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

December 31, 2023 and 2022 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

February 22, 2024

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 Consolidated Statement of Financial Position as of December 31, 2023, and the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Shareholders' Equity and Consolidated Statement of Cash Flows for the year then ended, which pursuant to the regulations are made available to shareholders and third parties, the statements contained therein have been previously verified and the figures have been faithfully taken from the books. These explicit and implicit statements are as follows:

1. All assets and liabilities included in the consolidated financial statements of the Company and its subsidiary as of December 31, 2023, exist, and all transactions included in such consolidated financial statements have taken place during the year that ended.

2. All the economic events realized by the Company and its subsidiary during the year ended December 31, 2023, have been recognized in the consolidated 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 December 31, 2023.

4. All items have been recognized at their appropriate values, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia - (NCIF).

5. All economic events affecting the Company and its subsidiary have been correctly classified, described, and disclosed in the consolidated financial statements.

COLOMBIA TELECOMUNICACIONES S.A. E.S.P. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(figures expressed in thousands of Colombian pesos or unless otherwise stated)

	Notes	As of december 31, 2023	2022
Assets			
Current Assets			
Cash and cash equivalents	5	362.205.669	482.357.458
Financial assets	6	284.742	114.473.812
Debtors and other receivables, net	7	1.135.287.569	1.242.801.246
Prepaid expenses	8	497.612.298	333.365.146
Contractual assets	9	11.072.674	11.509.945
Inventories	10	180.428.613	487.531.477
Taxes and public administration	11	380.034.553	394.385.624
Total current assets		**2.566.926.118**	**3.066.424.708**
Non-current assets:			
Financial ssets	6	58.598.897	505.232.823
Debtors and other receivables, net	7	900.598.544	992.739.484
Investment in companies	12	59.436.247	62.709.480
Prepaid expenses	8	711.415.811	529.527.808
Contractual assets	9	2.182.814	5.957.797
Right of use assets	13	1.137.026.730	962.738.324
Property, plant and equipment	14	3.956.375.044	4.209.906.007
Investment properties		8.045.056	8.045.056
Intangibles	15	1.012.254.122	1.317.918.174
Goodwill	16	1.355.833.946	1.355.833.946
Taxes and public administration	11	476.444.494	403.634.509
Deferred taxes	11	1.169.326.314	1.391.257.589
Total Non-current assets		**10.847.538.019**	**11.745.500.997**
Total assets		**13.414.464.137**	**14.811.925.705**
Liabilities			
Current liabilities:			
Financial liabilities	17	1.214.647.908	488.692.357
Suppliers and accounts payable	18	2.365.858.268	2.533.940.691
Contractual liabilities	9	170.669.840	145.259.250
Taxes and public administration	11	98.441.268	108.196.785
Deferred liabilities		2.595.769	2.590.540
Provisions and pension liabilities	19	167.535.438	167.337.608
Total current liabilities		**4.019.748.491**	**3.446.017.231**
Non-current liabilities			
Financial liabilities	17	4.957.301.568	5.880.490.894
Suppliers and accounts payable	18	13.988.866	72.930.673
Contractual liabilities	9	187.424.759	419.849.081
Deferred liabilities		5.635.377	6.336.436
Provisions and pension liabilities	19	277.204.146	257.489.358
Total Non-current liabilities		**5.441.554.716**	**6.637.096.442**
Total Liabilities		**9.461.303.207**	**10.083.113.673**
Total equity, attributable to controlling interests	20	**3.953.160.930**	**4.728.812.032**
Total liabilities and shareholders' equity		**13.414.464.137**	**14.811.925.705**

Notes 1 to 31 are an integral part of these Consolidated Financial Statements.

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COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2023 AND 2022
(figures expressed in thousands of Colombian pesos, except net income per share or unless otherwise stated)

		For the year ended december 31,	
	Notes	**2023**	**2022**
Operating income:			
Income from contracts with customers	21	6.682.916.825	6.729.166.653
Other operating income	22	439.998.004	1.134.891.086
		7.122.914.829	**7.864.057.739**
Operating costs and expenses	23	(5.562.338.555)	(5.422.388.489)
Operating profit before depreciation and amortization		**1.560.576.274**	**2.441.669.250**
Depreciation and amortization	24	(1.396.677.680)	(1.391.787.835)
Operational result		**163.898.594**	**1.049.881.415**
Financial expense, net	25	(558.076.907)	(481.285.256)
Method of participation	12	(46.156.669)	(67.197.550)
Income and supplementary taxes		**(440.334.982)**	**501.398.609**
Income and supplementary taxes	11	(249.331.368)	(580.531.034)
Net profit for the year		**(689.666.350)**	**(79.132.425)**
Other comprehensible results:			
Items to be reclassified to the income statement			
Valuation of hedging derivative instruments, net of tax	11	(81.980.958)	(98.259.922)
Participation in other comprehensive income in associate	11 y 12	1.064.341	-
Deferred tax on other comprehensive income in associates	11	(372.519)	-
		(81.289.136)	**(98.259.922)**
Items that are not reclassified to the income statement:			
Actuarial results for post-employment benefits	11	(4.695.616)	(6.857.489)
	11 y 20	**(85.984.752)**	**(105.117.411)**
Net comprehensive income for the period		**(775.651.102)**	**(184.249.836)**

Notes 1 to 31 are an integral part of these Consolidated Financial Statements.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2023 AND 2022
(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

	Subscribed and paid-in capital	Share Premium	Reserves	Revaluation surplus, hedging derivatives and actuarial result	Accumulated results	Total Equity
Balances as of December 31, 2021	**3.410.076**	**9.822.380.645**	**71.030.665**	**444.842.091**	**(5.327.012.649)**	**5.014.650.827**
Net profit for the year	-	-	-	-	(79.132.425)	(79.132.425)
Establishment of reserve (Note 20)	-	-	101.588.959	-	(101.588.959)	-
Transfer to dividends payable (Note 20)	-	-	(101.588.959)	-	-	(101.588.959)
Transfers (Note 20)	-	-	-	(34.901.576)	34.901.576	-
Other comprehensive income for the year (Note 20)	-	-	-	(105.117.411)	-	(105.117.411)
Balances as of December 31, 2022	**3.410.076**	**9.822.380.645**	**71.030.665**	**304.823.104**	**(5.472.832.457)**	**4.728.812.032**
Net profit for the year	-	-	-	-	(689.666.350)	**(689.666.350)**
Transfers (Note 20)	-	-	-	(54.801.493)	54.801.493	-
Other comprehensive income for the year (Note 20)	-	-	-	(85.984.752)	-	(85.984.752)
Balances as of December 31, 2023	**3.410.076**	**9.822.380.645**	**71.030.665**	**164.036.859**	**(6.107.697.314)**	**3.953.160.930**

Notes 1 to 31 are an integral part of these Consolidated Financial Statements.

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COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023 AND 2022
(Amounts expressed in thousands of Colombian pesos, unless otherwise indicated)

	Note	For the year ended december 31, 2023	2022
Net cash flows provided by operating activities			
Cash received from customers		7.840.593.268	7.337.636.367
Cash paid to vendors and other accounts payable		(5.778.080.483)	(5.941.236.051)
Net interest paid and other financial expenses		(415.508.586)	(357.297.464)
Self-withholdings on income tax		(305.287.473)	(304.041.744)
Direct taxes paid		(297.195.828)	(293.262.451)
Interest paid on finance leases	17	(121.379.162)	(87.891.974)
Net cash provided by operating activities		**923.141.736**	**353.906.683**
Net cash flows (used in) provided by investing activities			
Proceeds from the sale of the fiber optic business		23.626.157	643.982.294
Proceeds from the sale of movable and immovable property		106.934.326	364.016.582
Payments for investments in plant and equipment and intangibles		(815.376.698)	(431.256.827)
Net cash (used in) provided by investing activities		**(684.816.215)**	**576.742.049**
Net cash flows used in financing activities			
Exchange rate hedging charges		-	23.035.653
Exchange hedging payments		(19.138.037)	
Payment of financial debt		(468.350.451)	(526.326.240)
Lease payment	17	(315.516.101)	(286.273.911)
Spectrum license fee	17	(55.513.680)	(111.027.359)
Dividend payment		-	(95.769.390)
New debt		500.040.959	-
Net cash used in financing activities		**(358.477.310)**	**(996.361.247)**
Net decrease in cash and cash equivalents		**(120.151.789)**	**(65.712.515)**
Cash and cash equivalents as of January 1		482.357.458	548.069.973
Cash and cash equivalents as of december 31,	5	**362.205.669**	**482.357.458**
Cash and cash equivalents as of january 1,		**482.357.458**	**548.069.973**
Cash, cashier and banks		405.344.578	438.949.908
Temporary investments		77.012.880	109.120.065
Cash and cash equivalents as of december 31,		**362.205.669**	**482.357.458**
Cash, cashier and banks		238.957.607	405.344.578
Temporary Investments		123.248.062	77.012.880

Notes 1 to 31 are an integral part of these Consolidated Financial Statements.

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

The company may also engage in the following activities: (i) provision of telecommunications and computer services that support e-commerce activities, as well as the communication of data messages in general, specialized messaging services, and courier services; (ii) Representation of national or foreign firms involved in the telecommunications industry, either as equipment and/or service providers; (iii) Production, distribution, sale, and marketing of products and elements related to telecommunications, electricity, electronics, informatics, and related fields; (iv) Provision of technical advisory services, equipment and network maintenance, and consultancy in the fields of electricity, electronics, informatics, telecommunications, and related areas; (v) Provision of delegated management services for a company's technology and application functions; (vi) Manufacture, design, installation, commissioning, and marketing of all types of electrical and electronic equipment and systems; (vii) Provision of technical, technological, consultancy, auditing, and any other business advisory support services to companies in Colombia and/or abroad; (viii) Establish, exploit, use, install, expand, extend, renew, or modify telecommunications networks and services and their different elements, for private or public use, nationally or internationally; (ix) Importation, commercialization, installation, and leasing of equipment for private surveillance and security.

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.

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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 consists of the performance of one or more of the activities provided for in Law 1341 of 2009, for providers of networks and services of information and communications technologies and other activities proper and complementary to the information and communications technologies sector. The term of the company is indefinite; the address registered as the domicile and main office is located at Calle 74 No. 57 - 35, 2nd floor (Barranquilla, Colombia).

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

In an ordinary meeting held on March 16, 2020, the General Shareholders' Meeting of Colombia Telecomunicaciones S. A. E.S.P. approved (i) the adoption of Colombia Telecomunicaciones S. A. E.S.P. of the legal status of Benefit and Collective Interest Company (BIC) and (ii) to amend articles one and four of the Bylaws to add in the corporate name the expression "Benefit and Collective Interest" or the acronym "BIC" and to include in the corporate purpose the activities associated with adopting the legal status of a Benefit and Collective Interest Society (BIC) and the importation, commercialization, installation, and leasing of equipment for private surveillance and security.

On February 25, 2021, the General Assembly of Holders of Ordinary Bonds Issue 2019 of the Company approved the amendment of article four of the Company's Bylaws, in the terms of the approval made by the General Assembly of Shareholders of the Company.

On March 8, 2021, by means of Public Deed No. 0749 of Notary Office Eleven of the Bogota Circle, the amendment to the bylaws was notarized, consisting of the modification of articles one and four of the Company's by-laws regarding the "Name and Nature" and "Corporate Purpose," respectively. As of said date, the corporate name of the Company is "COLOMBIA TELECOMUNICACIONES S. A. E.S.P. BIC," and its corporate purpose included the activities associated with the adoption of the legal status of Sociedad de Beneficio e Interés Colectivo (BIC) and the importation, commercialization, installation, and leasing of equipment for private security and surveillance.

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

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

The negotiation included the agreement of an Earn-Out, which was agreed between the parties based on the analysis of the Master business plan. On March 23, 2022, the modification of the operation entered into with KKR was signed so that Colombia Telecomunicaciones S.A. E.S.P. BIC will be able to: (i) receive a higher income by way of an increase in the sale price of fiber optic assets in the amount of USD 50.00 million in cash in three payments over time, subject to the fulfillment of conditions outlined in the Master Business Plan over the years 2022, 2023, and 2024 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.

At the close of September 2023, the Company conducted a conciliation with Onnet Fibra Colombia S.A.S. to validate the fulfillment of the agreed conditions for the first year. By achieving the Earn-Out and surpassing two of the three established goals, the result was a payment of USD 16,000,000 equivalent to $62,515.4 million. In addition to this, USD 10,666,667 was capitalized, equivalent to $41,819.1 million, as an increased value in the investment in Álamo Holdco, S.L. (Note 12).
Regarding the third condition, it was verified that the goal was met, and payment to the Company will proceed.

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On October 30, 2023, Colombia Telecomunicaciones S.A. E.S.P. BIC signed an amendment to the agreements with Alamo SpainCo, S.L.U. and Onnet Fibra Colombia S.A.S., allowing it to exercise the option to release the exclusivity agreed upon in the wholesale agreement before the expiration of its contractual term. To exercise this right, the Company must reach a certain number of homes connected.

2. OPERATIONS

2.1. Ongoing Business

In conducting its business activities, the Group analyzes not only the measurement of assets and liabilities, accounting estimates, and appropriate disclosures but also 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 $362.205.669, other highly liquid assets, and undrawn credit facilities available at the date of issuance of these consolidated financial statements.

