance with the contractually established terms.

As of June 30, 2023, and December 31, 2022, includes trust rights for \$34.758.940 and \$33.451.319, respectively, of the Biannual Plan. Financial yields from fiduciary assignments generated an increase.

- (4) The current portion presents an increase mainly associated to the portfolio generated by the fiber optic deployment project and logistical and commercial support services. The non-current portion corresponds to the portfolio from the sale of fiber optic assets, the decrease corresponds to the revaluation of the TRM 13.2% (Note 27).
- (5) As of June 30, 2023, there is a variation mainly due to the decrease in regulated tariffs on mobile and fixed access charges and reconciliation with operators for international roaming traffic and national interconnection. The non-current portion corresponds to the portfolio with the national operator that is undergoing a business reorganization.

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- (6) The decrease as of June 30, 2023 corresponds mainly to the closing of settlements with commercial agents and channels managed by large supermarkets.
- (7) As of June 30, 2023, the net growth corresponds to the impairment expense of \$39,653 million (Note 23) and portfolio write-offs of \$24,988 million.

8. PREPAID EXPENSES

The balance of prepaid expenses is as follows:

	As of june, 30		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)	32.946	137.632.580	25.550	106.738.475
Cost of equipment at clients' homes (2)	32.938	137.602.581	24.690	103.143.589
Cost of fulfilling contracts with clients (3)	19.427	81.157.834	15.455	64.563.919
Support and maintenance (4)	9.043	37.778.729	5.673	23.697.526
Corporate projects (5)	7.679	32.080.671	6.079	25.394.219
Insurance policies	1.164	4.863.512	1.604	6.703.077
Irrevocable use rights - capacity (6)	7	25.680	748	3.124.341
	103.204	431.141.587	79.799	333.365.146
Non-current:				
Cost of equipment at clients' homes (2)	61.296	256.068.818	49.226	205.644.826
Cost of fulfilling contracts with clients (1)	58.269	243.424.282	50.645	211.572.593
Costs for obtaining contracts with clients (3)	33.355	139.341.693	25.490	106.488.111
Support and maintenance (4)	608	2.542.965	943	3.937.756
Insurance policies	163	680.646	444	1.855.575
Irrevocable use rights - capacity (6)	4	16.107	7	28.947
	153.695	642.074.511	126.755	529.527.808
	256.899	1.073.216.098	206.554	862.892.954

- (1) The increase corresponds mainly to higher commercial activity, represented by 262 thousand of net add customers and an increase in customer acquisition commissions. Amortization for the period ended June 30, 2023, was \$68.200.411 and \$38.068.829, respectively (Note 23).
- (2) Amortization for the six months ended June 30, 2023 and 2022 for customers household's equipment costs amounted to \$64.305.472 and \$47.218.122, respectively (Note 23). The current and non-current portion increases due to higher equipment delivered to customers household's which represented 151 thousand new customers during the first half of 2023.
- (3) Amortization for the six months ended June 30, 2023 and 2022 was \$42.699.535 and \$33.241.456, respectively (Note 23). The current and non-current portion increases due to higher equipment installed into new customers' households as a result of commercial activity.
- (4) Includes licensing services, support, and maintenance services for network equipment. As of June 30, 2023, the increase in the current portion corresponds mainly to the renewal of licenses associated with services and platforms for corporate clients and projects. The decrease in the non-current portion corresponds to transfers to the short term in accordance with the term of the service.
- (5) Corresponds mainly to the network deployment project under the contract for the sale of fiber optic assets. As of June 30, 2023, there is an increase due to fiber optic network deployment and homes passed (UIPs) under construction.

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- (6) The diminution in current assets corresponds to the amortization of the transnational cable costs during the first half of 2023 in relation to the rights of use with Group companies. The balance of non-current assets corresponds to a right-of-use contract with termination in 2024.

9. CONTRACTUAL ASSETS AND LIABILITIES

The changes in contractual assets and liabilities for the semester ended June 30, 2023 are as follows:

	As of 31 december					As of 30 june 2023,
	2022,	High	Amortization	Transfers	Reversal	
	(In thousands of US\$)					
Current contractual asset (1)						
Contractual asset	2.760	1.092	(1.829)	738	-	2.760
Impairment corrections	(5)	(43)	-	-	1	(47)
	<u>2.755</u>	<u>1.049</u>	<u>(1.829)</u>	<u>738</u>	<u>1</u>	<u>2.713</u>
Non-current contractual asset (1)						
Contractual asset	1.428	481	-	(738)	-	1.171
Impairment corrections	(2)	(13)	-	-	1	(14)
	<u>1.426</u>	<u>468</u>	<u>-</u>	<u>(738)</u>	<u>1</u>	<u>1.157</u>
	<u>4.181</u>	<u>1.517</u>	<u>(1.829)</u>	<u>-</u>	<u>2</u>	<u>3.870</u>
Current contractual liabilities (2)	34.771	79.971	(82.665)	4.850	-	36.928
Non-current contractual liability (2)	100.500	-	0	(4.850)	-	95.650
	<u>135.271</u>	<u>79.971</u>	<u>(82.665)</u>	<u>-</u>	<u>-</u>	<u>132.578</u>

	As of 31 december					As of 30 june 2023,
	2022,	High	Amortization	Transfers	Reversal	
	(In thousands of COP\$)					
Current contractual asset (1)						
Contractual asset	11.528.750	4.560.305	(7.642.059)	3.081.244	-	11.528.240
Impairment corrections	(18.806)	(178.583)	0	-	3.632	(193.757)
	<u>11.509.944</u>	<u>4.381.722</u>	<u>(7.642.059)</u>	<u>3.081.244</u>	<u>3.632</u>	<u>11.334.483</u>
Non-current contractual asset (1)						
Contractual asset	5.966.555	2.011.360	-	(3.081.244)	-	4.896.671
Impairment corrections	(8.758)	(58.811)	-	-	4.708	(62.861)
	<u>5.957.797</u>	<u>1.952.549</u>	<u>-</u>	<u>(3.081.244)</u>	<u>4.708</u>	<u>4.833.810</u>
	<u>17.467.741</u>	<u>6.334.271</u>	<u>(7.642.059)</u>	<u>-</u>	<u>8.340</u>	<u>16.168.293</u>
Current contractual liabilities (2)	145.259.250	334.086.958	-345.340.162	20.262.909	-	154.268.955
Non-current contractual liability (2)	419.849.081	-	0	-20.262.909	-	399.586.172
	<u>565.108.331</u>	<u>334.086.958</u>	<u>(345.340.162)</u>	<u>-</u>	<u>-</u>	<u>553.855.127</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) This item includes 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, as of June 30, 2023 with a balance of \$438,186 million. 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 \$38,600 million. The non-current portion corresponds to the exclusivity commitment for \$399,586 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 june, 30		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)	49.438	206.532.935	67.980	283.990.364
Materials and equipment (2)	27.506	114.907.738	30.869	128.957.521
Equipment in transit (3)	12.932	54.025.973	12.169	50.838.093
IT equipment	4.254	17.771.551	6.531	27.282.653
	94.130	393.238.197	117.549	491.068.631
Provision for obsolescence (4)	(480)	(2.006.575)	(847)	(3.537.154)
	93.650	391.231.622	116.702	487.531.477

During the six-month period ended June 30, 2023, and 2022, the consumption of inventories carried at the cost of sales was recognized for \$598.535.412 and \$578.294.483, respectively (Note 23).

- (1) The decrease as of June 30, 2023 is primarily generated by sales in the first half 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 half of 2023.
- (3) The increase as of June 30, 2023 corresponds mainly to equipment in the process of nationalization in accordance with the fiber optic commercial activity foreseen during the year 2023.
- (4) During the semester ended June 30, 2023, a recovery of \$1,530,579 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 june, 30		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)	120.278	502.471.351	74.103	309.571.203
Advances, withholdings and self-withholdings of ICA (2)	3.584	14.971.077	5.980	24.980.528
Sales tax withholdings (3)	1.101	4.601.588	554	2.315.978
Tax discount (4)	-	-	13.768	57.517.915
	124.963	522.044.016	94.405	394.385.624
No Current				
Tax discounts (4)	103.858	433.875.175	96.619	403.634.509
	103.858	433.875.175	96.619	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, the increase as of June 30, 2023 corresponds mainly to self-withholdings generated on income during the first half of 2023.
- (2) This item corresponds to self-withholdings and withholdings for Industry and Commerce Tax - ICA, the decrease as of June 30, 2023 is mainly due to the application in the annual ICA returns for the year 2022, filed during the first half of 2023 and the constitution of self-withholdings and withholdings for ICA during the period of 2023 will be filed in the first half of the year 2024.

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- (3) As of June 30, 2023, VAT withholdings made during the first half of 2023 have been recognized and will be deducted according to the certifications in the VAT returns.
- (4) As of June 30, 2023, no tax discount is recognized for the Industry and Commerce tax, value that will be taken as a deduction in the Corporate Income Tax in accordance with Law 2277. The non-current tax discount corresponds to the VAT recognized as of June 30, 2023 on the purchase of productive fixed assets.

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

	As of june, 30		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Sales tax - VAT (1)	28.239	117.971.338	7.172	29.962.115
Withholdings and self-withholdings (1)	12.939	54.054.292	15.938	66.583.036
Other current taxes (2)	3.634	15.180.503	2.176	9.091.300
National consumption tax (3)	1.576	6.583.618	613	2.560.334
	46.388	193.789.751	25.899	108.196.785

- (1) As of June 30, 2023, the increase corresponds to 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) As of June 30, 2023, mainly includes telephone and public lighting taxes payable to the municipalities.
- (3) As of June 30, 2023 includes the amount payable for excise tax returns for the I and II bimester of 2023, which will be offset against the corporate income tax credit balance for the taxable year 2022.