The Group's management, with the support of the shareholders, is jointly analyzing the necessary measures to strengthen the liquidity and financial indicators of the Group and ensure the ability to continue operating as a going concern. These measures have already been implemented through the execution of the Strategic Plan for the years 2024 to 2026. Additionally, in response to a severe negative scenario, the Group maintains the capacity to take mitigation actions to reduce costs, optimize cash flow, and preserve liquidity.

These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of reported assets, liabilities, and expenses that might otherwise be required if the going concern basis were not appropriate.

2.2. Impacts of the international conflicto

Russia-Ukraine

The Group has implemented internal control measures through a protocol so that any transaction with third parties whose location is in Russia or third parties from other countries that were reached by the sanctions imposed by the European Union, United Kingdom, United States, and other countries, are authorized by the intervention area, internal audit, and compliance area. As of the end of 2023, there is no relationship with third parties affected by sanctions, so no risks have been generated in the financial information.

Israel-Palestine

The conflict generates increased global uncertainty and has the potential to affect trade and oil supply from the Middle East region, as well as the economies of nearby regions. In this situation, a rise in oil prices could have a global impact on inflation, likely affecting investor confidence, consumer sentiment, and influencing economic growth prospects. Additionally, potential additional risks such as an escalation of the conflict and disruptions in the supply chain would increase pressure on industry costs. As of the end of 2023, no risks have been generated in the financial information.

2.3. Main Regulatory Matters

The main regulatory aspects as of December 31, 2023, are as follows:

a) Spectrum Licenses

- In accordance with the procedures stipulated by the Ministry of Information and Communications Technologies (hereinafter MINTIC), the Group applied for the renewal of the 30 MHz in the AWS band in June 2023, as well as the 25 MHz in the 850 band and the 15 MHz of spectrum in the 1900 MHz band in September 2023 The national regulation allows for the normal use of the spectrum while final conditions for these renewals are being closed.

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- MinTIC resolutions 3947 of October, 4138 and 4185 of November 2023 established the requirements, conditions, and procedures for the objective selection process through the auction mechanism to grant spectrum usage permits nationwide, in the bands of 700 MHz, 1900 MHz, extended AWS, 2500 MHz, and 3500 MHz. The available spectrum was 10 MHz in the 700 MHz and 1900 MHz bands, 30 MHz in the 2500 MHz and extended AWS bands, and 320 MHz in the 3500 MHz band.

- In the auction conditions, MINTIC accepted a recommendation from the competition authority not to allow the operator Claro, as a dominant operator, to choose its location within the 3.5GHz band, so the Ministry defined it after the other participants chose their location.

- MINTIC conducted the auction on December 20, 2023, and the Company participated and acquired, in a Temporary Union with Colombia Móvil S.A. ESP (hereinafter TIGO), a block of 80 MHz in the 3.5 GHz band for the reserve value of $318 billion pesos, which includes the amount to be recognized for obligations to be fulfilled. The acquired block has coverage obligations on primary and secondary roads, as well as connecting educational institutions through fiber optics, which must be completed within a maximum period of 18 months, extendable to 24 months in some cases. The maximum value that MINTIC will recognize for the execution of these obligations is $69 billion pesos. The other 3 blocks were assigned to the operators Claro, WOM, and Telecall, a new operator, also with obligations to be fulfilled.

b) Memorandum of Understanding and Authorization from the Superintendence of Industry and Commerce (SIC) to operate a Single Mobile Access Network.

- The Company announced the signing, together with Tigo, of a memorandum of understanding to develop a shared mobile access network in Colombia. The companies evaluated the creation of a new mobile access infrastructure company to make the management of current networks more efficient and to serve as a vehicle for deploying new mobile technologies such as 5G.

- The consolidated network aims to improve the quality of mobile services in over 700 municipalities and for approximately 35 million users. The companies will continue to operate separately functionally and legally, they will continue to compete in the provision of telecommunications services, and they will maintain their independence and autonomy in business, strategic, and commercial matters.

- The Superintendence of Industry and Commerce (hereinafter SIC) authorized the operation under resolution 61548 of October 6, 2023, for the companies to share their network infrastructure and spectrum usage rights. The entity recognizes that there will be no impact on the retail and wholesale telecommunications markets, as the Group and Tigo will continue to participate independently, as they will not share the network cores or transmission routes. The decision highlights that the new network company submitted a plan for the assignment and return of spectrum portions to not exceed current limits. The Temporary Union will use 140 MHz (40 in low bands and 100 in mid bands). Currently, Tigo has 120 MHz of spectrum compared to 85 for the group. After consolidation, the two companies will release 65 MHz: in the AWS band, Tigo 30 MHz and the group 10 MHz. In the 850 band, the Company will return 25 MHz. The Authority established conditions for the group and Tigo for the operation, valid for 5 years, as follows:

  i. Not to modify agreements unilaterally, unjustifiably, or untimely with current or future Mobile Virtual Network Operators (MVNOs), and to submit a semi-annual report.

  ii. unilaterally, unjustifiably, or untimely modify agreements with third-party Providers for National Automatic Roaming, nor to increase the price of RAN unjustifiably, and to submit a semi-annual report, and an eventual one when entering into a new contract or adjusting commercial conditions.

  iii. Implement a Governance Manual, and other provisions regarding the Shareholders' Assembly, the Board of Directors, the Legal Representative, Information Handling Protocols, and Coverage and Quality.

c) Approved laws

- 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 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.

- The Law 2300 (Don't Call Me or " dejen de fregar") was sanctioned, establishing rules for contacting clients of entities supervised by the Financial Superintendence, both natural and legal persons engaged in debt collection activities, and for

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the relationship between clients and producers of goods or services in sending advertising messages via SMS, web applications messaging, emails, and commercial or advertising phone calls. Contacts are only allowed from Monday to Friday from 7 am to 7 pm and Saturdays from 8 am to 3 pm, not on Sundays or holidays. If the client wishes for a different schedule, they must expressly state it. Once direct contact is established, the client cannot be contacted through different channels in the same week or more than once on the same day. The Law ordered the CRC to adjust the Excluded Numbers Registry (RNE).

- The Law 2326 (Pink Alert) was sanctioned, aiming to expedite the search for missing women by sending a text message to devices connected to the internet, official media (radio and television), civil society, and public entities as a massive cry for maximum urgency

d) Main bills related to the TIC sector currently under consideration by the Congress:

- Bill 10 of 2023; Senate of the Republic: Establishes the National Digital Security Agency.

- Bill 16 of 2023; Senate of the Republic: Provisions to prevent the effects of programmed obsolescence of mass consumer electronic devices.

- Bill 23 of 2023; House of Representatives: Establishes the National Digital and Space Security Agency

- Bill 59 of 2023; Senate of the Republic: Public policy guidelines for the development, use, and implementation of artificial intelligence.

- Bill 89 of 2023; Senate of the Republic: Provisions to develop healthy and safe digital environments for children and teenagers.

- Bill 91 of 2023; Senate of the Republic: Establishes the duty of information for the responsible use of artificial intelligence.

- Bill 116 of 2023; House of Representatives: Public policy guidelines to expand coverage of rural public goods and services.

- Bill 125 of 2023; House of Representatives: Expands the transitional regime "clean slate 2.0".

- Bill 130 of 2023; Senate of the Republic: Establishes the harmonization of artificial intelligence with the right to work of individuals.

- Bill 137 of 2023; House of Representatives: Presents provisions for the recovery of technology for children.

- Bill 176 of 2023; Senate of the Republic: Establishes the registration and identification of end users of SIM cards and e-SIM or technology that replaces them.

- Bill 200 of 2023; House of Representatives: Defines and regulates artificial intelligence and establishes limits on its development, use, and implementation.

e) Main initiatives of MINTIC.

The MINTIC has published a draft decree on spectrum sharing. The text includes conditions for holders of international mobile telecommunications spectrum usage permits (IMT) to share it with third parties, aiming to expand mobile service coverage to close the digital divide in rural and remote areas, with prior authorization from MINTIC. Authorization can be requested in two modalities: i) between permit holders and ii) between permit holders and individuals or legal entities not holders of permits, who must use the frequencies simultaneously. Firms from any sector, providers of networks and telecommunications services, internet access providers, and organized connectivity communities may participate. The project also includes incentives for those who share access to spectrum use, subject to compliance with established conditions.

f) Regulatory Topics on the Agenda of the Communications Regulation Commission.

- 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

- The CRC issued Resolution No. 7151 of 2023, which incorporates the changes on mobile number portability by eliminating payment default as a cause for rejection.

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- Resolution CRC 7156 included the wholesale carrier market by municipality and listed 170 municipalities with competition issues in the residential fixed internet market. Additionally, it modified the information reporting on the transport service between municipalities in the country to provide more information.

- Resolution CRC 7265 amending the Tariff Adjustment Index (IAT). The update of regulated values will be based on the annual variations of the IAT, which has been adjusted to respond to the Construction Costs Index for Civil Works (telecommunications networks), the Consumer Price Index - Services Division, added to the Legal Monthly Minimum Wage Index and the 12-month moving average of the Market Representative Rate plus the average nominal tariff that were already in the formula.

- 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.

- The CRC published for comments the project "Review of Continuous Quality Improvement Tools in 4G", with adjustments in: i) a new definition for degradation in the provision of mobile services, ii) the frequency of awareness campaigns and the publication on company websites of quality measurements with Crowdsourcing; iii) target values for download and upload speeds; iv) compliance with thresholds for 4G mobile data quality indicators.

- The Commission has published a project after reviewing retail mobile services markets. By identifying that OTT calling and SMS applications do not exert competitive pressure on mobile voice services; that fixed internet does not exert competitive pressure on mobile internet, and also that "Outgoing Mobile Voice" has decreased and will continue to decrease in the short and medium term, it proposes to remove this market from the list of those subject to ex ante regulation.

- The CRC has published its proposal for the Excluded Numbers Registry. In addition to the mandatory topics of the Law, it indicates that the registry will be managed by the Commission and sets a deadline for compliance by April 10, 2024.

g) Initiatives of the National Spectrum Agency (ANE)

The ANE postponed compliance with Resolution 797 until October 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.

The ANE has published for comments its Action Plan 2024. The document outlines the actions it will undertake under the new surveillance and control model and the documents it will put up for discussion within the sector, highlighting the following topics:

i. Develop a proposal for updating spectrum caps.

ii. Design the new Spectrum policy.

iii. Modify the valuation parameters to calculate the consideration of point-to-point fixed microwave links.

iv. Develop the proposal on regulatory sandboxes associated with spectrum use.

v. Define the conditions for using the spectrum to implement Very Low Power (VLP) and Standard Power (SP) systems under the free use modality in the 6 GHz band.

vi. Align spectrum management with policies for the development of Artificial Intelligence.

vii. Define the conditions for the use of spectrum bands for private networks.

The National Spectrum Agency - ANE has updated the Spectrum Management Master Plan 2022 – 2026, which identifies new activities focused on artificial intelligence, data analytics, and clandestine mitigation. The document includes 34 initiatives in eight thematic areas: 1) Wireless broadband services; 2) IoT connections landscape; 3) Mechanisms for spectrum management and flexible use; 4) Future plans for sound broadcasting; 5) Management of other radiocommunication services; 6) Surveillance and Control; 7) Complementary needs; 8) Cross-cutting needs. It also addresses the spectrum's role in climate change and sustainable development.

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h) Initiatives of the Mayor's Office of Bogotá

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.

i) 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

The Group prepares its financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia (NCIF), established in Law 1314 of 2009, officially translated and authorized by the International Accounting Standards Board (IASB), until 2018, not including IFRS 17 (Insurance Contracts). Regulated in Colombia by Decree 2420 of 2015, as amended by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019, 1432 of 2020, 938 of 2021, and 1611 of 2022 by which the technical annex of the Financial Reporting Standards of the Sole Regulatory Decree of the Accounting, Financial Reporting and Information Assurance Standards, Decree 2420 of 2015 is amended and other provisions are issued. These standards may differ in some aspects from those established by other State control agencies.

These consolidated financial statements have been prepared on the historical cost basis except for land, buildings, investment properties, and derivative financial instruments, which have been measured at fair value.

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

The consolidated financial statements are presented in Colombian pesos, which is the Group's functional currency, and all values in Colombian pesos are rounded to the nearest thousand unless otherwise indicated.0

The consolidated financial statements were authorized by the Audit Committee on February 14, 2024, according to Minute No. 70, and approved for issuance by the Board of Directors on February 22, 2024, according to Minute No. 161. They may be modified and must be approved by the Shareholders' Meeting.

3.1.2. Consolidated Financial Statements

The Group prepares its consolidated financial statements that include the information of the Group as a single company by means of the global integration methodology, adding its assets, liabilities, and the operations carried out during the year, excluding those operations carried out between the Company and its subsidiary.

The subsidiary is consolidated from the date on which Colombia Telecomunicaciones S. A. E.S.P. BIC obtains control and will continue to be consolidated until the date on which such control ceases and/or is disposed of. The subsidiary prepares individual financial statements for the same reporting period as that of Colombia Telecomunicaciones S. A. E.S.P. BIC, applying uniform accounting policies. All balances, transactions, unrealized gains, and losses arising from transactions 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.

3.1.3. Estimates and Accounting Judgments

The preparation of 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 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 Consolidated 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,

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- The assumptions used in recognition of the decommissioning liability,

- The assessment of the probability of having future profits for the recognition of deferred tax assets,

- The estimated time to depreciate the rights of use, the assumptions used in the calculation of the growth rates of the lease contracts recorded as rights of use, and the variables used for the valuation of the lease liability.