Provision for Income and Complementary Taxes

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

	Six-month period ended June 30,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Current income tax	(214)	(894.093)	(5.919)	(24.728.967)
Occasional earnings tax	(97)	(403.910)	(324)	(1.355.587)
Current income and complementary tax (1)	(311)	(1.298.003)	(6.243)	(26.084.554)
Deferred tax:				
Taxable temporary differences (2)	2.295	9.586.080	(42.425)	(177.232.359)
Deductible temporary differences (3)	892	3.726.175	28.112	117.441.873
Tax credits (4)	(5.103)	(21.320.768)	(123.333)	(515.232.947)
Deferred income tax	(1.916)	(8.008.513)	(137.646)	(575.023.433)
Income tax and complementary	(2.227)	(9.306.516)	(143.889)	(601.107.987)

- (1) The current tax, occasional and complementary gains as of June 30, 2023, presents a variation compared to 2022, mainly due to the sale of fiber optic assets during 2022.
- (2) During the first half 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.
- (3) The variation during the six-month period ended June 30, 2023 corresponds mainly to the recognition of the exclusivity commitment of the contract for the supply of connectivity services through the fiber optic network and the restatement of the deferred tax asset - DTA for the useful lives of depreciable and amortizable fixed assets.

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- (4) During the first half of 2023, the net effect between the use of tax credits offset against taxable income as of June 30, 2023 and additional lower utilization of tax loss carryforwards was recognized in the income tax return for the 2022 tax year.

Deferred Tax Assets and Liabilities

On June 30, 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 june, 30		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	68.854	287.641.223	67.894	283.631.376
Other assets	747	3.120.396	815	3.404.068
Hedge operations (1)	-	-	72.112	301.252.239
Deferred tax asset on deductible temporary differences (2)	69.601	290.761.619	140.821	588.287.683
Deferred tax asset for tax losses (3)	295.298	1.233.632.675	295.227	1.233.335.678
Total deferred tax asset	364.899	1.524.394.294	436.048	1.821.623.361
Deferred tax liability:				
Taxable temporary differences (2)	28.612	119.527.453	103.018	430.365.772
Total net deferred tax	336.287	1.404.866.841	333.030	1.391.257.589

- (1) As of June 30, 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) As of June 30, 2023, deferred tax assets and liabilities include the effect generated by the restatement of the deferred tax asset - DTA of the useful lives of depreciable and amortizable fixed assets.
- (3) The net increase, for the first half of 2023 corresponds to the lower use of losses utilized in the 2022 corporate income tax return.

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

	Six-month period ended June 30,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Valuation of hedging instruments (1)	(48.928)	(204.400.829)	(7.546)	(31.521.945)
Participation over the other comprehensive income in associated company (2)	1.069	4.467.680	-	-
Hedge valuation result, net of taxes	(47.859)	(199.933.149)	(7.546)	(31.521.945)

- (1) The variation is presented by the decrease in the valuation of hedging instruments, resulting from the revaluation of exchange rates of 13.2% during the first half of 2023.
- (2) The increase as of June 30, 2023 corresponds to the associate's share of the benefits from the valuation of interest rate hedges generated by increases in reference interest rates compared to those contracted.

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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 June 30, 2023:

<u>Tax</u>	<u>Year of origin</u>	<u>Adjusted losses</u>	<u>Loss compensation</u>	<u>Loss balance</u>
			(In thousands of US\$)	
Rent	Between 2007 y 2017	772.253	203	772.456
CREE	2015	71.254	-	71.254
		843.507	203	843.710

<u>Tax</u>	<u>Year of origin</u>	<u>Adjusted losses</u>	<u>Loss compensation</u>	<u>Loss balance</u>
			(In thousands of COP\$)	
Rent	Between 2007 y 2017	3.226.148.285	848.563	3.226.996.848
CREE	2015	297.667.938	-	297.667.938
		3.523.816.223	848.563	3.524.664.786

12. INVESTMENTS IN COMPANIES

Investments in companies of the Group were as follows:

<u>Associated</u>	<u>Type of investment</u>	<u>Country / City</u>	<u>Direct participation</u>	<u>As of june, 30</u> <u>Investment</u>	<u>As of december, 31</u> <u>Investment</u>
				(In thousands of US\$)	(In thousands of US\$)
Alamo HoldCo S.L. (1)	Significant influence	Spain / Madrid	40%	14.246	15.011
				14.246	15.011

<u>Associated</u>	<u>Type of investment</u>	<u>Country / City</u>	<u>Direct participation</u>	<u>As of june, 30</u> <u>Investment</u>	<u>As of december, 31</u> <u>Investment</u>
				(In thousands of COP\$)	(In thousands of COP\$)
Alamo HoldCo S.L. (1)	Significant influence	Spain / Madrid	40%	59.512.377	62.709.480
				59.512.377	62.709.480

- (1) 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 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 \$74,862.3, as follows: during the year 2022 loss of \$67.197,5 million and during the first half of 2023 for \$7.664, million and profit from the equity method on other comprehensive income for \$4.467,7 million.

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Equity method

The equity method accounts for investments in associated companies in which the Group has a direct equity interest. During the semester ended June 30, 2023 and 2022, a loss of (\$4,828,265) and a loss of (\$3,346,124) were recognized and on the other comprehensive income for the period, a profit of \$4,467,680 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 June 30, 2023 and 2022.

Determination of the equity method:

Associated	Direct participation	Results		Participation method	
		Six-month period ended June 30,			
		2023	2022	2023	2022
(In thousands of US\$)					
Alamo HoldCo S.L.	40%	(4.587)	(2.453)	(1.835)	(981)
		(4.587)	(2.453)	(1.835)	(981)

Associated	Direct participation	Results		Participation method	
		Six-month period ended June 30,			
		2023	2022	2023	2022
(In thousands of COP\$)					
Alamo HoldCo S.L.	40%	(19.161.961)	(10.246.758)	(7.664.783)	(4.098.703)
		(19.161.961)	(10.246.758)	(7.664.783)	(4.098.703)

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

Associated	Direct participation	Comprehensive other income		Participation method	
		Six-month period ended June 30,			
		2023	2022	2023	2022
(In thousands of US\$)					
Alamo HoldCo S.L.	40%	2.674	-	1.069	-
		2.674	-	1.069	-

Associated	Direct participation	Comprehensive other income		Participation method	
		Six-month period ended June 30,			
		2023	2022	2023	2022
(In thousands of COP\$)					
Alamo HoldCo S.L.	40%	11.169.199	-	4.467.680	-
		11.169.199	-	4.467.680	-

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

Subsidiary / Associate	Asset		Passive		Results	
	As of June 30 2023	As of December 31 2022	As of June 30 2023	As of December 31 2022	Six-month period ended June 30,	
					2023	2022
(In thousands of US\$)						
Alamo HoldCo S.L.	545.163	506.363	477.547	432.435	(4.587)	(2.453)
	545.163	506.363	477.547	432.435	(4.587)	(2.453)

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Subsidiary / Associate	Asset		Passive		Results	
	As of december, 31		As of december, 31		Six-month period ended June 30,	
	As of june, 30 2023	2022	As of june, 30 2023	2022	2023	2022
	(In thousands of COP\$)					
Alamo HoldCo S.L.	2.277.463.406	2.115.372.871	1.994.991.955	1.806.532.006	(19.161.961)	(10.246.758)
	2.277.463.406	2.115.372.871	1.994.991.955	1.806.532.006	(19.161.961)	(10.246.758)

13. RIGHTS-OF-USE ASSETS

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

Concept	As of june, 30 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)					
Land and buildings (1)	296.939	(156.473)	140.466	280.540	(138.957)	141.583
Technical installations (1)	203.152	(88.726)	114.426	161.122	(73.465)	87.657
Transport equipment	4.508	(3.772)	736	4.475	(3.259)	1.214
	504.599	(248.971)	255.628	446.137	(215.681)	230.454

Concept	As of june, 30 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 COP\$)					
Land and buildings (1)	1.240.488.046	(653.677.703)	586.810.343	1.171.972.807	(580.506.058)	591.466.749
Technical installations (1)	848.683.863	(370.663.296)	478.020.567	673.096.782	(306.899.830)	366.196.952
Transport equipment	18.833.695	(15.757.455)	3.076.240	18.690.748	(13.616.125)	5.074.623
	2.108.005.604	(1.040.098.454)	1.067.907.150	1.863.760.337	(901.022.013)	962.738.324

For the six-month periods ended June 30, 2023, and 2022, depreciation expense recognized in the statements of comprehensive income was \$142.924.362 and \$141.161.776, respectively (Note 24).

- (1) The increase in cost as of June 30, 2023, corresponds to the subscription, renewal, and increases in lease fees for land and sites for technical facilities (248 new contracts), thus generating higher depreciation expense for the six-month period ended June 30, 2023, compared to the same period 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 june, 30 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)	2.068.054	(1.557.802)	510.252	2.008.586	(1.505.921)	502.665
Land and buildings (2)	710.735	(409.824)	300.911	706.743	(405.686)	301.057
Assets under construction (3)	100.859	-	100.859	165.295	-	165.295
Furniture, information and transport equipment	146.685	(105.160)	41.525	135.302	(96.581)	38.721
	3.026.333	(2.072.786)	953.547	3.015.926	(2.008.188)	1.007.738

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Concept	As of june, 30 of 2023			As of december, 31 of 2022		
	Cost	Accumulated depreciation	Net value in books	Cost	Accumulated depreciation	Net value in books
	<i>(In thousands of COP\$)</i>					
Switching, access and transmission (1)	8.639.460.877	(6.507.840.582)	2.131.620.295	8.391.031.003	(6.291.104.435)	2.099.926.568
Land and buildings (2)	2.969.150.440	(1.712.070.110)	1.257.080.330	2.952.468.750	(1.694.785.461)	1.257.683.289
Assets under construction (3)	421.346.478	-	421.346.478	690.534.628	-	690.534.628
Furniture, information and transport equipment	612.787.499	(439.315.299)	173.472.200	565.235.636	(403.474.114)	161.761.522
	12.642.745.294	(8.659.225.991)	3.983.519.303	12.599.270.017	(8.389.364.010)	4.209.906.007

For the six-month periods ended June 30, 2023 and 2022, depreciation expense recognized in income was \$275.122.017 and \$307.705.971, 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.

During the second quarter of 2023, the useful life estimate was updated according to the aging analysis for the assets corresponding to fiber optic cable for aerial and terrestrial deployments, according to technical studies and analysis for this asset class, increasing by 5 years from 25 to 30 years. The impact on results in the semester is a lower value of depreciation of \$1.710.828.

- (2) The net increase in cost as of June 30, 2023 corresponds to activations of civil works associated with the deployment mainly of the 4G mobile network and fiber optic network for \$34,818,175 and decrease from the sale of real estate for (\$18,136,476). Includes provision for decommissioning of sites as of June 30, 2023 and December 31, 2022 for \$61,722,570 and \$58,750,975, respectively (Note 19).
- (3) The net decrease as of June 30, 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 june, 30 of 2023			As of december, 31 of 2022		
	Cost	Accumulated	Net book value	Cost	Accumulated	Net value in
	<i>(In thousands of USD)</i>					
Qualifying degrees (1)	661.254	(482.379)	178.875	661.255	(442.269)	218.986
Network and office equipment software (2)	338.091	(240.621)	97.471	303.822	(215.938)	87.884
Rights (3)	15.134	(6.923)	8.211	15.134	(6.530)	8.604
	1.014.479	(729.923)	284.557	980.211	(664.737)	315.474

Concept	As of june, 30 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)	2.762.446.279	(2.015.177.742)	747.268.537	2.762.446.279	(1.847.612.566)	914.833.713
Network and office equipment software (2)	1.412.400.508	(1.005.212.083)	407.188.425	1.269.239.036	(902.100.330)	367.138.706
Rights (3)	63.225.312	(28.921.069)	34.304.243	63.225.312	(27.279.557)	35.945.755
	4.238.072.099	(3.049.310.894)	1.188.761.205	4.094.910.627	(2.776.992.453)	1.317.918.174

For the three-month periods ended June 30, 2023 and 2022, the amortization expense recognized in income was \$272.318.441 and \$245.544.812 (Note 24).

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- (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 half of 2023.
- (2) The increase as of June 30, 2023, is presented by offset by the acquisition of software and licenses mainly for 4G network expansion, fiber optic deployment, IPTV platform - television through optical fiber for \$143.100.843 and amortization for the period of (\$103.057.788).
- (3) Mainly includes Irrevocable Rights of Use - IRU's of optical fiber. The decrease as of June 30, 2023, corresponds to the amortization for the period.

16. GOODWILL

The value in Goodwill during the first half 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 June 30, 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 June 30, 2023, a nominal percentage rate calculated in pesos of 12,50% was used.

Sensitivity to Changes in Assumptions

In accordance with the asset recoverability review process based on internal and external factor reviews, the WACC as of June 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 12.50%. 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.

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17. FINANCIAL LIABILITIES

The balance of financial obligations is presented below:

	As of june, 30			As of december, 31		
	Value		Base	Value		Rate
	(In thousands of US\$)	(In thousands of COP\$)		(In thousands of US\$)	(In thousands of COP\$)	Base Spread
Current:						
Financial in foreign currency						
Financial obligations (1)	31.000	129.504.980	SOFR 6M IBR3M 1,1%-1,79%	-	-	
Interest payable	11.943	49.893.586		12.982	54.235.005	
	42.943	179.398.566		12.982	54.235.005	
Financial institutions in national						
Local bond (2)	83.204	347.590.000	FIJA 6,65%	-	-	
Financial obligations (1)	47.876	200.000.000	Fija 5,745% IBR3M 1,1%-2%	-	-	
Interest payable	2.184	9.123.186		2.188	9.142.226	
	133.264	556.713.186		2.188	9.142.226	
Other obligations						
Financial leasing (3)	90.290	377.201.492		82.321	343.901.701	
Hedging instruments (4)	40.520	169.276.095		4.514	18.856.031	
	130.810	546.477.587		86.835	362.757.732	
Spectrum provider (5)	7.970	33.295.429		14.975	62.557.394	
	314.987	1.315.884.768		116.980	488.692.357	
No Current:						
Financial in foreign currency						
Senior bonus (6)	497.550	2.078.557.902	FIJA 4,95%	573.093	2.394.141.649	FIJA 4,95%
	497.550	2.078.557.902		573.093	2.394.141.649	
Financial institutions in national						
Financial obligations	286.661	1.197.549.458	Fija 5,745% IBR3M 1,1%-2%	334.504	1.397.418.961	Fija 5,745% IBR3M
Local bond (2)	36.377	151.967.107	IPC 3,39%	119.551	499.435.677	FIJA 6,65% - IPC
	323.038	1.349.516.565		454.055	1.896.854.638	
Other obligations						
Financial leasing (3)	284.540	1.188.687.927		266.011	1.111.281.686	
Hedging instruments (4)	50.817	212.290.052		9.650	40.311.161	
	335.357	1.400.977.979		275.661	1.151.592.847	
Spectrum provider (5)	103.610	432.840.571		104.822	437.901.760	
	1.259.555	5.261.893.017		1.407.631	5.880.490.894	
	1.574.542	6.577.777.785		1.524.611	6.369.183.251	

Financial liabilities include balances in foreign currency on June 30, 2023, of USD 542.943 thousand (\$2.268.187.818) 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. At the end of June, \$200 billion were transferred from long-term to short-term in accordance with the payment plan.
- (2) Local Bond: As of June 30, 2023, and December 31, 2022, the face value of the local bond is \$500.000 million, and transaction costs of \$443 and \$564 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
C10	USD millones	Cero	36	36	10 years	29-may-19	29-may-29	IPC + 3,39% Six months	Prepayment of local debt
A5	USD millones	Cero	83	83	5 years	29-may-19	29-may-24	6,65% Six months	
			119	119					

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	152.410	152.410	10 years	29-may-19	29-may-29	IPC + 3,39% Six months	Prepayment of local debt
A5	COP millones	Cero	347.590	347.590	5 years	29-may-19	29-may-24	6,65% Six months	
			500.000	500.000					

At June 30, 2023 and December 31, 2022, interest payable on the bond amounted to \$4.203 million and \$4.126 million, respectively.

- (3) 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 six-month period ended June 30, 2023, is presented below:

	As of december, 31 of 2022	High	Low	Payments (a)	Transfers	Others (b)	As of june, 30 of 2023
	(In thousands of US\$)						
Current							
Financial leasing	82.284	20.667	-	(51.020)	40.453	(2.094)	90.290
Financial liability - Renting (a)	37	-	-	(37)	-	-	-
	82.321	20.667	-	(51.057)	40.453	(2.094)	90.290
Not current							
Financial leasing	266.011	61.310	(2.328)	-	(40.453)	-	284.540
	266.011	61.310	(2.328)	-	(40.453)	-	284.540
	348.332	81.977	(2.328)	(51.057)	-	(2.094)	374.830

	As of december, 31 of 2022	High	Low	Payments (a)	Transfers	Others (b)	As of june, 30 of 2023
	(In thousands of COP\$)						
Current							
Financial leasing	343.747.474	86.346.054	-	(213.140.061)	168.996.985	(8.748.960)	377.201.492
Financial liability - Renting	154.227	-	-	(154.227)	-	-	-
	343.901.701	86.346.054	-	(213.294.288)	168.996.985	(8.748.960)	377.201.492
Not current							
Financial leasing	1.111.281.686	256.126.295	(9.723.069)	-	(168.996.985)	-	1.188.687.927
	1.111.281.686	256.126.295	(9.723.069)	-	(168.996.985)	-	1.188.687.927
	1.455.183.387	342.472.349	(9.723.069)	(213.294.288)	-	(8.748.960)	1.565.889.419

- a) Corresponds to capital lease payments during the first half of 2023 for \$155.786.571 and interest for \$57.507.717.
- b) Corresponds to payment by crossing accounts between liabilities and financial assets.

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- (4) The increase in financial liabilities for hedging instruments is mainly due to the valuation of interest rate curves and a 13.2% decrease in the exchange rate during the first half of 2023.
- (5) 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 \$77.540 million, classified between short and long term according to the established payment dates. During the first half of 2023, \$55,514 million of capital was paid.
- (6) Senior bond: As of June 30, 2023, and December 31, 2022, the face value of the outstanding senior bond was USD 500 million, equivalent to \$2. 088.790 million and \$2.405.100 million and associated transaction costs of \$10.232 million and \$10.958 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
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 June 30, 2023, and December 31, 2022, interest payable on the bond amounted to \$47.102 million and \$54.235 million, respectively.