- Post-employment employee benefits, the present value of pension obligations, and other post-employment benefits depend on certain factors that are determined on an actuarial basis using several assumptions.

These estimates have been made on the basis of the best information available on the events analyzed at the date of preparation of the consolidated 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 principal accounting policies used in the preparation of these Financial Statements have been as follows:

3.2.1. Foreign Currency Conversion.

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 $3.822,05 and $4.810,20 per US$1 on December 31, 2023, and 2022, respectively. Exchange gains and losses resulting from the payment of such transactions and from the translation at the exchange rates at the end of each period of monetary assets and liabilities denominated in foreign currency are recognized in the Statement of Income, except when they are deferred in equity in the Other Comprehensive Income account for transactions that qualify as cash flow hedges.

Exchange differences related to loans are presented in the Statement of Comprehensive Income under the caption "financial income or expenses," depending on the result. Likewise, any other gains or losses generated by other items are presented in the Statement of Comprehensive Income

Non-monetary items measured at historical cost in foreign currency are converted using the exchange rates in effect at the date of the transactions. Non-monetary items measured at fair value in foreign currency are converted using the exchange rates on the date the fair value is determined. Gains or losses arising from the conversion of non-monetary items are recognized based on the gain or loss on the item giving rise to the translation difference. Therefore, conversion differences on items whose gain, or loss are recognized in other comprehensive income or in profit or loss are also recognized in other comprehensive income or in profit or loss, respectively.

3.2.2. Property, Plant, and Equipment

Property, plant, and equipment are valued at acquisition cost less accumulated depreciation and impairment losses, if any, except for land and buildings, which are recognized at revalued cost. The land is not subject to depreciation. Acquisition cost includes external and internal costs consisting of warehouse material consumption, direct labor costs used in the installation, and an allocation of indirect costs necessary to carry out the investment. The acquisition cost includes the best estimate of the costs associated with the dismantling or removal of the item.

The costs of expansion, modernization, or improvement, which represent an increase in productivity, capacity or efficiency, or a lengthening of the useful lives of the assets, are capitalized as an increase in cost when they meet the recognition requirements, only when it is probable that they will generate future economic benefits for the Group and the cost of these assets can be reasonably measured. The cost of property, plant, and equipment includes the transfer from Other Comprehensive Income of any gain or loss arising on cash flow hedges used for foreign currency purchases.

Gains or losses on the sale of assets correspond to the difference between the proceeds of the transaction and the carrying value of the assets. These differences are included in the Statement of Income.

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For significant components of property, plant, and equipment that must be replaced periodically, the Group records the derecognition of the replaced component and recognizes the new component with its corresponding useful life and depreciation. Similarly, when an inspection is performed, the inspection cost is recognized as the replacement to the extent that the requirements for recognition as an asset are met. All other routine repair and maintenance costs are recognized as an expense in the Statement of Income as incurred.

The Group depreciates its property, plant, and equipment from the time they are in working condition, distributing the cost of the assets on a straight-line basis over the years of useful life, as follows:

Description	Life Minimum (Years)	Life Maximum (Years)
Constructions	10	40
Switching, accessing, and transmitting	2	30
Furniture	10	10
Information processing equipment	4	5
Transportation equipment	7	7

The depreciation methods and periods applied are reviewed at the end of each year and, if appropriate, adjusted prospectively.

3.2.2.1. Decommissioning costs

The initial estimate of the costs of dismantling and removal of the asset and the rehabilitation of the site on which it is located is included as part of the costs of property, plant, and equipment or right of use. The Group determines and recognizes in its financial statements the best estimate of the minimum costs of removal or relocation when it has been defined at the contractual level or by regulation, but in no case are those corresponding to the transfer of the equipment to a new site for continued use included.

In the particular case that the lease agreements provide for the return of the building or land in the same conditions in which it was assigned at the beginning of the lease period, at the initial moment, a provision for its dismantling is estimated and is incorporated as a higher amount of the cost of the rights of use and its counterpart a liability for dismantling.

The carrying amount of the provision is reviewed and adjusted annually considering changes in the variables used for its estimation, using a rate that reflects the specific risk of the liability. Any change in the present value of the estimated expense is reflected as an adjustment to the provision and its related property, plant, and equipment or right of use. When there is a decrease in the asset retirement obligation related to a productive asset that exceeds the asset's carrying value, the excess is recognized in the income statement. The financial cost of restatement of these liabilities is recognized in the income statement for the period as a financial expense

3.2.2.2. Revaluation of Property

Since the convergence to Financial Reporting Accounting Standards (NCIF), the Group has made the subsequent measurement under the revalued cost policy for land and buildings, taking as fair value the revalued value less accumulated depreciation and the accumulated amount of impairment losses. The revaluation surplus of land and buildings included in equity is transferred directly to retained earnings. As a result of the above, at the end of each period, the Group systematically transfers from the surplus reserve to retained earnings with the revalued asset depreciation.

Any revaluation increase is recognized in Other Comprehensive Income - ORI (equity) as asset revaluation reserve, unless such increase reverses a revaluation decrease of the same asset previously recognized in the Consolidated Income Statement, in which case such decrease is transferred from asset revaluation reserve to retained earnings. The frequency of revaluations depends on changes in the fair values of the land and buildings being revalued. When the fair value of the revalued asset differs significantly from its carrying amount, a new revaluation is required at least every three years.

The reserve generated by the revaluation of real estate is restricted for distribution to shareholders.

3.2.2.3. Construction in progress

Construction in progress or assets under construction are stated at cost less any impairment loss. When these assets are ready for their intended use, they are transferred to the appropriate category. At this point, depreciation begins on the same basis as that applicable to the transferred category.

3.2.3. Jointly controlled operations

Joint arrangements are those over which there is joint control, established by contracts that require unanimous consent for decisions relating to activities that significantly affect the performance of the arrangement. To recognize the agreements, the Group is required to record the rights and obligations arising from the agreement, depending on whether they are classified as a joint venture or a joint operation.

The interests of a joint venture are recognized using the equity method, while for joint operations, each party recognizes its respective share of the assets, liabilities, revenues, and expenses.

The Group recognizes as a joint operation those contracts with third parties over which it has rights to the assets and obligations with respect to the liabilities, related to the arrangement and accounts for each asset, liability, and transaction, including those held or incurred jointly, in connection with the operation in accordance with the percentage interest in the respective arrangement.

The Group has entered into contractual arrangements with other participants to undertake joint activities that do not result in a jointly controlled entity. These arrangements sometimes involve joint ownership of assets dedicated to the purposes of each venture but do not create a jointly controlled entity, whereby the participants derive benefits from the activities directly, rather than deriving returns from an interest in a separate entity. The Group's financial statements include its share of the assets of the joint operations together with the liabilities, revenues, and expenses generated, which are measured in accordance with the terms of each arrangement, generally based on each participant's share.

3.2.4. Non-current assets held for sale

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

3.2.5. Investment Properties

Investment properties are properties held to obtain rental income or capital appreciation on the investment or both, but not for sale in the normal course of business, use in the production or supply of goods or services, or administrative purposes. Investment property is measured initially at cost and subsequently at fair value through profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of investment property. The cost of assets constructed by the Group includes the cost of materials and direct labor, any other costs directly attributable to the process of making the asset fit to work for its intended use, and capitalizable borrowing costs.

Any gain or loss on the sale of an investment property (calculated as the difference between the consideration obtained from the disposal and the carrying amount of the asset) is recognized in profit or loss. When an investment property previously classified as property, plant, and equipment is sold, any amount included in the revaluation reserve is transferred to retained earnings.

When the use of property changes such that it is reclassified as property, plant, and equipment at the date of reclassification, its fair value becomes the cost for accounting purposes.

3.2.6. Intangible Assets

Intangible assets acquired separately are recorded at acquisition cost, less accumulated amortization, and any accumulated impairment losses, if any. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition. After initial recognition, intangible assets are carried at cost less accumulated amortization (in cases where they are assigned defined useful lives) and any accumulated impairment losses, if any.

The amortization methods and periods applied are reviewed at year-end and, if appropriate, adjusted prospectively. Gains or losses arising on the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Comprehensive Income when the respective asset is derecognized. Costs associated with software maintenance are recognized as an expense when incurred. The following is a list of the main intangible assets held by the Group, indicating their measurement and recognition procedures:

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

3.2.6.1. Qualifying Securities

These represent the acquisition price and associated costs of licenses and permits obtained for the provision of telecommunications services granted by the National Government. These permits grant a renewal option to the extent that the Group complies with the conditions required for the same, in which case they may be automatically renewed.

Amortization is made on a straight-line basis from the moment the commercial exploitation of the licenses and permits begins, during the term of the licenses and permits.

The characteristics of the licenses and permits recorded at year-end are summarized below:

Type/Name	**Date of Acquisition / Renovation**	Expiration Date	**Type of Permit**
Resolution 597 of 2014 Renewal of Band 850 and 1900	29 March 2014	29 March 2024	Provision of IMT mobile services
Resolution 2625 of 2014 Band 1700/2100 – 4G	13 November 2013	13 November 2023	Provision of IMT mobile services
Resolution 2803 of 2021 Amended by Resolution 2143 of 2022 Band 1900	October 20, 2021	October 20, 2041	Provision of IMT mobile services

3.2.6.2. Office equipment software

These are recorded at acquisition cost and are amortized on a straight-line basis over their useful life, which is estimated according to whether they are network equipment software or office equipment software supporting the Group's different technological platforms.

3.2.6.3. Irrevocable Rights of Use (IRU)

Rights of use of infrastructure that allow the use of the capacity during the term and with the contractually specified bandwidth are recognized as acquisition cost and are amortized on a straight-line basis over the contractual term.

IRUs recorded in assets at the end of 2023 have the following characteristics:

No. de IRUS	Start Date	Expiration Date	Type of IRU
12	Since 2013, 2014, 2015 and 2017	Until 2027, 2033, 2034 and 2035	Fiber Optic Ring

3.2.6.4. Ongoing Projects - IT Applications

Ongoing projects include technological investments under development which are required for commercial systems, salesforce, Big Data, and Digitalization.

3.2.6.5. Estimated Useful Lives

The Group amortizes its intangible assets as follows:

Description	Minimum service life (years)	Maximum service life (years)
Enabling titles and spectrum renewal	10	20
Software for network and office equipment	3	5
Irrevocable Rights of Use (IRU)	10	20

3.2.7. Leases

A lease is an agreement whereby a lessor assigns to a lessee, in exchange for a payment or series of payments, the right to use an asset for a specified period.

The Group is lessor and lessee of various properties, technical installations, equipment, and vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements are generally for fixed periods of 1 to 10 years but may have extension options.

The extension and termination options included in the Group's leases are used to maximize operational flexibility in terms of contract management. Most of the extension and termination options held are exercisable simultaneously by the Group and the respective counterparty.

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3.2.7.1. Lessee's accounting

Leases are recognized as a right-of-use asset and a corresponding liability on the date the leased asset is available for use by the Group. The right-of-use asset is depreciated over the shorter useful life of the asset and the straight-line lease term. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to income over the lease term to produce a constant periodic interest rate on the remaining liability balance for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities are initially measured based on the present value of the lease payments to be made over the lease term. At the commencement date, lease payments included in the measurement of the lease liability comprise the net present value of the following lease payments:

- Fixed payments (including substantial fixed payments), less any lease incentive receivable.
- Variable lease payment based on an index or rate.
- Amounts expected to be paid by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Penalty payments for terminating the lease if the lease condition reflects that the lessee exercised that option.

Lease payments are discounted using the interest rate implicit in the lease if such rate can be determined or the incremental borrowing rate.

The lessee's incremental borrowing rate will be the interest rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset over a similar term. The incremental borrowing rate will be based on the yield curves available to the Telefónica Group by calculating the rate implicit in the lease terms.

Rights-of-use assets are measured at cost and comprise the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made on or before the commencement date.
- Any initial direct costs, and
- Dismantling and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized under the straight-line method as an expense in the statement of income. Low-value assets comprise computer equipment and small items of office furniture. Short-term leases have a term of 12 months or less.

3.2.7.2. Lessor's accounting

When assets are leased under finance leases, the present value of future lease payments is recognized as an account receivable. The difference between the gross amount receivable and the present value of the receivable is recognized as finance income.

The account receivable is amortized by allocating each of the royalties between finance income and amortization of principal in each accounting period, such that the recognition of finance income reflects in each period a constant rate of return on the net financial investment that the lessor has made in the finance lease.

When assets are leased under operating leases, the asset is included in the statement of financial position according to the nature of the asset. Income from operating leases is recognized over the lease term on a straight-line basis.

- **Leasing activities**

The Group leases various properties, equipment, and vehicles. The leases do not impose any covenants, but the leased assets are not used as collateral for lending purposes. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements are normally entered into for fixed periods of 1 to 25 years.

Leases are recognized as right-of-use assets and corresponding liabilities at the date the leased asset is available for use by the Group. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease term to produce a constant periodic interest rate on the remaining liability balance for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

- **Variable lease payments**

Variable lease payments are recognized in the income statement in the period in which the condition that triggers such payments occurs.

- **Extension and termination options**

Extension and termination options are included in several of the Group's property and equipment leases. These conditions are used to maximize operational flexibility in terms of contract management.