The following are the maturities of the financial obligations as of June 30, 2023:

Maturities	Current		Non-current				Following years	Total Non-current	Total
	2023	2024	2025	2026	2027				
	(In thousands of USD\$)								
Senios bonus	-	-	-	-	-	497.551	497.551	497.551	
Financial leasing	90.292	59.080	40.601	35.981	35.326	113.551	284.540	374.832	
Financial obligations	78.875	23.459	263.202	-	-	-	286.661	365.536	
Local bond	83.204	-	-	-	-	36.377	36.377	119.581	
Spectrum provider	7.970	7.970	7.970	7.970	7.970	71.730	103.610	111.580	
Hedging instruments	40.519	(21.326)	147.170	17.457	16.867	(109.352)	50.816	91.335	
Interests	14.127	-	-	-	-	-	-	14.127	
	314.987	69.183	458.943	61.408	60.163	609.857	1.259.555	1.574.542	

Maturities	Current		Non-current				Following years	Total Non-current	Total
	2023	2024	2025	2026	2027				
	(In thousands of COP\$)								
Senios bonus	-	-	-	-	-	2.078.557.902	2.078.557.902	2.078.557.902	
Financial leasing	377.201.492	246.812.001	169.615.314	150.314.791	147.577.274	474.368.547	1.188.687.927	1.565.889.419	
Financial obligations	329.504.980	98.000.000	1.099.549.458	-	-	-	1.197.549.458	1.527.054.438	
Local bond	347.590.000	-	-	-	-	151.967.107	151.967.107	499.557.107	
Spectrum provider	33.295.429	33.295.429	33.295.429	33.295.429	33.295.429	299.658.855	432.840.571	466.136.000	
Hedging instruments	169.276.095	(89.091.715)	614.814.537	72.928.671	70.463.808	(456.825.249)	212.290.052	381.566.147	
Interests	59.016.772	-	-	-	-	-	-	59.016.772	
	1.315.884.768	289.015.715	1.917.274.738	256.538.891	251.336.511	2.547.727.162	5.261.893.017	6.577.777.785	

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18. SUPPLIERS AND ACCOUNTS PAYABLE

The balance of suppliers and accounts payable is as follows:

	As of june, 30		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Current:				
Creditors and suppliers (1)	366.408	1.530.699.429	430.377	1.797.935.888
Related parties (2) (Note 27)	69.657	290.996.072	54.340	227.009.827
Suppliers of fixed assets (3)	39.682	165.776.625	104.699	437.390.429
Labor wages payable (4)	5.384	22.490.904	9.088	37.965.212
Spectrum licensing providers (5)	3.633	15.178.862	6.089	25.434.509
Parafiscal contributions	2.003	8.367.256	1.964	8.204.826
	486.767	2.033.509.148	606.557	2.533.940.691
Non-current:				
Spectrum licensing providers (5)	8.320	34.758.940	8.297	34.661.586
Government grants (Note 7)	3.879	16.203.915	8.007	33.451.319
Related parties (2) (Note 27)	636	2.654.763	1.154	4.817.768
	12.835	53.617.618	17.458	72.930.673
	499.602	2.087.126.766	624.015	2.606.871.364

Suppliers and accounts payable include balances in foreign currency at June 30, 2023 of USD 103.003 thousand (\$430.303.273) and to related parts of USD42.544 thousand (\$177.730.964) 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 half of 2023.
- (2) Corresponds to obligations with group and associated enterprises for purchases and services, the increase is due to new development services, use of licenses, connectivity services, share plan liabilities, project costs, and use of software. The non-current portion decreases due to settlement and payment of employee stock plans.

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

- (3) The decrease as of June 30, 2023 is mainly due to payments during the period for acquisitions of licenses, mobile network and fiber optic network, equipment for installations and software development.
- (4) Corresponds to the consolidated liability for severance and vacations of employees and share-based payments to Group executives, the decrease as of June 30, 2023 corresponds mainly to the transfer of severance payments to the funds during the 2023 period.
- (5) 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 payments present the net decrease between current and non-current liabilities in accordance with the commitments acquired with the Nation

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19. PROVISIONS AND PENSION LIABILITIES

The balance of provisions and pension liabilities is as follows:

	As of june, 30 2023		As of december, 31 2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Current:				
Taxes and consideration (1)	25.228	105.393.631	23.957	100.082.064
Benefits to employees (2)	6.656	27.805.903	8.315	34.738.064
Pension liabilities	5.159	21.550.558	5.159	21.550.558
Tax claims	564	2.356.268	527	2.202.959
Contingencies (3) (Note 28)	259	1.081.356	1.604	6.701.584
Voluntary retirement (4)	194	804.885	495	2.062.379
	38.060	158.992.601	40.057	167.337.608
Non-current:				
Pension liabilities	43.224	180.570.836	44.056	184.046.743
Dismantling (5)	14.775	61.722.570	14.063	58.750.975
Contingencies (3) (Note 28)	3.366	14.062.152	3.517	14.691.640
	61.365	256.355.558	61.636	257.489.358
	99.425	415.348.159	101.693	424.826.966

- (1) Includes the provision for industry and commerce tax (ICA), considerations to the Ministry of ICT, and uncollected VAT. The net increase as of June 30, 2023 corresponds mainly to the provision for the obligations of telecommunication service considerations with Mintic, and payments of industry and commerce taxes in municipalities.
- (2) Includes the employee incentive for compliance and performance for the first half 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.
- (3) 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 half quarter of 2023 corresponds mainly to finalized processes.
- (4) Includes the provision for voluntary retirement plan for employees in accordance with the People Plan defined by HR.
- (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 half of 2023 corresponds mainly to the update of macroeconomic indicators.

20. SHAREHOLDERS' EQUITY, NET

The authorized, subscribed, and paid-in capital as of June 30, 2023, and December 31, 2022, is presented below:

	(In thousands of US\$)	(In thousands of COP\$)
Authorized capital	348.257	1.454.870.740
Subscribed and paid capital	816	3.410.076
Nominal value (in USD and COP \$)	0,00024	1

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The equity interest as of June 30, 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%
	3.410.075.788	100,00000000%

The equity interest as of June 30, 2023 did not change compared to the end of December 2022.

Reserves

The following is a detail of the reserves as of June 30, 2023 and December 31, 2022 is presented below:

	Reservations	
	(In thousands of US\$)	(In thousands of COP\$)
Voluntary reserves (1)	9.261	38.686.537
Statutory reserves (2)	6.295	26.298.376
Legal reserve (3)	1.447	6.045.752
	17.003	71.030.665

(1) These reserves are established by decision of (1) 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 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 June 30, 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 June 30, 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 June 30, 2023 and December 31, 2022 is \$31,321.

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- (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 June 30, 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 June 30, 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 June 30, 2023, and 2023 for (\$199.933.148) and (\$31.521.945), respectively.

The decrease during the first half of 2023 is mainly due to the valuation of hedging derivative instruments net of taxes, which mainly corresponds to the revaluation of the peso against the dollar of 13,2% for the same period in 2022 with an impact on the Libor (SOFR) and IBR interest curves

Revaluation surplus net of taxes

The Group for the periods ended June 30, 2023, and 2022 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 \$38.800.403 and \$5.687.918, respectively.

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21. OPERATING INCOME

Income from contracts with customers is presented below:

	Six-month period ended June 30,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Mobile Services (1)				
Data services	185.727	775.889.126	177.108	739.882.978
Voice services	73.493	307.018.791	80.857	337.785.005
Added value services	22.444	93.763.525	20.916	87.379.496
Roaming out	5.002	20.896.561	5.041	21.057.813
	286.666	1.197.568.003	283.922	1.186.105.292
Fixed services (1)				
Data services	109.567	457.720.901	93.133	389.069.286
Technological capabilities and solutions	108.143	451.777.795	123.019	513.923.419
Television revenue	39.589	165.383.273	32.685	136.544.340
Fixed voice services	20.379	85.134.056	23.605	98.610.290
	277.678	1.160.016.025	272.442	1.138.147.335
Sale of terminal equipment (2)	118.962	496.978.286	121.441	507.331.636
Digital Services (3)	76.797	320.826.641	57.454	240.019.507
Interconnection (4)	24.593	102.736.030	33.260	138.948.130
Sale of equipment for fixed services (5)	12.451	52.015.505	6.829	28.529.303
Other data - virtual mobile operator	3.983	16.639.890	4.508	18.830.880
Roaming revenue (6)	3.967	16.576.573	1.728	7.218.234
	240.753	1.005.772.925	225.220	940.877.690
	805.097	3.363.356.953	781.584	3.265.130.317

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

During the first half of 2023 and 2022, operating income with related parties of \$210.891.672 and \$184.159.863 respectively, is included (Note 27)

- (1) The net increase in the first half of 2023 corresponds mainly to the good performance of all segments in service revenues, mainly due to postpaid revenues and traditional fixed services with fiber optic offerings growing in the number of connected homes.
- (2) During 2023, the decrease is mainly due to the market's commercial dynamic, with customers reducing the purchase and renewal of handsets
- (3) Growth during the first half of 2023 corresponds mainly to business solutions services, security and integration with applications and platforms.
- (4) The decrease during the first half of 2023 corresponds to the impact of tariff adjustments made by the regulator for interconnection services.
- (5) The growth in the first half of 2023 corresponds mainly to the sale of Wifi amplifiers, which are associated with the internet offers.
- (6) The increase during the first half of 2023 corresponds to the closing of traffic with the different operators in accordance with the demand for roaming services, mainly in data services.

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22. OTHER OPERATING INCOME

Other operating revenues are presented below:

	Six-month period ended June 30,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Other operating income (1)	22.599	94.409.255	13.800	57.648.315
Sale of movable and immovable property (2)	5.754	24.038.967	203.015	848.112.516
Work carried out for fixed assets (3)	5.497	22.965.139	5.457	22.797.148
Leasing of investment property	17	70.629	16	67.717
	33.867	141.483.990	222.288	928.625.696

- (1) During the first half of 2023, includes the recognition of the exclusivity and guarantee commitment of the contract for the supply of connectivity services through the fiber optic network for \$48.651 million and administrative platforms, logistical support and billing, collection and other services for \$45.758 million. The increase compared to the previous year's period corresponds mainly to higher income associated with the exclusivity and guarantee commitment for \$29.881 million and administrative platforms for \$6.880 million.
- (2) During the first half of 2023 mainly includes the sale of towers and real estate for a net of \$16.725 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:

	Six-month period ended June 30,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Equipment cost (1) (Notes 8 and 10)	158.668	662.840.884	149.731	625.512.605
Labor costs (2)	62.876	262.670.835	54.671	228.391.747
Media rental and other network infrastructures (3)	60.478	252.650.123	48.382	202.118.432
Other costs and operating expenses (4)	54.279	226.754.612	46.960	196.180.099
Renting and third party activities to clients (5)	46.495	194.238.189	56.132	234.494.647
Content providers (6)	44.310	185.110.641	33.359	139.358.110
Taxes and considerations (7)	38.832	162.225.264	31.555	131.823.034
commissions for sales and obtaining contracts (8)	33.659	140.615.216	29.048	121.350.994
Interconnection and roaming (9)	30.941	129.259.209	40.482	169.116.287
Maintenance of equipment and installations	30.895	129.067.531	31.353	130.977.614
Power service (10)	30.205	126.182.825	24.561	102.605.865
Advertising	21.498	89.810.534	21.796	91.056.286
Computer Services	19.434	81.187.283	19.497	81.451.718
Contract compliance cost (11) (Note 8)	10.221	42.699.535	7.957	33.241.456
Portfolio impairment (12) (Note 7)	9.525	39.792.101	11.743	49.059.005
Customer services (13)	8.624	36.029.138	7.765	32.438.390
Other costs and expenses and non-recurring (14)	579	2.417.129	3.585	14.978.407
Provision for inventories (15) (Note 10)	(366)	(1.530.578)	(623)	(2.602.163)
	661.153	2.762.020.471	617.954	2.581.552.533

The net variation presented between the semesters ended June 30, 2023 and 2022 corresponds mainly to: i) network infrastructure services generated by increased commercial activity mainly in corporate projects; ii) increase in TV content mainly due to increased use of applications and licensing for corporate projects and increased use of streaming services and premium channels due to growth in the customer base; iii) increase in mobile terminals, customer equipment and materials for the execution of fiber optic deployment projects due to the good performance in commercial activity and price increases; iv) increase in other expenses mainly due to collection management related to the commercial portfolio and the provision of support services, support and regional advice from direct personnel; and, v) increase in taxes.