- **Lease terms**

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The Group reviews whether a significant event or change in circumstances affects this assessment.

3.2.8. Rights of Use Assets

IFRS 16 establishes a global and methodological framework for recognizing right-of-use assets recorded by the Group. Right-ofuse assets correspond to assets that represent the right for a lessee to use an underlying asset during the term of the lease. They are measured at cost, less accumulated depreciation, and impairment losses, if any, adjusted for any remeasurement of the lease liability to reflect remeasurements or modifications to the lease.

The cost of the right-of-use asset corresponds to the value of the initial measurement of the lease liability determined as the net present value of future lease payments committed within the minimum non-cancellable term at the date of initial recognition.

The Group depreciates right-of-use assets using the straight-line method according to the minimum non-cancelable period of each contract in force, as follows:

Right-of-use assets	Minimum Term	Maximum term
Land and buildings	1	25
Technical installations	1	12
Transportation Equipment	1	5

3.2.9. Goodwill

Goodwill is initially measured at cost, represented by the excess of the sum of the consideration transferred and the amount recognized for the non-controlling interest, with respect to the net identifiable assets acquired and liabilities assumed. If the consideration is less than the fair value of the net assets acquired, the difference is recognized as a gain at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment loss, if any. Goodwill is not amortized but is reviewed annually for impairment.

3.2.10. Impairment of Non-Current Assets

At the end of each reporting period, non-current assets, including goodwill, intangible assets, and property, plant, and equipment, are assessed for the presence or absence of impairment indicators. If such indicators exist or in the case of assets whose nature requires an annual impairment analysis, the Group estimates the recoverable amount of the asset, which is the higher of fair value less costs of disposal and its value in use. This value in use is determined by discounting the estimated future cash flows, applying a pre-tax discount rate that reflects the time value of money, and considers the specific risks associated with the asset.

When the recoverable value or financial valuation of an asset is below its net book value, impairment exists. In this case, the carrying amount is adjusted to the recoverable amount, recording the loss in the Statement of Income. Amortization charges for future periods are adjusted to the new carrying amount over the remaining useful life.

To assess impairment losses, assets are grouped at the lowest level for which there are separately identifiable cash flows and use the strategic plan and financial projections for this purpose. This strategic plan generally covers a period of three years. From the fifth year onwards, projections based on these strategic plans are used for longer periods, applying a zero or decreasing growth rate.

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When new events or changes in existing circumstances occur that indicate that an impairment loss recorded in a prior period may no longer exist or may have been reduced, a new estimate of the recoverable amount of the related asset is made. Previously recorded impairment losses are reversed only if the assumptions used in the recoverable amount calculation have changed since the most recent impairment loss was recognized. In this case, the carrying amount of the asset is increased to its new recoverable amount, up to the limit of the net book value that the asset would have had if no impairment losses had been recognized in previous periods.

The reversal is recorded in the Statement of Comprehensive Income, and amortization charges for future periods are adjusted to the new carrying amount unless the asset is carried at a revalued amount. In this case, the reversal is treated similarly to a revaluation increase. Impairment losses on goodwill are not reversed in subsequent periods.

On the other hand, the discount rates used to determine the recoverable value are based on available financial information and are adjusted by the corresponding country risk and business risk rate. Thus, in 2023 and 2022, a nominal percentage rate calculated in pesos of 11.50% and 12.20%, respectively, was used.

3.2.11. Financial Instruments

3.2.11.1. Financial Assets

The Group classifies its financial assets in the following measurement categories, considering the characteristics of the cash flows and the business model under which they are held: those measured at fair value through other comprehensive income - ORI (debt instrument), at fair value through profit or loss, at amortized cost or at fair value through other comprehensive income - ORI (equity instrument).

a) Financial assets at amortized cost

A financial asset is classified as measured at "amortized cost" only if the following criteria are met: The objective of the Group's business model is to hold the asset to obtain the contractual cash flows, and the contractual terms result on specified dates in receiving cash flows that are solely payments of principal and interest on the principal outstanding.

b) Financial assets at fair value through other comprehensive income

A financial asset (debt instrument) is measured at fair value through other comprehensive income if the following criteria are met: The objective of the Group's business model is to hold the asset to earn the contractual cash flows and sell, and the contractual terms result on specified dates in receiving cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset that is measured neither at amortized cost nor at fair value through other comprehensive income because the above criteria are not met is measured at fair value through profit or loss.

c) Financial assets at fair value through profit or loss

A financial asset (debt instrument) is measured at fair value through profit or loss when not classified in models a) and b) above.

d) Equity instruments

All equity instruments are measured at fair value. Equity instruments held for trading are measured at fair value through profit or loss. For all other equity instruments, the Group may make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income in equity rather than through profit or loss.

e) Impairment of financial assets

The measurement of the provision for expected credit loss for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (for example, the probability that customers will default and the resulting losses).

Several significant judgments are also required when applying accounting requirements to measure expected credit loss, such as:

- Determine the criteria for a significant increase in credit risk;
- Appropriately choose the models and assumptions for the measurement of expected credit loss;
- Establish the number and relative weights of forward-looking scenarios for each product/market type and the associated expected credit loss; and
- Establish groups of similar financial assets to measure expected credit loss.

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At the end of each reporting period, the Group establishes an expected credit loss model for the recognition of impairment of financial assets as defined by IFRS-9. The expected credit loss model is applied to financial assets that are debt instruments, measured at amortized cost or fair value through other comprehensive income (includes accounts receivable, contractual assets within the scope of IFRS-15 Contracts with customers, customers pending invoicing, and other debtors).

The estimation of expected losses on financial assets is based on the simplified model, supported by an "estimated uncollectibility rate" approach to estimate the expected credit loss for the asset's entire life.

The application of the simplified model is developed through allowance matrices, which are constructed based on historical default rates over the expected life of trade accounts receivable and through: i) appropriate groupings of trade accounts based on shared credit risk characteristics, ii) representative collection history and iii) time horizon in accordance with the collection management policy for each type of account. The matrix is a consequence of the results obtained in the ratio collected versus billed, reflecting the evolution of the collection for each billing maturities. To determine the ratio, the historical average recovery of the last years of billing due dates is obtained for each range of arrears, classifying the information by biller and by customer segment.

For accounts receivable in installments from customers, as may be the case of financed sales of terminals or other types of equipment, the policy is based on using historical collectability rates to predict the behavior of customers throughout the life of the contract, i.e., at the maturity of each monthly installment, it allows estimating, approximately, the percentage of debt that will ultimately remain outstanding (expected loss), to be recorded at the initial time.

The carrying amount of the asset is reduced through the recognition of the provision for impairment loss and in the result for the period as an impairment loss (gain) the amount of the expected credit losses (or reversal) by which the impairment loss is required to be adjusted at the reporting date.

3.2.11.2. Financial Liabilities

The Group's financial liabilities include contractual obligations to deliver cash or another financial asset to another entity or contracts that may be settled using the Group's own equity instruments.

The Group classifies its financial liabilities into the following measurement categories, those measured at amortized cost and those measured at fair value through profit or loss.

a) Financial liabilities at amortized cost

The gain or loss on a financial liability that is measured at amortized cost and is not part of a hedge is recognized in profit or loss when the financial liability is derecognized and through the amortization process.

b) Financial liabilities at fair value

Financial liabilities that are managed and their performance evaluated on a fair value basis, such as derivatives, are classified as financial instruments at fair value through profit or loss. The gain or loss on a financial liability measured at fair value is recognized in profit or loss for the period, unless: It is part of a hedging relationship, or it is a financial liability designated as at fair value through profit or loss, and the Group is required to present the effects of changes in the liability's credit risk in other comprehensive income.

3.2.11.3. Other Equity Instruments

In accordance with IAS 32 (financial instruments - presentation), the Group establishes whether the financial instrument meets the definition of equity, where the issuer has no present obligation to deliver cash or another financial asset. In addition, an equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities; the instrument has no priority over other rights to the assets of the entity on liquidation, the distribution to holders of an equity instrument is recognized by the entity directly against equity.

In the absence of a right to receive or an obligation to deliver a fixed or determinable amount of monetary units for these instruments, non-monetary items are determined and therefore are not subject to adjustment for exchange differences.

The Group, based on the absence of a contractual obligation to deliver cash or another financial asset and the fact that the counterparties cannot obligate the Group to pay coupons or cancel the securities in part or in whole and given the specific characteristics that both the payment of coupons and the cancellation of the instrument are at the sole discretion of the issuer, it is established that the bonds issued by the Group correspond to perpetual equity instruments, recognizing them at their nominal amount as part of equity attributable to the Group and will be modified only upon settlement of the principal.

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Transaction costs associated with the issuance of the equity instrument are recognized as a deduction from the equity net of any related tax benefit. Coupon payments are recognized in equity as a reduction of retained earnings when the obligation to pay them arises; the payment of coupons does not impact the income statement, nor will it adjust (i.e., not be deducted from) the Group's profit or loss for the computation of earnings per share.

3.2.11.4. Recognition and Measurement

The Group determines the classification of financial liabilities upon initial recognition. All financial liabilities are initially recognized at fair value plus, in the case of loans and payables carried at amortized cost, directly attributable to transaction costs.

Gains or losses on a debt instrument that is subsequently measured at fair value and are not part of a hedging relationship are recognized in profit or loss and presented in the Statement of Income within "other (loss)/gain, net" in the period in which they occur.

Gains or losses on a debt instrument that are subsequently measured at amortized cost and are not part of a hedging relationship are recognized in income for the period when the financial asset is derecognized or impaired and through the amortization process the effective interest method.

The Effective Interest Method is used to calculate the amortized cost of a financial asset or liability and allocate interest income or expense over the relevant period.

The Effective Interest Rate is the discount rate that exactly matches the estimated cash flows receivable or payable over the expected life of the financial instrument or, where appropriate, a shorter period, to the carrying amount of the financial asset or financial liability, including all fees and costs payable to or receivable by the parties to the contract.

Transaction costs are the incremental costs directly attributable to the acquisition, issue, or disposal of financial assets or financial liabilities.

3.2.11.5. Offsetting of Financial Instruments

Financial assets and liabilities are offset, and their net amount is presented in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts. The Group intends to settle the net amount or realize the asset and settle the liability simultaneously.

3.2.11.6. Determination of Fair Values

At each closing date of the reporting period, the fair value of financial instruments traded in active markets is determined by reference to quoted market prices or prices quoted by market participants (bid price for long positions and ask price for short positions), without deducting transaction costs.

For financial instruments not traded in active markets, fair value is determined using valuation techniques appropriate to the circumstances. Such techniques may include using recent market transactions between knowledgeable, willing parties acting at arm's length, reference to the fair values of other financial instruments that are essentially similar, discounted cash flow valuation analysis, and other appropriate valuation models.

3.2.11.7. Derivative Financial Instruments and Hedging Activities

a) Initial recognition and subsequent measurement

Derivatives are initially recognized at fair value on the date the contract is entered into and are permanently measured at fair value.

If derivative financial instruments do not qualify for recognition through the hedge accounting treatment, they are recorded at fair value through the Statement of Income. Any change in the fair value of these derivatives is recognized immediately in the Statement of Income as "Financial income or expense, net." If designated as hedges, the method of recognizing the gain or loss resulting from changes in the fair values of the derivatives depends on the nature of the risk and item being hedged.

At the inception of the hedge, the Group designates and formally documents the hedging relationship to which it decides to apply hedge accounting between the hedging instruments and the hedged items and its objectives and risk management strategy that support its hedge transactions. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk it decides to hedge, and how the entity will assess the effectiveness of changes in the fair value of the hedging instrument in offsetting the exposure to changes in the fair value of the hedged item or changes in cash flows attributable to the hedged risk.

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The Group designates its hedges as follows:

- Fair Value Hedges: when they hedge the exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments (except in the case of exchange rate risk hedges).

  Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Income, and the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in income for the period. The gain or loss related to the effective portion of the derivatives is recognized in the Statement of Income as "financial income or expense," as is the ineffective portion recognized in the Statement of Income.

  If the hedge no longer meets the criteria to be recognized through the hedge accounting treatment, the adjustment to the carrying amount of the hedged item is amortized to income using the effective interest method over the remaining period to maturity. If a hedged item is derecognized, the unamortized fair value is recognized immediately in the Statement of Income as finance income or finance costs, as appropriate.

  When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability, with a corresponding gain or loss recognized in the Statement of Income as finance income or finance costs, as appropriate.

- Cash Flow Hedges: When they hedge the risk of changes in cash flows attributable to either a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or to foreign exchange rate risk in the case of an unrecognized firm commitment. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the Statement of Income as "Other gains / (loss), net."

  Amounts accumulated in the Statement of Changes in Equity are transferred to the Income Statement in the periods in which the hedged item affects them; however, when the forecast transaction covered results in recognition of a non-financial asset (e.g., inventories or property, plant, and equipment), the gains or losses previously recognized in equity are included as part of the cost of the asset. The amounts capitalized are ultimately recognized in the cost of sales when the products sold are sold in the case of inventories or depreciation in the case of property, plant, and equipment.

  When a hedging instrument expires or is sold, or when it no longer meets the criteria to be recognized through hedge accounting treatment, any accumulated gain or loss in equity at that date is recognized in the Statement of Income. When a forecasted transaction is no longer expected to occur, the accumulated gain or loss in equity is immediately transferred to the Statement of Income as "financial income or expense."

b) Hedges through options

Exchange rate options are derivative instruments used for hedging purposes; the valuation of the derivative instrument options is classified as intrinsic and temporary. A change in the fair value of the intrinsic portion is recorded in equity until its allocation. The difference between the allocated portion and the fair value of the intrinsic portion is recorded in the Statement of Income. In contrast, changes in the fair value of the temporary portion are recorded in the Statement of Income.

c) Classification of Current and Non-Current Items

Derivative instruments are separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contractual cash flows) as follows:

1. When the Group holds a derivative instrument as an economic hedge (and does not apply hedge accounting) for a period of more than twelve months from the closing date of the reporting period, the derivative is classified as non-current (or split into current and non-current portions) to match the classification of the underlying item.

2. Embedded derivatives that are not closely related to the host contract are classified in a manner consistent with the cash flows of the host contract.

3. Derivatives designated as effective hedging instruments are classified in a manner consistent with the classification of the underlying hedged item. The derivative is divided into a current and non-current portion only if such an allocation can be made reliably.

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3.2.12. Inventories

Inventories of merchandise for sale and materials in a warehouse for installation in investment projects are valued at a lower cost or net realizable value. The valuation of obsolete, defective, or slow-moving products has been reduced to their probable net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory costs include transfers from the equity of gains or losses on cash flow hedges for inventory purchases when so defined.

Goods acquired from a supplier abroad, whose contracting condition consists of receiving the good prior to nationalization, are recognized as of this moment as inventories in transit. When the goods are nationalized, they are transferred to warehouse inventory.

The recoverable value of inventories is calculated based on the age of the inventories and their turnover as follows:

- For mobile terminals, equipment, and materials of the fixed operation with an age of>360 days, an impairment provision of 100% is recognized.

The recovery of the impairment provision for the sale of provisioned equipment is recognized as a reduction in the value of the charge taken to income for the period.

3.2.13. Cash and Cash Equivalents

Cash and cash equivalents include both cash on hand and freely available demand bank deposits.

Cash and cash equivalents include cash on hand, unrestricted bank deposits, and other short-term highly liquid investments with three months or less of original maturities. Advances in bank current accounts are interest-bearing loans, payable on demand, and are part of the Group's treasury management, and are therefore assimilated to cash equivalents.

For financial statement purposes, bank overdrafts are presented in the current financial liabilities account in the statement of financial position

3.2.14. Prepaid Expenses

Prepaid expenses include:

a. The cost of equipment for the provision of television, broadband, and basic line services delivered to the customer and on which associated revenues are being generated. These costs are amortized over the shorter of the average life of the customer and the useful life of the installed element.

b. Customer contract fulfillment costs correspond mainly to installation services of equipment delivered to the customer for the provision of television, broadband, and basic line services. These costs are amortized over the shorter of the average life of the customer and the useful life of the installed element.

c. Costs of obtaining contracts with customers. The Group has reviewed the indefinite life period to update the transfer to the customer of the goods or services to which these expenses relate. Following the analysis carried out, it has been considered to use the estimate of customer renewals based on their turnover rate (average life of the customers), with certain limitations in the event that there are subsequent expenses that are in line with the initial ones.

d. Annual payments for the use of the radioelectric spectrum for the provision of telecommunications services, which are amortized over the same term.

e. Payments for irrevocable rights of use of capacity, which are amortized over a period of 15 years.

f. Support and maintenance costs for computer platforms and applications, which are amortized over the contract term.

g. Other prepaid expenses are represented by licenses, insurance policies, operating leases, and contributions, which are amortized over the contract term or period covered by the prepayment.

h. Global Stock Purchase Plan for Group employees that provides the opportunity to acquire Telefónica S. A. shares through direct monthly deductions from their salary.

3.2.15. Capital Stock

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the amount received, net of taxes if any.

3.2.16. Current and deferred taxes

The income tax expense for the period comprises current and deferred income tax. The tax is recognized in the Statement of Income, except in the case of items recognized directly in equity, in which case, the tax is also recognized in equity.

3.2.16.1. Current Income Taxes

Current income tax assets and liabilities are calculated based on tax laws enacted or substantively enacted at the date of the Statement of Financial Position. Management periodically evaluates the positions taken in the tax returns filed with respect to situations where tax laws are subject to interpretation. Where appropriate, provisions are made for amounts expected to be payable to the tax authorities.

The carrying amounts of current tax assets and liabilities for the present and prior periods represent the amounts estimated to be recoverable from or payable to the tax authorities. The tax rates and tax regulations used to calculate such amounts are those in effect at the closing date, including the income tax rate and the surtax

3.2.16.2. Deferred Income Taxes

The amount of deferred taxes is obtained from the Statement of Financial Position analysis considering the temporary differences, which are reversed over time, between the tax values of assets and liabilities and their respective book values.

Deferred tax assets are recognized to the extent that the temporary differences will probably be recovered in the future, the carrying amounts of unused tax credits and unused tax losses can be utilized, except:

- If the deferred tax liability arises from the initial recognition of Goodwill or an asset or liability arising from a transaction that is not a business combination and at the time of the transaction affected neither accounting profit nor taxable profit (loss).

Deferred tax liabilities are recognized in all cases of taxable temporary differences associated with investments in subsidiaries, branches, and associates or interests in joint arrangements unless both of the following conditions are jointly met:

- The parent, investor, joint venturer or joint operator is able to control the timing of the reversal of the temporary difference; and

- It is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if there is an enforceable right to offset current tax assets and liabilities, and when the deferred tax assets and liabilities arise from income taxes levied by the same taxation authority on the same taxable entity or taxpayer, or different taxable entities or taxpayers, but the Group intends either to settle the current tax assets and liabilities on a net basis or to realize its tax assets and liabilities simultaneously. The main temporary differences arise from differences between the tax and book values of property, plant, and equipment, intangible assets, estimated liabilities and provisions, portfolio impairment, deferred income, valuation of hedges, as well as differences between the fair values of net assets acquired from an entity and their tax values.

Deferred tax assets and liabilities are not discounted to their present value and are classified as non-current, regardless of the reversal date. At each balance sheet date, the carrying value of the deferred tax assets recorded is analyzed, and the necessary adjustments are made to the extent that there are doubts as to their future recoverability. Likewise, deferred tax assets not recorded in the Statement of Financial Position are assessed at each balance sheet date. They are recognized to the extent that it becomes probable that they will be recovered with future tax benefits.

Deferred income tax is determined using tax rates that have been enacted at the Statement of Financial Position date and are expected to apply when the deferred income tax asset is realized, or the deferred income tax liability is paid.

Current and deferred taxes are recorded directly against equity if the tax relates to charged items or credited directly against equity.

Uncertain Tax Positions IFRIC 23

International Financial Reporting Interpretations Committee - IFRIC 23 was issued in May 2017; this Interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty regarding income tax treatments.

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In this circumstance, an entity shall recognize and measure its deferred or current tax asset or liability by applying the requirements of IAS 12 on the basis of the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates determined by applying this Interpretation.

As of December 31, 2023, and 2022, the Group has no uncertain tax positions in the determination of income tax disclosed in the consolidated financial statements, considering that both ordinary and extraordinary operations have been treated in accordance with current tax regulations.

3.2.17. Employee benefits

a. Applicable Regulations

All the Group's employees are covered by Law 50 of 1990 since the Group started working after this Law came into force. The Group complies with the labor obligations set forth in the Substantive Labor Code, the comprehensive social security regulation, and other complementary regulations. Labor laws provide for the payment of deferred compensation to certain employees on the date of their retirement from the Group. The amount received by each employee depends on the date of entry, type of hiring, and salary. In accordance with IFRS, the liability for such obligations is accounted for under the presumption of voluntary retirement for the amount accrued at the date of the Statement of Financial Position.

The Group contributes to private or state funds the resources required by legal regulations and the comprehensive social security system to cover both social benefits and future pension obligations; therefore, the Group has no actuarial obligations with workers for these concepts.

The Group records liabilities related to terminations of employment, considering the authorizations of the Executive Committee and/or Board of Directors, as well as the analysis of a detailed formal plan, which must include the following elements: a) location, function, and an approximate number of employees whose services are to be terminated; b) the termination benefits for each type of employment or function; and c) the time at which the plan will be implemented

b. Salaries and Short-Term Benefits

Current employees' salaries and short-term benefits are recognized in the Statement of Comprehensive Income when the employees render their services.

c. Performance Bonuses

The Group recognizes liabilities and expenses for performance bonuses received by employees for the fulfillment of indicators defined by the Group by recognizing a provision when it is contractually obligated or when there is a past practice that has created a constructive obligation.

d. Vacation

The Group recognizes liabilities and expenses for these benefits to the extent that the employee earns this right; the accrued liability will be reduced by the payment of these benefits, which must coincide with the time enjoyed by the employee.

e. Share-Based Payment Plans

The Group's executives receive remuneration in the form of share-based payments, under which they render services as consideration for equity instruments (stock option rights to purchase shares of Telefónica S. A., the ultimate Parent Company).

The cost of equity-settled share-based payment transactions is measured by reference to the fair value on the date they were granted. The fair value is determined through an appropriate pricing model. The cost of equity-settled share-based payment transactions is recognized, together with a corresponding increase in the liability, over the period in which the performance and/or service conditions are satisfied.

The cumulative expense recognized for equity-settled share-based payment transactions at each reporting date through the vesting date reflects the extent to which the vesting period has expired and Telefónica S.A.'s best estimate of the amount of equity instruments that will ultimately remain as a consolidated benefit. The expense or credit in the Statement of Income for the period represents the movement in the cumulative expense recognized at the beginning and end of the period.

The Group recognizes in its Financial Statements the conditions of the plan, upon compliance with the established requirements.

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f. Post-employment benefits

Benefits other than those for termination of employment or contractual relationship paid after completing the period of employment in the Group are recognized as post-employment benefits. These benefits include pensions payable by the Group and other post-employment benefits such as life and health insurance.

Post-employment benefits will be measured by the present value of the obligation derived from defined benefits, calculated using the market rate of TES issued by the National Government with terms similar to those estimated for the payment of the obligations. For this purpose, and according to the type of benefit, variables such as wages and salaries, the beneficiary's life expectancy, the average cost of post-employment plans, and historical information on the use of benefits will be taken into account.

The recognition of the current service cost, the cost for past services, and the interest on the liability will affect the result for the period. On the other hand, actuarial gains and losses of the benefit plan will affect equity and be presented in other comprehensive income.

3.2.18. Dividends

The Shareholders' Meeting is the authorized body of the Company to decree and establish the conditions for the payment of dividends to the shareholders.

3.2.19. Provisions, Contingent Liabilities, and Contingent Assets

Provisions are recognized when a present legal or constructive obligation resulting from a past event is likely to require an outflow of resources to settle the obligation, and the amount can be reliably estimated.

The expense for any provision is presented in the Statement of Comprehensive Income in the line that best reflects the nature of the provision, net of any related reimbursement. Provisions should be reviewed at each reporting date and adjusted, if necessary, to reflect the best estimate at that time. In the event that the outflow of resources to settle an obligation is no longer probable, the related provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax market rate that reflects, where appropriate, the risks specific to the liability. When the discount is recognized, the increase in the provision resulting from the passage of time is recognized as a finance cost in the income statement. A contingent liability is not recognized in the financial statements but is disclosed in the notes, except where a possible outflow of resources to settle the liability is remote.

A contingent asset is an asset of a possible nature, arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events in the future, which are not entirely under the control of the Group. A contingent asset is not recognized in the financial statements but is disclosed in the notes, but only if the inflow of economic benefits is probable

3.2.20. Segment Reporting

The Group's management prepares sufficient financial and management information to evaluate profitability, risk, and assets employed at the entity level. Although the Group prepares certain financial and management information for each of the business areas, it is not sufficient and is not differentiated (for example, at the level of costs and expenses and assets used) to be able to assess and determine profitability, risk, and allocated assets and liabilities individually as required by IFRS 8.

Any of the business areas or lower components such as local and long-distance telephone, television, mobile service, or data, among others, have common and/or complementary characteristics to the rest of them (same nature of the business, shared assets such as the network, including its customers, etc.) Likewise, said similarity or complementarity between the different components has been experiencing a growing trend due to the process of packaging and convergence of products such as duos, trios, and integrated offers that involve the aforementioned business areas and the assets used. Taking into account the requirements of the NCIF in relation to the identification of the segments and based on the information available, the Group's Management has determined a single business segment

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3.2.21. Revenue Recognition

3.2.21.1. Contract Assets

It is the right that the Group has as a consideration in exchange for goods or services transferred to a customer when that right is conditioned by something other than the passage of time. Contract costs eligible for capitalization as incremental costs of obtaining a contract are recognized as an asset. The costs of obtaining and fulfilling contracts are capitalized as incurred if the Group expects to recover such costs and are classified as current and non-current to the extent that the economic benefits of such assets are expected to be received. Contracts are amortized systematically and consistently with the transfer to the customer of the services once the related revenues have been recognized.

3.2.21.2. Contract Liabilities

Contract liabilities are the Group's obligation to transfer goods or services to a customer, for which consideration or payment has been received by the Group from the customer (or has become due). They also include deferred revenue related to goods or services to be delivered or rendered in the future, which are invoiced to the customer in advance. Contractual liabilities are classified as current and non-current according to the term of the contract and will be derecognized when performance obligations are satisfied.