During the semesters ended June 30, 2023, and 2022, operating expenses with related parties of \$320.586.732 and \$232.927.251 respectively, are included (Note 27).

- (1) During the semesters ended June 30, 2023 and 2022, consumption of inventories carried at cost of sales of \$598.535.412 and \$578.294.483 (Note 10) and amortization of customer premises equipment costs of \$64.305.472 and \$47.218.122 (Note 8), respectively, were recognized. The increase during the semester ended June 30, 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 during the period ended June 30, 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 half of 2023.
- (3) The variation in the first half of 2023 compared to the same quarter of the previous year corresponds mainly to fiber optic connectivity services for the residential and corporate segments.
- (4) Includes mainly expenses for portfolio collection management, surveillance and security, bank charges, insurance, transportation and logistics of merchandise, consulting and advisory fees, expenses with temporary companies, digital services and travel expenses. The increase during the six months ended June 30, 2023 corresponds mainly to collection management related to the commercial portfolio and the provision of support services, support and regional advice from direct personnel.

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- (5) The decrease during the period ended June 30, 2023 corresponds mainly to lower execution of projects with corporate clients, in addition to the decrease in co-investment services for network deployment.
- (6) During the first half of 2023 there was an increase mainly due to the use of applications and licenses for corporate segment projects and an increase in the use of streaming services and premium channels due to customer growth.
- (7) The increase during the period ended June 30, 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 half 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 periods ended June 30, 2023 and 2022, includes the amortization of costs of obtaining contracts for \$68.200.411 and \$38.068.829, respectively (Note 8), generated due to higher commercial activity during 2022 and the first half of 2023. This item includes commissions on postpaid and prepaid sales, migrations, renewals and replacements, and the sale of fixed products, Internet Protocol Television (IPTV), fiber to the home (FTTH) and basic line-LB.
- (9) The decrease during the period ended June 30, 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 semester ended June 30, 2023, corresponds mainly to the volume of consumption and tariff increases in public services.
- (11) The increase during the period ended June 30, 2023 corresponds primarily to the amortization of customer installation costs associated with increased commercial activity during 2022 and the first half of 2023.
- (12) During the first half of 2023 the net expense was \$39,792 million, as follows: i) Impairment of customers for \$39.653 million (Note 7), ii) recovery for (\$90) million and iii) impairment of contractual assets for \$229 million. The decrease corresponds mainly to the updating of the matrices, which represent an improvement in the expected loss percentages due to the good performance of collections.
- (13) The increase during the semester ended June 30, 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).
- (14) The decrease during the six-month period ended June 30, 2023 corresponds mainly to the restatement of the provision for legal proceedings with third parties. In the first half of 2022 there is a greater impact due to litigation, mainly in processes before the Superintendence of Industry and Commerce, the Ministry of Information Technology and Communications of Colombia and the Superior Council of the Judiciary.
- (15) The variation for the six-month period ended June 30, 2023 is mainly due to the improvement in inventory turnover.

24. DEPRECIATION AND AMORTIZATION

Depreciation and amortization are presented below:

	Six-month period ended June 30,			
	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)	65.857	275.122.017	73.657	307.705.971
Amortization of intangible assets (Note 15)	65.186	272.318.441	58.777	245.544.812
Depreciation of assets for rights of use (Note 13)	34.212	142.924.362	33.790	141.161.776
	165.255	690.364.820	166.224	694.412.559

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25. FINANCIAL EXPENSES, NET

Financial expenses, net are presented below:

	Six-month period ended June 30,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Income:				
Financial income from operations with related parties (2)	5.695	23.787.232	3.932	16.421.262
Clients' interest in arrears (1)	3.843	16.055.975	2.495	10.424.806
Income from temporary investments and bank loans (Note 5)	850	3.552.999	225	942.035
	10.388	43.396.206	6.652	27.788.103
Expenses:				
Interest on loans, financial obligations and bonds (3)	(39.625)	(165.538.046)	(27.088)	(113.162.321)
Financial expenses for leases (4)	(16.839)	(70.346.931)	(8.832)	(36.897.612)
Operations to cover interest, net (6)	(8.782)	(36.685.525)	(10.047)	(41.970.832)
Costs for spectrum lending providers (5)	(7.124)	(29.761.745)	(8.556)	(35.744.758)
Other financial expenses (7)	(6.166)	(25.760.243)	(3.010)	(12.575.731)
Financial update of liabilities (8)	(2.282)	(9.531.186)	(2.006)	(8.378.437)
Tax on financial transactions	(129)	(539.221)	(89)	(370.700)
	(80.947)	(338.162.897)	(59.628)	(249.100.391)
Exchange difference loss, net	(2.913)	(12.170.286)	(1.770)	(7.395.476)
	(83.860)	(350.333.183)	(61.398)	(256.495.867)
	(73.472)	(306.936.977)	(54.746)	(228.707.764)

The net increase is explained by (i) increase in net interest on hedges of financial obligations due to the impact of the devaluation of the Colombian peso against the US dollar between semesters and the increase in the IBR and Libor (SOFR) curves, (ii) increase due to new contracts recognized as financial leases.

- (1) Corresponds to the interest on the long-term loan with the associated company Alamo Hodlco S.L. established in the framework contract for the sale of fiber optic assets made in 2022 for \$19.143.238, settled at the consumer price index (CPI) updated for 2023, in addition, financial update on the Earn Out right \$4.643.994 (Note 27).
- (2) 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.
- (3) Mainly includes interest on the senior bond for the first half of 2023 and 2022 for \$56.538.642 and \$48.483.457, on the local bond for \$23.063.521 and \$18.621.356 and financial obligations for \$85.935.883 and \$46.165.109, 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 first half of 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) The decrease in the first half of 2023 corresponds to the net effect of the evolution of Libor and IBR curves in the valuation of swap instruments and the impact on the devaluation of the Colombian peso against the U.S. dollar.
- (6) Corresponds to financial indexation for renewing the 1,900 MHz spectrum for 20 years.
- (7) The increase during the first half of 2023, corresponds mainly to the recognition of the financial component of the long-term exclusivity contract related to optical fiber for \$16.789 million. Additionally, it includes the indexation of the obligations to make financial commissions.
- (8) During the period ended June 30, 2023, and 2022 it includes the expense for the restatement of the pension liability for \$6.561.460 and \$6.022.576 and the restatement of the provision for decommissioning of fixed assets for \$2.969.726 and \$2.355.861, 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.

The Group has considered these material, specific and relevant risks in order to make an informed investment decision. However, the Group is subject to other risks which, having assessed their specificity and importance, based on the evaluation of their probability of occurrence and the potential magnitude of their impact, have not been included in this section. The assessment of the potential impact of risks is quantitative and qualitative, considering, among other issues, potential economic, compliance, reputational and environmental, social and governance ("ESG") impacts.

The Group, taking into account the global risks identified by the World Economic Forum, as well as the increase in legal reporting requirements and stakeholder expectations in this area, monitors risks directly related to sustainability, as well as other risks with potential impact on ESG, highlighting those most relevant in the context of the Group's operations, among which are the adaptation to ESG expectations and reporting requirements and climate change.

Risks are presented in this section grouped into four categories (according to the definitions included in the Telefónica Group's Risk Management Policy): business, operational, financial, legal and compliance. These categories are not presented in order of importance. However, the Group may change its view of their relative importance at any time, especially if new internal or external events arise.

26.1. Risks related to the business

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 anticipate customer needs, 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 to offer new technologies to users, specifically through participation in the 5G spectrum auction, for which the Ministry of Information and Communications Technologies (MinTic) announced that it will be held in the fourth quarter of 2023. which will require possible cash outflows to obtain additional spectrum or to meet the coverage requirements associated with some of these licenses.

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. Over the next 12 months, the Group plans to initiate three spectrum renewal processes for the 850 MHz, 1900 MHz and AWS bands.

The Group operates in a highly regulated market and changes in regulation or new regulations could adversely affect its business.

The Group is exposed to changes in the regulation of retail and wholesale services. Possible changes in the regulation of prices of retail services could generate limitations in the commercialization of services producing revenue losses or limitations in the Group's ability to differentiate and compete in the market. In this regard, on April 4, 2023, the Communications Regulation Commission (CRC) published the draft regulation "Registry of Excluded Numbers and Fraud in Mobile Number Portability" proposing to modify the Mobile Number Portability process to facilitate the right of users to port to another operator while keeping their line and to mitigate the risks of fraudulent conduct during porting requests. One of the proposals within the new measures is to eliminate the obligation for users to be up to date in their obligations with their operator in order to be able to port, a measure that could increase the cost of portfolio provisioning and make its recovery more difficult.