3.2.2. Revenue from ordinary activities arising from contracts with customers

The application of IFRS 15 establishes the criteria for the recognition of revenue from contracts with customers. It requires the Group to make judgments that affect the determination of the amount and timing of revenue from contracts with customers.

The Group recognizes revenue from contracts with customers based on a five-step model established in IFRS 15:

- Identification of contracts with customers.
- Identification of the performance obligations in the contract.
- Determination of the transaction price.
- Allocating the transaction price to the performance obligations in the contract.
- Revenue recognition when (or as) the Group fulfills a performance obligation.

The Group meets a performance obligation and recognizes revenue over time if any of the following criteria are met:

(a) The Group's performance does not create an asset with an alternative use for the Group, and the Group has an enforceable right to payment for the performance completed to date.
(b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
(c) The customer both receives and consumes the benefits resulting from the Group's performance as it Works

Revenue is measured based on the consideration specified in the contract with the customer and excludes amounts received on behalf of third parties. The Group recognizes revenue when it transfers control over a good or service to a customer and is presented net of rebates and discounts. The Group evaluates its revenue plans based on specific criteria to determine whether it acts as principal or agent. Revenue is recognized to the extent that the economic benefits will probably flow to the Group and if revenue and costs if any, can be measured reliably.

a. Other operating income

The Group recognizes in other operating income transactions that, being non-recurring and/or related to the services it provides, arise from or are indirectly related to its operating activities, such as the sale and lease of property, plant, and equipment used in its operations, support from manufacturers, breach of contracts, and government subsidies, among others.

For presentation purposes, the Group reflects in the Statement of Comprehensive Income the operating revenues considering those generated by the mobile service, the fixed service, and other operating revenues, including the necessary headings and subtotals that allow a reasonable presentation to understand the Group's financial performance.

b. Government Grants

Government grants are recognized when there is reasonable assurance that they will be received and that all conditions attached to them will be fulfilled. When the grant relates to an expense item, it is recognized as revenue on a systematic basis over the periods in which the Group recognizes the costs that the grant is intended to offset. When the grant relates to an asset and until December 31, 2017, it was accounted for as deferred revenue and recognized in income on a systematic basis over the estimated useful life of the related asset.

Grants related to assets are recognized in the Statement of Financial Position as deductions from the carrying value of the associated assets. Their counterpart is recognized in the Statement of Income as a reduction of depreciation expense in accordance with the useful life of the asset.

3.2.22. Recognition of Costs and Expenses

Costs and expenses are recorded in the Statement of Comprehensive Income on an accrual basis, i.e., when the actual receipt or delivery of the goods and services they represent occurs, regardless of when the monetary delivery takes place, they are recognized when there is a decrease in future economic benefits related to the decrease of an asset or the increase of a liability, which can be measured reliably.

4. REGULATORY CHANGES

4.1. The Group has applied the following amendments for the first time in its annual financial statements as of December 31, 2023:

Amendment to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

The amendments issued in January 2020 clarify the criteria for classifying liabilities as current or non-current, based on the rights that exist at the end of the reporting period. The classification is not affected by the entity's expectations or events after the reporting date. The changes also clarify what is meant by "settlement" of a liability in terms of the standard. As of December 31, 2023, the Group has no significant impacts from this application.

Amendment to IAS 16 Property, Plant and Equipment - Amounts Obtained Prior to Intended Use

The amendment published in May 2020 prohibits the deduction from the cost of an item of property, plant, and equipment of any amounts from the sale of items produced while bringing that asset to the location and condition necessary to operate in the manner intended by management. Instead, an entity would recognize the amounts of those sales in profit or loss for the period. As of December 31, 2023, the Group has no significant impacts from this application.

Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework

The amendment published in May 2020 addressed three modifications to the standard in order to: update the references to the Conceptual Framework; add an exception for the recognition of contingent liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 21 Liens; and confirm those contingent assets should not be recognized at the acquisition date. As of December 31, 2023, the Group has no significant impacts from this application.

Amendment to IAS 37 Provisions, Contingent Liabilities, and Contingent Assets - Cost of Fulfillment of a Contract

The purpose of this amendment, which was also published in May 2020, is to specify the costs that an entity includes in determining the "cost of performing" a contract to assess whether a contract is onerous; it clarifies that the direct costs of performing a contract include both the incremental costs of performing a contract and an allocation of other costs that relate directly to the performance of the contract. Before recognizing a separate provision for an onerous contract, for an onerous contract, the entity must recognize impairment losses on the assets used to fulfill the contract. As of December 31, 2023, the Group has no significant impacts from this application.

Reference interest rate reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP SOFR and other interbank offered rates (IBOR) have become a priority for global regulators. There is currently uncertainty about the precise timing and nature of these changes. To transition existing contracts and agreements that reference SOFR, term spread and credit spread adjustments may need to be applied to allow the two benchmark rates to be economically equivalent in the transition.

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4.2 New standards incorporated into the accounting framework accepted in Colombia, whose application is mandatory as of January 1, 2024

Decree 1611 of 2022 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 938 of 2021, 2270 of 2019, and 1432 of 2020, which considered the regulations incorporated by Decrees 2420 and 2496 of 2015, 2131 of 2016, 2170 of 2017 and 2483 of 2019.

The modifications made to IFRS 9 Financial Instruments, IAS 39 Financial Instruments:

Recognition and Measurement, and IFRS 7 Financial Instruments: Disclosures provide certain alternatives regarding the reform of the reference interest rate. These alternatives relate to hedge accounting and have the effect that the reforms generally should not cause hedge accounting to end. However, any hedge ineffectiveness should continue to be recognized in the income statement. Given the widespread nature of hedges involving contracts based on interbank offered rates (IBOR), the alternatives will affect companies in all industries.

The accounting policies related to hedge accounting should be updated to reflect the alternatives. Fair value disclosures may also be affected due to transfers between levels of fair value hierarchy as markets become more or less liquid.

Disclosure of accounting policies: Amendments to IAS 1 and the IFRS 2 Practice Paper

The IASB amended IAS 1 to require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments define "material accounting policy information" and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information need not be disclosed. If disclosed, it should not contain obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2, Making Judgments about Materiality, to guide how to apply materiality to accounting policy disclosures.

Definition of Accounting Estimates: Amendments to IAS 8

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish accounting policy changes from accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to future transactions and other future events. Still, changes in accounting policies are generally applied retrospectively to past transactions and other past events, as well as to the current period.

Deferred tax related to assets and liabilities arising from a single transaction: Amendments to IAS 12

The amendments to IAS 12 Income Taxes require companies to recognize deferred taxes on transactions that, on initial recognition, result in equal amounts of taxable and deductible temporary differences. Generally, they will apply to transactions such as tenant leases and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions occurring on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that they can probably be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration, similar liabilities, and the corresponding amounts recognized as part of the cost of the respective assets.

The cumulative effect of the recognition of these adjustments is recognized in retained earnings or another component of equity, as appropriate.

IAS 12 did not previously address how to account for the on-balance sheet tax effects of leases and similar transactions, and various approaches were considered acceptable. Some entities may have already accounted for such transactions in accordance with the new requirements. These entities will not be affected by the amendments.

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Amendment to IAS 16 Leases - Considerations related to COVID-19

The amendment includes the retrospective application for rent reductions related to Covid-19, recognizing the cumulative initial effect as an adjustment to the opening balance of retained earnings.

Certain amendments to accounting and financial reporting standards have been published, which are not mandatory for the financial statements as of December 31, 2023 and have not been adopted early by the Company. These modifications are not expected to have a material impact on the entity in the current financial statements and in foreseeable future transactions.

The Group does not anticipate significant impacts from this modification; however, it is currently evaluating the potential impact these amendments could have on the financial statements.

4.3 New standards issued by the International Accounting Standards Board (IASB) that have not yet been incorporated into the accepted accounting framework in Colombia

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts issued with discretionary participation components. The objective is to ensure that entities provide relevant information in a manner that faithfully represents those contracts to assess the effect that contracts within the scope of IFRS 17 have on an entity's financial position, financial performance, and cash flows.

IFRS 17 repeals IFRS 4 Insurance Contracts, an interim standard that allowed entities to use a wide variety of accounting practices for insurance contracts, reflecting national accounting requirements and variations of those requirements. Some previous insurance accounting practices permitted under IFRS 4 did not adequately reflect the true underlying financial situations or financial performance of insurance contracts.

Sale or contribution of assets between an investor and its associate or joint venture: Amendments to IFRS 10 and IAS 28

The IASB has made limited-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The amendments clarify the accounting treatment of sales or contributions of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-cash assets sold or contributed to an associate or joint venture constitute a "business" (as defined in IFRS 3 Business Combinations).

When nonmonetary assets constitute a business, the investor recognizes the entire gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the investor recognizes the gain or loss only to the extent of the other investor's interest in the associate or joint venture. These amendments are applied prospectively.

In December 2015, the IASB decided to defer the date of application of this amendment until the IASB had completed its research project on the equity method.

IAS 12 - International Taxation Reform - Second Pillar Model Rules

In May 2023, the IASB made limited-scope amendments to IAS 12 that provide temporary relief from the requirement to recognize and disclose deferred taxes arising from enacted or substantially enacted tax law that implements the model rules of the Second Pillar, including tax law implementing the described minimum complementary domestic tax rules in those standards.

The amendments also require affected companies to disclose:

- The fact that they have applied the exception to recognition and disclosure of information on deferred tax assets and liabilities related to Second Pillar income taxes.

- Their current tax expense (if any) related to Second Pillar income taxes, and

- . During the period between the enactment or substantial enactment of the legislation and the effective date of the legislation, known or reasonably estimable information that would help users of the financial statements understand an entity's exposure to Second Pillar income taxes arising from that legislation. If this information is not known or cannot be reasonably estimated, entities must disclose a statement to that effect and information on their progress in assessing the exposure.

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IAS 7 and IFRS 7 Supplier Financing

These amendments require disclosures to enhance the transparency of supplier financing arrangements and their effects on a company's liabilities, cash flows, and liquidity risk exposure. The disclosure requirements are the IASB's response to investor concerns that supplier financing arrangements of some companies are not sufficiently visible, making it challenging for investors to analyze. IFRS 16 - Leases in Sale and Leaseback

IFRS 16 - Sale and Leaseback Transactions

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback transaction after the transaction date. Sale and leaseback transactions in which some or all of the lease payments are variable lease payments that do not depend on an index or rate are more likely to be affected.

IAS 1 - Non-current Liabilities Due Within a Year

These amendments clarify how conditions that an entity must meet within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information that an entity provides regarding liabilities subject to these conditions.

S1 - General Requirements for the Disclosure of Financial Information Related to Sustainability

This amendment includes the core framework for disclosing material information about sustainability-related risks and opportunities throughout an entity's value chain.

IFRS S2 - Climate-related Disclosures

This is the first thematic amendment issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

5. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is as follows:

	As of december 31,	
	2023	**2022**
Banks in domestic and foreign currency	238.943.403	405.332.724
Temporary Investments (1)	123.248.062	77.012.880
Cash	14.204	11.854
	362.205.669	**482.357.458**

The decrease as of December 31, 2023, corresponds to the net effect of the growth in revenue from customers and the increase in payments primarily for investments in property, plant, and equipment, as well as intangible assets, interest, and lease payments.

Cash and cash equivalents include balances in foreign currency and its equivalent in thousands of pesos as of December 31, 2023, was USD 1.556 thousand ($5.947.110) respectively, and as of December 31, 2022, for USD 849 thousand ($4,083,860) respectively (Note 26).

As of December 31, 2023, and December 31, 2022, restricted securities in banks amount to $12,019,313 and $12,276,033, respectively.

(1) Includes investments in collective funds whose rates for the year ended December 31, 2023, and 2022 ranged between 9.25% and 14.82% and between 6.03% and 7.62%, respectively. As of December 31, 2023, Tax Refund Bonds (TIDIS) amounted to $97.052 million The yields on temporary and bank investments recognized during the years ended December 31, 2023, and 2022 were $4,961,845 and $1,654,034, respectively (Note 25).

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6. FINANCIAL ASSETS

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

	Total financial assets at fair value	At amortized cost	Total financial assets
Current financial assets:			
Deposits and guarantees (1)	-	284.742	284.742
	-	**284.742**	**284.742**
Non-current financial assets:			
Hedging Instruments (2)	26.825.000		26.825.000
Deposits and Guarantees (1)	-	31.713.897	31.713.897
Other Financial Assets	-	60.000	60.000
	26.825.000	**31.773.897**	**58.598.897**
	26.825.000	**32.058.639**	**58.883.639**

(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 mainly corresponds to processes with territorial entities associated with municipal taxes.

(2) As of December 31, 2023, there is a net decrease in the valuation of hedging instruments, mainly due to the revaluation of the exchange rate by 20.5% compared to the previous year-end (December 31, 2023, at $3,822.05 compared to December 31, 2022, at $4,810.2).