On the other hand, new regulatory requirements on net neutrality could limit the possibilities of operators to manage Internet traffic and offer services with differentiated quality, or the possibilities of developing commercial offers and alternative business models to the current ones. Related to the above, in December 2021 the Constitutional Court accepted to study a lawsuit that questions that internet service providers sell data packages to users in which certain types of applications such as social networks are offered free of charge, the result of this lawsuit could generate changes in the current conditions of zero rating offers.

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

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.

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.

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26.3 Financial risks.

The economic or political environment deterioration may adversely affect the Group's business.

The Group is exposed to local legislation, the political and economic environment of the country and the world, so its financial situation and operating results may be affected by factors such as significant variations in the exchange rate, the perception of country risk or the hardening of geopolitical tensions. The Colombian economy is highly exposed to the flow of capital from other economies due to its dependence on commodities and the high proportion of foreign currency debt with respect to the country's total debt. Therefore, its macroeconomic and financial stability may be affected by changes in commodity prices and global financial 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 June 30, 2023 and December 31, 2022, financial debt amounted to \$6.576.193 million and \$6.366.062 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.

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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Interest Rate Risk

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

Liquidity risks

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

Credit risk

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

As of June 30, 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	51	14	-	-	-	-	-
Future cash flows	152	-	-	-	-	-	-
	235	14	500	2.098.700	152.410	500	1.000

NDF: Non delivery forwards

IRS: Interest rate swap

CCIRS: Cross currency interest rate swap

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 (margin)	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 June 30, 2023, and December 31, 2022, the Group's debt in US dollars, including the senior bond maturing in 2030, is equivalent to USD 531 million and USD 500 million, and interest of USD12 and USD11, 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.

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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:

Amount in thousands of dollars:

	As of june, 30	As of december, 31
	2023	2022
	(In thousands of US\$)	
Assets		
Cash and cash equivalents (Note 5)	1.259	849
Debtors and other receivables (Note 7)	6.674	6.986
Related Parties (Note 27)	85.505	1.934
Total assets	93.438	9.769
Liabilities		
Financial obligations (Note 17)	542.943	511.275
Suppliers and accounts payable (Note 18)	103.003	156.931
Related Parties (Note 27)	42.544	30.880
Total liabilities	688.490	699.086
Passive, net position	(595.052)	(689.317)

Amount in thousands of pesos:

	As of june, 30	As of december, 31
	2023	2022
	(In thousands of COP\$)	
Assets		
Cash and cash equivalents (Note 5)	5.259.573	4.083.860
Debtors and other receivables (Note 7)	27.881.169	33.604.057
Related Parties (Note 27)	357.203.978	9.302.927
Total assets	390.344.720	46.990.844
Liabilities		
Financial obligations (Note 17)	2.268.187.818	2.459.335.005
Suppliers and accounts payable (Note 18)	430.303.273	754.869.496
Related Parties (Note 27)	177.730.964	148.538.976
Total liabilities	2.876.222.055	3.362.743.477
Passive, net position	(2.485.877.335)	(3.315.752.633)

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

The first economic activity data for 2Q23 reflect a slowdown, the Economic Tracking Indicator (monthly proxy of GDP) fell 0.8% versus the same period last year in April. This is due to the decrease in primary and secondary activities, which in turn is related to the deceleration of private consumption in a context of high inflation and higher borrowing costs.

Inflation showed a downward trend in 2Q23, after peaking in March of this year (13.34%), closing at 12.13%. The correction was driven by the fall in food inflation and, to a lesser extent, in the goods category. The appreciation of the Colombian peso, better weather conditions and lower production costs for the agricultural sector are the main factors that contributed to the decrease in inflation. However, it remained at high levels due to pressures derived from fuel price adjustments, the increase in the minimum wage, and the indexation of tariffs to the previous year's inflation. As a result, Banco de la República increased its monetary policy rate by 25 bps in April to 13.25% and has kept it stable since then, considering that it is already at a sufficiently restrictive level that will allow the gradual convergence of inflation towards the target range for 2024.

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The exchange rate ended 2Q23 at \$4,177.58 pesos per dollar, appreciating 10.1% respect to the end of 1Q23 and 13.6% YTD. It also traded on average 7.3% lower compared to the previous quarter. This positive performance is explained by a decrease in the country risk premium, despite the context of high global uncertainty and falling oil prices.

In the political sector, the government coalition in Congress broke up and the president reshuffled his cabinet. This made it difficult to process the reforms in the legislature, the labor reform was rejected by Congress in the first legislative period, while the pension and health reforms were approved in their first debate with some modifications.

The trade deficit continued to adjust significantly in the second quarter of 2023 due to a steeper drop in imports compared to exports, which has led to a decrease in the country's external vulnerabilities.

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. 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

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 semesters ended 2023 and 2022, the Group made payments to the Colombian Government for contributions to the Ministry of Communications and Information Technologies (MINTIC) for \$49,386,370 and \$48,560,930 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 june, 30		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)	5.678	23.718.911	3.898	16.282.486
	5.678	23.718.911	3.898	16.282.486

b) Economic relationships

	As of june, 30		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.	1.864	7.786.901	1.639	6.848.683
Telxius Cable Colombia S.A.	317	1.325.785	138	578.032
Telefonica Cybersecurity Tech Colombia	23	94.810	37	153.685
Wayra Colombia S.A.S.	9	36.612	10	40.006
	2.213	9.244.108	1.824	7.620.406

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	As of june, 30		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
From outside				
TWS II (2)	833	3.480.895	1.799	7.513.974
Telefónica Móviles España S.A.	176	734.727	252	1.052.367
Otecel S.A.	150	627.420	168	702.603
Telefónica Móviles Argentina S.A.	101	422.623	71	297.818
Telefónica S.A.	89	372.222	6	24.751
Telefonica Brasil S.A	49	205.978	77	321.563
Telefónica Móviles de Chile S.A.	48	199.597	77	322.050
Pegaso Pcs. S.A. de C.V.	43	178.511	35	144.199
Telefónica Venezolana C.A.(a)	41	172.806	47	195.007
Telefonica Germany GMBH & CO OHG	31	131.328	35	147.445
Terra Networks Mexico S.A. de CV	28	115.207	19	79.943
Telefónica del Perú S.A.	20	84.787	70	292.358
Telefónica Móviles Uruguay S.A.	5	21.605	5	21.097
Telefónica Factoring España	1	4.996	-	-
Telefónica Global Roaming GmbH	-	-	210	875.785
	1.615	6.752.702	2.871	11.990.960
	3.828	15.996.810	4.695	19.611.366

c) Associated Companies

	As of june, 30		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)	44.898	187.563.730	33.646	140.559.521
Telefónica Factoring Colombia S.A.	18	76.368	-	-
	44.916	187.640.098	33.646	140.559.521
From outside				
O2 T. UK Limited	136	566.027	54	228.853
	45.052	188.206.125	33.700	140.788.374
	54.558	227.921.846	42.293	176.682.226
Non current				
Alamo HolCo S.L.(4)	105.955	442.632.597	101.373	423.489.359
Onnet Fibra Colombia S.A.S. (3)	64.156	268.017.926	72.943	304.728.398
Total accounts non current	170.111	710.650.523	174.316	728.217.757
Total accounts receivable with related parties (Note 7)	224.669	938.572.369	216.609	904.899.983

- (1) The increase as of June 30, 2023, includes charges for direct personnel providing support services, support, and regional consulting services.
- (2) The decrease at the end of June 30, 2023 is due to the crossing of accounts for international long-distance service.
- (3) The increase in the current portion during the first half of 2023 is 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 \$366.873,4 million and financial interest for \$75.759 million. The increase corresponds to interest accrued during the first half of 2023.

The balances in foreign currency of domestic accounts receivable from related parties as of June 30, 2023 and December 31, 2022, are USD 85.505 thousand (\$357.203.978) and USD 1.934 thousand (\$9.302.927), respectively (Note 26).

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27.2. Accounts payable

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

Current

a) Shareholders

	As of june, 30		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)	3.241	13.538.400	2.303	9.622.788
	3.241	13.538.400	2.303	9.622.788

b) Economic related parties

	As of june, 30		As of december, 31	
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
National				
Telefónica Cybersecurity Tech Colombia (2)	10.002	41.782.692	9.301	38.857.323
Telxius Cable Colombia S.A.	4.406	18.404.397	4.184	17.477.719
Tiws Colombia II S.A.S.	3.912	16.340.640	4.554	19.025.875
	18.320	76.527.729	18.039	75.360.917

	As of june, 30		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. (3)	7.059	47.740.593	4.703	19.647.698
TIWS II	11.428	29.488.005	7.464	31.182.254
Telefónica Digital España S.A.	4.316	18.030.621	4.181	17.466.888
Telefónica Global Technology	2.282	9.534.986	1.372	5.731.688
Telefónica USA Inc.	2.001	8.361.120	3.598	15.032.224
Telefónica Compras Electrónicas	1.571	6.562.765	999	4.173.282
Telefónica del Perú S.A.	851	3.553.813	256	1.071.005
Telefónica IOT & Big Data Tech, S.A	805	3.363.218	734	3.066.449
Telefónica Móviles España S.A.	528	2.204.291	486	2.029.992
Telefónica Chile Servicios	416	1.739.137	-	-
Terra Networks Mexico S.A. de CV	412	1.723.141	332	1.388.772
Telefónica Global Roaming	219	916.368	96	399.247
Telefónica Servicios Audiovisuales	218	912.382	221	924.163
Pegaso Pcs. S.A. de C.V.	166	694.676	231	966.155
Otecel S.A.	104	435.837	125	523.189
Telefónica Móviles Argentina S.A.	94	392.136	55	230.849
Telefónica Brasil S.A	58	240.819	85	355.764
Telefónica Venezolana C.A.	28	118.453	65	270.335
Telefónica Ingeniería de Seguridad	25	104.837	28	118.488
Telefónica Móviles de Chile	25	103.264	44	183.853
Telefónica Móviles Uruguay S.A.	7	30.605	8	35.072
O2 Germany GMBH & CO OHG	7	27.912	17	69.894
Total national and foreign economic associates	32.620	136.278.979	25.100	104.867.261
	50.940	212.806.708	43.139	180.228.178

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Associated Companies

	As of june, 30		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 (4)	15.381	64.258.056	8.866	37.025.755
	15.381	64.258.056	8.866	37.025.755
From outside				
O2 T. UK Limited	94	392.907	32	133.106
	94	392.907	32	133.106
Total with related parties (Nota 18)	69.657	290.996.072	54.340	227.009.827

Non-current

	As of june, 30		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. (3)	636	2.654.763	1.154	4.817.768
Total suppliers and accounts payable with related parties (Note 18)	636	2.654.763	1.154	4.817.768

The balances in foreign currency of accounts payable in relation to related parties as of June 30, 2023 and December 31, 2022, are USD\$42.544 thousand (\$177.730.964) and USD \$30.880 thousand (\$148.538.976), respectively, (Note 26)

- (1) As of June 30, 2023, the increase includes charges for the provision of support services, support, and regional advisory services of direct personnel.
- (2) The increase in the first half of 2023 is due to digital security, monitoring and licensing services, mainly for corporate projects.
- (3) The increase as of June 30, 2023 of the current portion is due to the Brand Fee and the non-current portion decreases due to the liquidation and payment of employee stock ownership plans.
- (4) The increase as of June 30, 2023 is mainly generated by media rental services and fiber optic network infrastructure for increased customer connectivity during the first half of 2023.

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

	Six-month period ended June 30,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of US\$)			
From outside				
Telefónica Hispanoamérica S.A. (1)	2.550	1.781	1.759	968
	2.550	1.781	1.759	968

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	Six-month period ended June 30,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of COP\$)			
From outside				
Telefónica Hispanoamérica S.A. (1)	10.651.766	7.441.189	7.348.002	4.042.152
Total actionists from abroad	10.651.766	7.441.189	7.348.002	4.042.152

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

b) Financial Related Parties

	Six-month period ended June 30,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of US\$)			
National				
Tiws Colombia II S.A.S.	2.601	2.370	2.397	2.342
Telxius Cable Colombia S.A.	204	327	5.875	5.055
Telefonica Cybersecurity Tech Colombia	54	55	-	-
Wayra Colombia S.A.S.	112	15	7.670	4.422
	2.971	2.767	15.942	11.819

	Six-month period ended June 30,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of COP\$)			
National				
Tiws Colombia II S.A.S.	10.865.984	9.902.859	10.012.547	9.782.271
Telxius Cable Colombia S.A.	850.264	1.364.348	24.541.408	21.117.230
Telefonica Cybersecurity Tech Colombia	467.804	60.730	32.043.090	18.474.454
Wayra Colombia S.A.S.	225.683	228.916	-	-
	12.409.735	11.556.853	66.597.045	49.373.955

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	Six-month period ended June 30,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of US\$)			
From outside				
TIWS II	1.731	2.394	5.944	7.377
Telefónica Global Roaming	533	-	141	160
Telefónica Móviles España S.A.	105	149	282	227
Telefónica Móviles de Chile	105	117	26	16
Telefónica Brasil S.A.	105	51	45	37
Telefónica del Perú S.A.	100	63	53	50
Otecel S.A.	84	50	54	17
Telefónica Móviles Argentina S.A.	38	23	46	10
Terra Networks Mexico S.A. de CV	22	22	433	362
Pegaso Pcs. S.A. de C.V.	12	3	141	160
Telefónica Móviles Uruguay S.A.	5	3	6	7
Telefónica Ingeniería de Seguridad	3	1	-	-
Telefonica Germany GMBH & CO OHG	2	1	26	21
Telefónica Venezolana C.A.	-	-	24	18
Media Network Latin América	-	747	406	-
Telefónica Digital España S.A.	-	13	3.268	1.813
Telefónica S.A.	-	1	9.627	7.890
Telefónica Educación Digital, S.L.U.	-	4	-	-
Telefónica Cybersecurity Tech S.L.	-	-	-	27
Telefónica On The Spot Services	-	-	1.013	965
Telefónica Compras Electrónicas	-	-	1.318	879
Telefónica USA Inc.	-	-	1.384	1.036
Telefónica Global Technology	-	-	2.282	2.983
Telxius Cable América S.A. (antes TIWS AMERICA)	-	-	459	688
Telxius Cable	-	-	230	236
Telefónica Servicios Audiovisuales	-	-	193	143
	2.845	3.642	27.401	25.122
	5.816	6.409	43.343	36.941

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	Six-month period ended June 30,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of COP\$)			
From outside				
TIWS II	7.230.138	10.001.858	24.832.360	30.816.823
Telefónica Global Roaming	2.228.401	-	588.728	668.340
Telefónica Móviles España S.A.	439.690	621.517	1.178.687	946.869
Telefónica Móviles de Chile	438.928	488.173	106.872	68.080
Telefónica Brasil S.A.	437.368	211.441	188.596	154.119
Telefónica del Perú S.A.	416.990	263.456	220.593	209.782
Otecel S.A.	351.390	209.375	225.160	69.333
Telefónica Móviles Argentina S.A.	158.279	98.142	191.025	42.944
Terra Networks Mexico S.A. de CV	92.603	91.125	1.809.267	1.513.217
Pegaso Pcs. S.A. de C.V.	50.940	14.598	588.369	669.683
Telefónica Móviles Uruguay S.A.	20.254	11.635	26.781	27.507
Telefónica Ingeniería de Seguridad	13.651	4.055	-	-
Telefonica Germany GMBH & CO OHG	7.645	5.982	107.358	88.147
Telefónica Venezolana C.A.	190	3	99.859	74.303
Media Network Latin América	-	3.119.205	1.696.149	-
Telefónica Digital España S.A.	-	52.558	13.653.915	7.573.560
Telefónica S.A.	-	3.954	40.216.957	32.959.814
Telefónica Educación Digital, S.L.U.	-	16.000	-	-
Telefonica On The Spot Services	-	-	4.232.516	4.032.100
Telefónica Compras Electrónicas	-	-	5.507.458	3.671.651
Telefónica USA Inc.	-	-	5.782.543	4.326.691
Telefónica Global Technology	-	-	9.531.907	12.462.823
Telefónica Chile Servicios	-	-	1.755.175	-
Telxius Cable América S.A. (antes TIWS AMERICA)	-	-	1.917.141	2.873.236
Telxius Cable	-	-	959.813	987.119
Telefónica Servicios Audiovisuales	-	-	807.531	599.004
Telefonica Cybersecurity Tech S.L	-	-	-	112.567
	11.886.467	15.213.077	116.224.760	104.947.712
	24.296.202	26.769.930	182.821.805	154.321.667

c) Associated Companies

	Six-month period ended June 30,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of US\$)			
National				
Onnet Fibra Colombia S.A.S. (2)	57.079	429.011	31.183	17.838
Telefónica Factoring Colombia S.A.	61	53	-	-
	57.079	429.011	31.183	17.838
From outside				
O2 T. UK Limited	206	31	34	11
	206	31	34	11
	65.651	437.232	76.319	55.758

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	Six-month period ended June 30,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of COP\$)			
National				
Onnet Fibra Colombia S.A.S. (2)	238.453.299	1.792.226.179	130.270.845	74.518.605
Telefónica Factoring Colombia S.A.	255.880	219.720	-	-
	238.709.179	1.792.445.899	130.270.845	74.518.605
From outside				
O2 T. UK Limited	856.834	130.264	146.080	44.827
	856.834	130.264	146.080	44.827
	274.513.981	1.826.787.282	320.586.732	232.927.251

	Six-month period ended June 30,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of US\$)			
Financial:				
Nacionales				
Associated Companies (3)	5.694	3.931	4.019	-
Economic Associates	-	5	-	-
	5.694	3.936	4.019	-
Operational total with related parties	71.345	441.168	80.338	55.758

	Six-month period ended June 30,			
	Income		Costs and expenses	
	2023	2022	2023	2022
	(In thousands of COP\$)			
Financial:				
National				
Associated Companies (3)	23.787.232	16.421.262	16.788.995	-
Economic Associates	1.046	20.513	-	-
	23.788.278	16.441.775	16.788.995	-
Operational total with related parties	298.302.259	1.843.229.057	337.375.727	232.927.251

- (2) The revenues during the first half of 2023 corresponds mainly to the sale of fiber optic assets to Onnet Fibra Colombia S. A. S. in the first half of 2022, during the first half of 2023, revenues are recognized mainly for fiber optic network deployment and administrative services.

Costs and expenses during the first half of 2023 present an increase mainly associated with the use and access to the fiber optic network for connectivity.

- (3) 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 \$19.143 million (Note 25) and financial restatement on the Earn Out right for \$4.644 million.

Expenses correspond to the financial component of the long-term contract of the exclusivity commitment related to the sale of the fiber optic assets for \$16.789 million (Note 25).

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:

	Six-month period ended June 30,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
	46.951	196.393.077	41.096	171.899.047
Fixed services (1)	1.414	5.905.524	1.729	7.222.429
Fixed interconnection	1.267	5.293.320	468	1.955.581
Roaming revenue (2)	713	2.976.665	659	2.750.988
Digital services	77	322.288	78	325.933
Mobile services	-	798	1	5.885
Sale of terminal equipment	50.422	210.891.672	44.031	184.159.863
Operational total with related parties				
Other operating income (3)	15.229	63.622.309	393.201	1.642.627.420
Financial Income	5.694	23.788.278	3.936	16.441.774
Total with related parties	71.345	298.302.259	441.168	1.843.229.057

- (1) During the first half 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
- (3) The decrease during the first half 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 half 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.