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

	Total financial assets at fair value	At amortized cost	Total financial assets
Current:			
Commercial paper investments	-	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 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**

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7. DEBTORS AND OTHER ACCOUNTS RECEIVABLE, NET

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

	As of december 31,	
	2023	**2022**
Current		
Customers by sale and provision of services (1)	867.485.015	908.902.211
Portfolio by equipment sold at odds (2)	349.985.815	353.246.808
Other debtors (3)	215.970.955	226.292.747
Related parties (4) (Note 27)	196.432.993	176.682.226
Portfolio with national and international operators (5)	42.108.076	66.693.267
Sales agents and distribution channels	20.673.278	19.182.475
Portfolio impairment (6)	(557.368.563)	(508.198.488)
	1.135.287.569	**1.242.801.246**
Non-current:		
Related parties (4) (Note 27)	595.235.639	728.217.757
Customers by sales and provision of services (1)	91.073.398	92.111.667
Portfolio by equipment sold at odds (2)	139.193.443	84.194.258
Portfolio with national operators (5)	48.319.174	48.319.174
Other debtors (3)	37.326.887	40.999.916
Portfolio impairment (6)	(10.549.997)	(1.103.288)
	900.598.544	**992.739.484**
	2.035.886.113	**2.235.540.730**

As of December 31, 2023, and 2022, there are balances in foreign currency with debtors and other accounts receivable of USD9,053 ($34,601,019) and USD6,986 thousand ($33,604,057), respectively. Additionally, there are balances with related parties of USD70,068 thousand ($267,803,399) and USD1,934 thousand ($9,302,927) for the same respective periods (Note 26).

(1) As of December 31, 2023, the variation in the current portion is primarily due to the net effect of the increase in services provided to residential and corporate clients, mainly related to fiber optic services, digital services, and connectivity. This increase is offset by the sale of portfolio amounting to $157,200 million, which includes $117,380 million from mass customers. The non-current portion corresponds to receivables from corporate clients according to the contractually established terms.

Below is a summary of the balances with customers for sales and services rendered, net of impairment:

	As of december 31,	
	2023	**2022**
Customers massive residential	376.700.856	420.276.253
Business - corporations and government	114.959.620	183.102.552
Customers to be invoiced (a)	237.207.539	178.798.741
Business - pymes	123.536.125	94.538.622
Wholesale customers	12.294.678	27.766.601
Other debtors	2.786.197	4.419.442
	867.485.015	**908.902.211**
Portfolio impairment	(441.411.501)	(396.281.298)
	426.073.514	**512.620.913**

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(a) The increase corresponds to higher services provided to the corporate segment.

(2) It includes receivables from the handset sales and WiFi connection amplifiers. At the end of the year 2023, the non-current portion increases mainly due to sales of fixed equipment.

(3) As of December 31, 2023, and 2022, it mainly includes receivables from the sale of real estate and fiduciary rights amounting to $35,843,986 and $33,451,319, respectively (Note 18) from the Biannual Plan. The increase is generated by financial returns from fiduciary duties and agreements with third parties. The non-current portion shows a decrease due to the transfer to the short term of receivables from the sale of real estate according to the established terms.

(4) As of the closing of 2023, the current portion shows a net increase due to the Earn Out generated in the fiber business, transferred from the non-current portion, and a decrease in receivables from providing services for the deployment of fiber optic network. The decrease in the non-current portion is due to the transfer to the current portion according to the terms of the fiber optic business (Note 1).

(5) As of December 31, 2023, the variation mainly corresponds to the decrease in regulated rates on mobile and fixed access charges, a decrease in traffic with operators, and reconciliations for international roaming and national interconnection traffic. The long-term balance corresponds to receivables from an operator undergoing corporate restructuring.

(6) As of December 31, 2023, the net increase corresponds to the impairment expense of receivables amounting to $87,962 million (Note 23), write-off of receivables amounting to $30,441 million, and collection of written-off receivables of $1,114 million.

The movement of the impairment of the portfolio is as follows:

	For the year ended december 31,	
	2023	**2022**
Beginning Balance	**(509.301.776)**	**(424.979.060)**
Impairment on results for the year (Note 23)	(89.943.256)	(96.425.179)
Wallet punishment (1)	30.440.818	10.806.666
Collection of punished portfolio	(1.113.611)	(9.591)
Portfolio impairment recovery (Note 23)	1.981.741	1.316.648
Impairment of contractual assets	17.524	(11.260)
Ending Balance	**(567.918.560)**	**(509.301.776)**

(1) The write-offs of accounts receivable as of December 31, 2023, amount to $25,779,668 for consumer accounts and $4,661,150 for equipment accounts. As for the write-offs as of December 31, 2022, consist of $6,111,200 for equipment accounts, $4,624,965 for consumer accounts, and $67,620 for national operators.

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The detail of the portfolio by the age of customer debtors for sales and services rendered of the current portion at the end of December 2023 is presented below:

Expiration	Residential (2)	Business / SMEs	Enterprises	Wholesalers	Other Third Parties	Customers to be invoiced (1)	As of December 31, 2023
Current	10.073.115	48.042.740	51.636.684	801.446	43.252	237.207.539	**347.804.776**
1 - 30	7.065.519	9.999.338	11.985.478	4.018.069	155.472	-	**33.223.876**
31 - 60	12.861.417	2.646.335	4.684.757	1.294.350	274.675	-	**21.761.534**
61 - 90	9.504.464	2.040.664	4.213.262	543.290	63.103	-	**16.364.783**
91 - 120	7.895.395	1.364.747	1.880.307	464.739	17.867	-	**11.623.055**
121 - 180	6.761.831	2.027.726	2.002.586	629.922	114.507	-	**11.536.572**
181 - 360	37.846.695	7.162.165	2.397.223	1.166.657	559.939	-	**49.132.679**
> 360	284.692.420	50.252.410	36.159.323	3.376.205	1.557.382	-	**376.037.740**
	376.700.856	**123.536.125**	**114.959.620**	**12.294.678**	**2.786.197**	**237.207.539**	**867.485.015**

(1) The increase in customers' pending billing corresponds mainly to the provision of services in the corporate segment.

(2) The decrease in accounts receivable due from the residential and corporate segments is primarily attributed to the sale of current accounts receivable during the 2023 period.

The detail of the portfolio by the age of trade accounts receivable for sales and services rendered of the current portion as of the end of December 2022 is presented below:

Expiration	Residential	Business / SMEs	Enterprises	Wholesalers	Other Third Parties	Customers to be invoiced	As of December 31, 2022
Current	81.562.408	26.056.543	93.986.858	17.176.116	77.581	178.798.741	**397.658.247**
1 - 30	23.171.134	9.408.031	15.798.937	2.627.263	498.163	-	**51.503.528**
31 - 60	10.873.440	3.429.132	8.478.924	1.251.759	622.069	-	**24.655.324**
61 - 90	7.857.379	2.007.058	1.995.422	604.372	42.460	-	**12.506.691**
91 - 120	6.363.131	1.540.155	1.643.872	984.128	537.837	-	**11.069.123**
121 - 180	5.232.070	2.522.114	1.541.418	964.926	88.261	-	**10.348.789**
181 - 360	27.474.728	6.107.386	6.732.240	954.406	157.568	-	**41.426.328**
> 360	257.741.963	43.468.203	52.924.881	3.203.631	2.395.503	-	**359.734.181**
	420.276.253	**94.538.622**	**183.102.552**	**27.766.601**	**4.419.442**	**178.798.741**	**908.902.211**

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8. PREPAID EXPENSES

The balance of prepaid expenses is as follows:

	As of december 31,	
	2023	**2022**
Current:		
Cost of equipment at customers' locations (1)	165.300.070	103.143.589
Costs for obtaining contracts with customers (2)	160.564.727	106.738.475
Customer contract fulfillment cost (3)	99.912.131	64.563.919
Corporate projects (4)	34.951.404	25.394.219
Support and maintenance (5)	29.356.644	23.697.526
Insurance policies	7.463.160	6.703.077
Irrevocable usage rights - capacity (6)	64.162	3.124.341
	497.612.298	**333.365.146**
Non-current:		
Costs for obtaining contracts with customers (2)	285.207.407	211.572.593
Cost of equipment at customers' locations (1)	262.944.250	205.644.826
Customer contract fulfillment cost (3)	160.214.133	106.488.111
Support and maintenance (5)	1.842.144	3.937.756
Insurance policies	685.103	1.855.575
Irrevocable usage rights - capacity (6)	522.774	28.947
	711.415.811	**529.527.808**
	1.209.028.109	**862.892.954**

(1) Amortization for the years ended December 31, 2023, and 2022 for home equipment costs amounted to $143,401,804 and $99,997,444 respectively (Note 23). The current and non-current portions increased due to higher equipment deliveries to customer homes resulting from an 11% increase in commercial activity compared to 2022.

(2) The increase is primarily attributed to higher commercial activity, represented by 2.9 million new additions of fixed and mobile postpaid customers, leading to increased sales commissions. Amortization for the years ended December 31, 2023, and 2022 amounted to $145,516,658 and $89,625,015 respectively (Note 23).

(3) Amortization for the years ended December 31, 2023, and 2022 amounted to $93,353,780 and $70,106,291 respectively (Note 23). The current and non-current portions increased due to installation services for customer home equipment driven by higher commercial activity in 2023.

(4) As of December 31, 2023, the increase is primarily related to the network deployment project under the contract for the sale of fiber optic assets.

(5) It includes licensing, support, and maintenance services for network equipment. As of December 31, 2023, the increase in the current portion is primarily attributable to license renewals associated with technological platforms, as well as their respective technical and functional support for corporate clients and/or business projects. The decrease in the non-current portion corresponds to transfers to the short term according to the service's validity.

(6) The diminution in current portion corresponds to the amortization of the transnational cable costs. The increase in the non-current portion corresponds to a new contract for the right to use 2 strands of dark fiber.

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9. CONTRACTUAL ASSETS AND LIABILITIES

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

	As of december 31, 2022	High	Amortization	Transfers	Reversal	As of december 31, 2023
Current contractual assets (1)						
Contractual asset	11.528.750	7.374.818	(14.969.786)	7.175.547	-	11.109.329
Impairment corrections	(18.805)	(219.652)	-	-	201.802	(36.655)
	11.509.945	**7.155.166**	**(14.969.786)**	**7.175.547**	**201.802**	**11.072.674**
Non-current contractual asset (1)						
Contractual asset	5.966.555	3.400.238	-	(7.175.547)	-	2.191.246
Impairment corrections	(8.758)	(78.310)	-	-	78.636	(8.432)
	5.957.797	**3.321.928**	**-**	**(7.175.547)**	**78.636**	**2.182.814**
Total Contractual Assets	**17.467.742**	**10.477.094**	**(14.969.786)**	-	**280.438**	**13.255.488**
Current contractual liabilities (2)	145.259.250	581.571.605	(788.585.337)	232.424.322	-	**170.669.840**
Non-current contractual liability(2)	419.849.081	-	-	(232.424.322)	-	**187.424.759**
	565.108.331	**581.571.605**	**(788.585.337)**	**-**	**-**	**358.094.599**

(1) At the close of 2023, it includes benefits transferred to corporate clients through offers and their respective amortization.

(2) It includes the exclusivity commitment through the supply contract for connectivity services via the fiber optic network for 10 years with Onnet Fibra Colombia S.A.S., established in the framework contract in the sale of fiber optic assets on January 11, 2022 (Note 1). During the year 2023, net amortization of $204.255 million is recognized, as follows: i) other operating income of $235.814 million, and ii) financial expenses of $31.559 million

As of December 31, 2023, the current portion includes prepaid charges with customers for $87.113 million, exclusivity commitment for $64.836 million, and charges with operators and commercial agents for $18.720 million, while in the non-current portion, $187.425 million corresponds to the exclusivity commitment.

The changes in contractual assets and liabilities for the year ended December 31, 2022 are as follows:

	As of december 31 2021	High	Amortization	Transfers	Reversal	As of december 31 2022
Current contractual asset						
Contractual asset	8.441.180	12.190.293	(14.147.183)	5.044.460	-	11.528.750
Impairment corrections	(37.673)	(20.057)		-	38.925	(18.805)
	8.403.507	**12.170.236**	**(14.147.183)**	**5.044.460**	**38.925**	**11.509.945**
Non-current contractual asset						
Contractual asset	1.093.263	9.917.752	-	(5.044.460)	-	5.966.555
Impairment corrections	(1.150)	(8.422)	-		814	(8.758)
	1.092.113	**9.909.330**	**-**	**(5.044.460)**	**814**	**5.957.797**
Total Contractual Assets	**9.495.620**	**22.079.566**	**(14.147.183)**	**-**	**39.739**	**17.467.742**
Current contractual liabilities (3)	96.334.508	644.062.534	(603.674.430)	8.536.638	-	145.259.250
Non-current contractual liability(3)	1.949.300	426.436.419	-	(8.536.638)	-	419.849.081
	98.283.808	**1.070.498.953**	**(603.674.430)**	**-**	**-**	**565.108.331**

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(3) For the exclusivity commitment with Onnet Fibra Colombia S.A.S. during the year 2022, net amortization of $34.861 million is recognized, as follows: i) other operating income of $70.237 million, and ii) financial expenses of $35.376 million.

As of December 31, 2022, the current portion amounts to $145.259 million (prepaid charges with customers for $84.670 million, exclusivity for $36.666 million, charges with operators and commercial agents for $23.923 million), and in the non-current portion, it amounts to $419.849 million for the exclusivity commitment.

10. INVENTORIES

The balance of inventories is as follows:

	As of december 31,	
	2023	**2022**
Mobile phones and accessories (1)	87.034.722	283.990.364
Materials and equipment (2)	73.973.367	128.957.521
Equipment in transit (3)	22.178.543	50.838.093
Computer equipment (4)	4.247.118	27.282.653
	187.433.750	**491.068.631**
Obsolescence provision (5)	(7.005.137)	(3.537.154)
	180.428.613	**487.531.477**

During the years 2023 and 2022, the consumption of inventories carried at the cost of sales was recognized for $1,067,522,609 and $1,245,000,795, respectively (Note 23).