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Operating Costs and Expenses:

	Six-month period ended June 30,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Media rental (1)	40.393	170.505.247	27.766	115.992.954
Renting and third party activities to clients (2)	8.305	34.692.965	5.591	23.358.254
Advertising	7.114	29.717.269	7.102	29.669.894
Other costs and operating expenses	7.104	29.678.976	4.446	18.572.305
Interconnection and roaming	4.915	20.534.546	4.823	20.148.072
Labor expenses	2.599	10.856.082	828	3.460.106
Other non-recurring costs and expenses	2.438	10.183.689	3.108	12.984.626
Content providers (4)	1.933	8.076.335	733	3.061.730
Terminal cost	1.081	4.516.067	978	4.087.032
Maintenance	437	1.825.556	383	1.592.278
	76.319	320.586.732	55.758	232.927.251

- (1) The increase during the first half of 2023 corresponds mainly to service for use and access to the fiber optic network for connectivity with Onnet Fibra Colombia S.A.S., and capacity rental in submarine cable with Telxius Cable Colombia S.A.
- (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
- (3) The increase in the first half of 2023 is mainly generated by regional support and advisory services received from Telefónica Hispanoamérica S.A.S and Telefónica Digital España S.L.U.
- (4) Increase during the first half of 2023 with Media Networks Latin America S.A.C. corresponds mainly to content application services.

27.4 Remuneration information for key management personnel

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

	Six-month period ended June 30,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Salaries, salaries and other benefits	2.019	8.432.563	1.895	7.918.548
Executive remuneration plan (shares and annual bonus)	1.163	4.859.002	1.063	4.440.458
Institutional plans	703	2.936.739	634	2.647.270
Others benefits	86	358.832	60	249.916
Bonus for voluntary withdrawal	51	214.572	-	-
	4.022	16.801.708	3.652	15.256.192

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, 2.271 processes are in progress, of which 108 correspond to probable contingencies, 1.022 are classified as possible, and 1.141 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 june, 30			As of december, 31		
	2023		(In thousands of COP\$)	2022		(In thousands of COP\$)
	(In thousands of USD\$)	(In thousands of COP\$)		(In thousands of USD\$)	(In thousands of COP\$)	
Quantity	Amount		Quantity	Amount		
Currents:						
Administrative investigations of users (1)	21	223	932.952	54	1.604	6.701.584
Tax processes (2)	1	36	148.404	-	-	-
	22	259	1.081.356	54	1.604	6.701.584
Non-currents:						
Administrative, regulatory and competency investigations (3)	11	2.008	8.391.265	15	1.851	7.731.708
Legal proceedings (4)	46	816	3.407.853	54	1.171	4.890.737
Labor processes (5)	29	542	2.263.034	27	495	2.069.195
	86	3.366	14.062.152	96	3.517	14.691.640
	108	3.625	15.143.508	150	5.121	21.393.224

1. Includes processes related to requests, complaints, and claims (PQR) from customers, which are in the process of being discussed with the regulator. The decrease as of June 30, 2023 corresponds to the settlement and payment of fines to the Superintendence of Industry and Commerce (SIC), mainly for compliance with the telecommunications services user protection regime.
2. Includes judicial process with the administrative court, for national excise tax issues.
3. 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.
4. Includes mainly civil and administrative process petitions.
5. Includes legal proceedings arising from an employment relationship, whether direct or indirect, with the Group, which are brought before the labor courts.

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 541 open processes classified as possible for a value of \$58.815.722.

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 382 open lawsuits classified as possible for an amount of \$49.055.229.

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.

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Contingencies for administrative investigations are classified as:

- i. Taxes: Proceedings under discussion for taxes with different municipalities in the country, corresponding to claims, such as industry and commerce tax (ICA) public lighting tax, among others. There are 20 administrative and judicial processes in progress with possible qualifications, valued at \$4.594.980.
- ii. Petitions, Complaints, and Claims: Administrative proceedings initiated by the Superintendence of Industry and Commerce - SIC, due to positive administrative silences, habeas data, or non-compliance with resolutions. There are 65 possible processes reported for \$7.067.587
- iii. Regulatory: Administrative proceedings initiated by oversight and control authorities for alleged failures to comply with telecommunications regulatory standards. There are 14 possible proceedings for \$9.396.386.

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

	Six-month period ended June 30,			
	2023		2022	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Net profit for the period	(64.978)	(271.452.624)	20.078	83.876.467
More:				
Depreciation and amortization (Note 24)	165.254	690.364.820	166.224	694.412.559
Financial expense, net (Note 25)	73.472	306.936.977	54.746	228.707.764
Equity method (Note 12)	1.835	7.664.783	981	4.098.703
Income and complementary taxes (Note 11)	2.228	9.306.516	143.889	601.107.987
EBITDA	177.811	742.820.472	385.918	1.612.203.480

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 june, 30	As of december, 31
	2023	2022
a) Total debt level (1)	69,792%	68,074%
b) Level of short-term debt (1)	39,232%	34,176%

- (1) level of indebtedness shows a slight increase during the first half of 2023, mainly due to the subscription and renewal of leasing contracts for technical facilities.

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2.2. Solvency Ratios:

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

	As of june, 30 2023	As of december, 31 2022
Solvency ratio (1)	1,433 v	1,469 v

- (1) The solvency ratio measures a company's ability to pay its debts. As of June 30, 2023, there is a variation due to the subscription and renewal of leasing contracts for sites for technical facilities.

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.

	Six-month period ended June 30,	
	2023	2022
a) Operating margin (1)	1,497%	21,885%
b) OIBDA margin (2)	21,194%	38,443%

- (1) The variation during the first half of 2023 compared to the same period of 2022 after adjusting the 2022 ratio to 2.5%, excluding the impact of the sale of fiber optic assets, corresponds mainly to commercial costs for the acquisition of new customers in the commercial offer of fiber optic and content, obtaining a good performance of revenues and the optimization and control of non-commercial expenses.
- (2) The decrease in the first half of 2023 compared to the same period of 2022 after adjusting the 2022 ratio to 23.2% 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.

	As of june, 30 2023	As of june, 30 2022
a) Net working capital (In thousands of US\$)	(274.456)	(90.864)
a) Net working capital (In thousands of COP\$)	(1.146.562.710)	(379.592.523)
b) Current ratio	0,703	0,890
c) Acid test	0,602	0,748

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

The variation corresponds mainly to the subscription, renewal of financial leases of sites for technical facilities.

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2.5. Organizational Capacity

	Six-month period ended June 30,	
	2023	2022
a) Return on equity (1)	(6,376%)	1,655%
b) Return on assets (2)	0,372%	6,445%
c) Net profitability (3)	(7,745%)	2,000%

- (1) Variation during the first half of 2023 compared to the same period of 2022 after adjusting the 2022 ratio (8.436%) excluding the impact from the sale of the fiber optic assets, an improvement is observed mainly due to the good performance of revenues and the optimization and control of non-commercial expenses.
- (2) The variation during the first half of 2023 compared to the same period of 2022 after adjusting the ratio of 2022 (0.520%) excluding the impact from the sale of fiber optic assets. Corresponds mainly to commercial costs for the acquisition of new customers in the fiber optic and content commercial offer, obtaining a good revenue performance and the optimization of non-commercial expenses.
- (3) The variation during the first half of 2023 compared to the same period of 2022 after adjusting the 2022 ratio (9.512%) excluding the impact from the sale of fiber optic assets. It shows improvement mainly due to the good performance of revenues and the optimization and control of non-commercial expenses.

2.6. Interest coverage

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

	Six-month period ended June 30,	
	2023	2022
Interest coverage (1)	0,269 V	6,164 V

- (1) During the first half of 2023 compared to the same period of 2022 after adjusting the 2022 ratio to 0.517% excluding the impact from the sale of the fiber optic assets. The decrease in this indicator at the end of the first half of 2023 is mainly due to the increase in interest rates, the new obligation for the acquisition of spectrum in the 1900Mhz band and the impact on the operating result due to the increase in commercial costs in obtaining new customers.

3) Operational Information

3.1. Access

	2022		2023		
	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30
	(Units 000)				
End Clients Access	24.672	24.082	23.970	23.354	23.004
Basic Line (1)	1.415	1.419	1.421	1.414	1.414
Data	1.402	1.360	1.318	1.272	1.232
TV	778	740	704	659	620
Mobile Services	21.077	20.563	20.527	20.009	19.738
Prepaid	15.528	15.088	15.088	14.609	14.534
Postpaid	5.548	5.475	5.439	5.400	5.204

- (1) Incluye los accesos "fixed wireless" y de voz sobre IP.

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3.2. ARPU (Average revenues per user)

	2021			2020	
	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30
			(USD\$)		
LB-BA-TV (1)	8	8	8	8	8
Total Mobile (2)	2	3	3	3	3
<i>Prepaid</i>	1	1	1	1	1
<i>Postpaid</i>	8	8	8	8	8
	2022			2023	
	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30
			(COP\$)		
LB-BA-TV (1)	33.710	33.852	33.394	32.268	32.528
Total Mobile (2)	10.209	10.459	10.657	10.546	10.965
<i>Prepaid</i>	2.284	2.389	2.689	2.519	2.553
<i>Postpaid</i>	32.209	32.864	32.530	32.437	34.324

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

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

30. EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

The following are the events that occurred between July 1, 2023 and the date of issuance of the condensed consolidated interim financial statements, which have no effect on the figures closed as of June 30, 2023.

The Ministry of Information Technologies and Communications - MINTIC published on August 01, 2023 for comments the draft resolution "By which the opening is declared and the requirements, conditions and procedure to participate in the objective selection process through the auction mechanism, to grant permits to use the radio spectrum nationwide, in the 700 MHz, 1900 MHz, extended AWS, 2500 MHz and 3500MHz bands are established". The deadline for comments will be August 15, 2023 and the publication of the final resolution is scheduled for October 17, 2023. From that date until November 2, 2023, assignment requests will be received, which will be evaluated by MINTIC and the final evaluation report will be published on November 27, 2023. The auction is scheduled for December 23, 2023.