(1) The decrease as of December 31, 2023 is primarily due to lower provisioning of equipment due to reduced commercial activity during the period, from changes in consumer behavior related to current economic conditions.

(2) It includes modems, equipment for corporate services, and location equipment. The decrease is mainly associated with equipment consumption due to the growth of commercial activity in 2023.

(3) The decrease as of December 31, 2023, mainly corresponds to the nationalization of equipment to meet the commercial offer made during the period.

(4) It includes equipment for computer workstations (PDTIs). The net decrease as of December 31, 2023, compared to the previous year, is primarily associated with commercial activity during the year 2023 and lower purchases based on customer behavior related to current market conditions.

(5) During the year ended December 31, 2023, an impairment provision of $3,467,983 was recognized (Note 23), mainly due to a low rotation of smartphone handsets.

The movement in the provision for obsolescence and slow-moving assets, net of recoveries, are summarized below:

	For the year ended december 31,	
	2023	**2022**
Beginning Balance	**(3.537.154)**	**(4.930.416)**
(Provision) inventory recovery (Note 23)	(3.467.983)	1.393.262
Ending Balance	**(7.005.137)**	**(3.537.154)**

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11. TAXES AND GENERAL GOVERNMENT

The balance of tax and government assets is presented below:

	As of december 31,	
	2023	**2022**
Credit balance (1)	347.501.523	309.571.203
ICA advances, withholdings and self-withholdings (2)	26.963.974	24.980.528
Sales tax withholdings (3)	4.878.674	2.315.978
Tax discount (4)	690.382	57.517.915
	380.034.553	**394.385.624**
Non-current		
Tax discount (4)	476.444.494	403.634.509
	476.444.494	**403.634.509**

(1) The tax credit balance increases at the end of 2023 mainly due to a change in the rate for special self-withholdings, issued by the tax authority, for the year 2023 of 2.2% and for the year 2022 of 1.6%. Additionally, special self-withholdings increased due to the revenue performance during the year 2023.

(2) This item corresponds to self-withholdings and withholdings for Industry and Commerce Tax - ICA. The increase as of December 31, 2023, is mainly due to the growth in revenue during the year 2023.

(3) The balance as of December 31, 2023, and 2022, corresponds to VAT withholdings by financial entities.

(4) As of December 31, 2023, no tax discount is recognized in the current portion for the Industry and Commerce Tax, an amount that will be taken as a deduction in the income tax according to Law 2277 of 2022. The tax discount in the non-current portion corresponds to VAT on the acquisition of productive real fixed assets.

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

	As of december 31,	
	2023	**2022**
Withholdings and self-withholdings (1)	63.952.549	66.583.036
Sales tax – IVA (2)	21.345.092	29.962.115
Other current taxes (3)	11.316.037	9.091.300
National excise tax (4)	1.827.590	2.560.334
	98.441.268	**108.196.785**

(1) As of December 31, 2023, the decrease is mainly attributable to the recognition of higher recoverable VAT on the acquisition of taxed goods and services compared to the generated VAT.

(2) As of December 31, 2023, the decrease is mainly attributable to the recognition of higher acquisitions of taxed goods and services.

(3) Mainly includes telephone and public lighting taxes payable to the municipalities.

(4) As of December 31 of the year 2023 and 2022, the value of the consumption tax for the VI bimester of the respective year is recognized for voice and data services.

Provision for Income and Complementary Taxes

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

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	For the year ended december 31,	
	2023	**2022**
Current income tax	(5.612.705)	(36.391.861)
Occasional earnings tax	(502.143)	(25.574.748)
Current Income tax and supplementary taxes (1)	**(6.114.848)**	**(61.966.609)**
Deferred tax:		
Taxable temporary differences (2)	54.657.265	(96.513.882)
Deductible temporary differences (3)	(214.977.308)	108.039.130
Tax credits (4)	(82.896.477)	(530.089.673)
Deferred income tax	**(243.216.520)**	**(518.564.425)**
Income tax and supplementary taxes	**(249.331.368)**	**(580.531.034)**

(1) The current tax, occasional gains, and complementary taxes for the period of 2023 show a decrease compared to the same period in 2022, primarily due to the sale of optical fiber assets carried out during 2022. As of December 31, 2023, the Tax Rate Analysis (TTD) is conducted, determining that the Company does not meet the conditions for recognition since its result is negative at -70.29% according to Article 240 of the Tax Statute (ET), paragraph 5.

(2) The variation as of December 31, 2023, is mainly due to the update of the deferred tax liability (DTL) generated by the overachievement of the conditions of the Earn-out agreed upon as an integral part of the sale of optical fiber business.

(3) As of December 31, 2023, the variation mainly corresponds to the recognition of the exclusivity commitment from the contract for the supply of connectivity services through the optical fiber network. Additionally, there is the correction of income tax and complementary taxes for the years 2017 and 2018 amounting to approximately $141.000 million and the update of the deferred tax asset - DTA for the useful lives of depreciable and amortizable fixed assets.

(4) As of December 31, 2023, the decrease mainly corresponds to the use of tax credits offset with the tax profit at a tax rate of 35%.

The reconciliation of the income and supplementary tax rate is presented below:

	For the year ended december 31,			
	2023		2022	
Taxable Temporary Differences (2)	100%	**(440.334.982)**	100%	**501.398.609**
Profit before tax at nominal rate	(35)%	154.117.244	(35)%	(177.798.000)
Income tax and deferred accounting	57%	(249.331.368)	(114)%	(580.531.034)
Difference Between Nominal Tax and Accounting Tax	**92%**	**403.448.612**	**(79)%**	**402.733.034**
Tax on permanent differences	13%	57.351.976	(34)%	171.309.622
Tax on non-deductible temporary differences recognized	43%	183.212.817	(22)%	109.796.396
Use (recognition) of deferred tax on differences temporary deductibles	3%	19.473.519	(1)%	8.276.947
Tax update on tax losses due to correction of the income tax year 2020	-	-	(16)%	80.251.722
Tax update on tax losses due to correction of the income tax year 2017 and 2018	33%	140.846.526	-	-
Rent correction rate update	0%	2.061.631	(1)%	7.523.599
Occasional earnings tax	0%	502.143	(5)%	25.574.748
	92%	**403.448.612**	**(79)%**	**402.733.034**

The current tax provisions applicable to the Group stipulate that:

Income tax in 2022 is calculated at the nominal rate of 35% in accordance with article 240 of the National Tax Statute, based on net income. The nominal rate for 2023 and subsequent years is 35%.

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The following is the reconciliation between book income before taxes and estimated taxable income:

	For the year ended december 31,	
	2023	**2022**
Profit before tax	**(440.334.982)**	**501.398.609**
Items that increase accounting profit:		
Accounting depreciation and amortization (Note 24)	1.396.677.680	1.391.787.835
Net effect of valuation of derivatives and exchange difference accountingand tax valued	188.966.977	54.717.706
Impairment of the accounting portfolio, net of recovery (Note 23)	93.353.780	95.108.531
Taxation of financial movement	13.269.569	12.414.198
Items that decrease accounting profit:		
Tax depreciation and amortization	(674.054.268)	(1.232.940.245)
Other non-deductible items	(337.765.203)	544.680.678
Tax Profit	**240.113.553**	**1.367.167.312**
Offsetting tax losses (1)	(236.847.076)	(1.514.541.928)
Income tax base	**3.266.477**	**(147.374.616)**
Current income tax	(5.612.705)	(36.391.861)
Occasional Earnings Tax	(502.143)	(25.574.748)
Income tax and supplementary taxes	**(6.114.848)**	**(61.966.609)**

(1) Corresponds to the offset of tax profits against tax losses generated in previous years.

Tax on occasional profits

	For the year ended december 31,	
	2023	**2022**
Income from occasional earnings	20.429.548	448.287.642
Less - costs for occasional gains	(17.081.930)	(192.540.166)
Taxable occasional gains	3.347.618	255.747.476
Tax rate	15%	10%
Occasional earnings tax	**502.143**	**25.574.748**

The following is a summary of the main reconciling items between book equity and tax equity:

	As of december 31 ,	
	2023	**2022**
Stockholders equity	**3.953.160.930**	**4.728.812.032**
Items that increase stockholders' equity		
Difference in the provision of accounting and tax portfolio	400.541.551	129.273.966
Estimated liabilities and provisions	396.943.454	200.585.258
Provision for decommissioning	75.154.401	58.750.975
Deferred tax liability	71.517.233	129.113.533
Government grants	-	12.114.208
Items that decrease stockholders' equity		
Deferred tax asset	(1.240.843.547)	(1.520.371.122)
Investments in companies	(58.939.348)	(65.247.344)
Hedge valuation	(75.264.599)	(571.016.773)
Other items	(2.882.500)	12.657.806
Taxable net worth	**3.519.387.575**	**3.114.672.539**

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Deferred Tax Assets and Liabilities

At the end of December 31, 2022, the Group's strategic plan (2022 - 2024) and projected results (2023 - 2031) will support the deferred tax asset on temporary differences and tax losses.

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 unrecognized deferred tax asset on deductible temporary differences as of December 31, 2023, amounts to $762,453,795

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

	As of december 31 ,	
	2023	**2022**
Deferred tax asset:		
Intangibles and property, plant and equipment	206.756.383	283.631.376
Other assets	2.836.723	3.404.068
Hedging operations (1)	-	301.252.239
Deferred tax asset on deductible temporary differences (2)	**209.593.106**	**588.287.683**
Deferred tax asset for tax losses (3)	**1.031.250.441**	**1.233.335.678**
Total deferred tax assets	**1.240.843.547**	**1.821.623.361**
Deferred tax liability:		
Taxable temporary differences (4)	71.517.233	430.365.772
Total deferred tax liabilities	**71.517.233**	**430.365.772**
Total deferred tax, net	**1.169.326.314**	**1.391.257.589**

(1) As of December 31, 2023, the hedging operations generate a net deferred tax asset of $66.138 million. Due to the uncertainty regarding its recoverability, this amount is not recognized in the consolidated financial statements. At the end of 2022, this same concept resulted in a net deferred tax liability of $9.629 million, recognized as follows: deferred liability of $310.881 million and a deferred asset of $301.252 million.

(2) At the close of December 31, 2023, the deferred tax asset (DTA) includes the effect generated by the update of the useful lives of depreciable and amortizable fixed assets, as well as the recognition for the exclusivity agreed upon in the wholesale agreement of the optical fiber business.

(3) As of December 31, 2023, the decrease corresponds to the net effect of the reduced use of tax losses in the 2022 income tax return, corrections made to the income tax returns for the years 2017 and 2018, and the offset of the value determined in the calculation of the tax profit.

(4) As of December 31, 2023, the deferred tax liability (DTL) includes the effect generated by the update of the tax mainly for the following concepts: Earn-out and computer workstation (PDTI).

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

	For the year ended december 31 ,	
	2023	**2022**
'Valuation of hedging derivative instruments (1)	(81.980.958)	(101.994.485)
Deferred tax hedge valuation	-	3.734.563
Participation in other comprehensive income in associates (2)	691.822	-
Result in hedge valuation, net of tax	**(81.289.136)**	**(98.259.922)**
Actuarial post-employment benefits calculation	(4.695.616)	(6.857.489)
	(85.984.752)	**(105.117.411)**

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(1) There is an improvement during the year 2023, mainly due to the effect of the appreciation of the peso against the dollar by 20.5%, impacting the SORF and IBR rates on interest rate hedges. Due to the uncertainty regarding the recoverability of the deferred tax asset, no deferred tax is recognized for this concept.

(2) It corresponds to the 40% participation in the other comprehensive income of Alamo Holdco, S.L. generated by the valuation of interest rate hedges.

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 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 $202,079 million.

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

Tax	Year of origin	Adjusted Losses	Compensation for losses	Balance of losses
Income	Entre 2007 y 2017	3.226.148.285	(577.386.393)	2.648.761.892
CREE	2015	297.667.939	-	297.667.939
		3.523.816.224	**(577.386.393)**	**2.946.429.831**

(1) Includes: i) correction of the income tax return for the year 2017 for $151,632 million; and ii) offsetting of profits in the income tax returns for the years 2018 and 2017 for $250,786 million and $174,968 million, respectively.

The following is a summary of the tax loss as of the end of December 31, 2022:

Tax	Year of origin	Adjusted Losses	Compensation for losses	Balance of losses
Income	Entre 2007 y 2017	4.740.757.881	(1.514.609.596)	3.226.148.285
CREE	2015	297.667.938	-	297.667.938
		5.038.425.819	**(1.514.609.596)**	**3.523.816.223**

The following table summarizes the status of the Group's income tax and CREE tax returns, which may be subject to review by the tax authorities:

Tax	Taxable Period	Review Closing Date
Income	2020	April 2026
Income	2018	July 2025

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Transfer Pricing

The Group is required to file a transfer pricing declaration and study to declare and analyze the operations it has carried out with its related economic parties or related parties abroad.

Independent advisors prepare the transfer pricing statement and supporting documentation required by tax provisions to demonstrate that the transactions with foreign economic-related parties or related parties abroad were carried out at market values. For this purpose, the Group will prepare the return and its supporting documentation for the taxable year 2022 within the deadlines established by the National Government.

Non-compliance with the transfer pricing regime may result in financial penalties and adjustments in the determination of income tax; however, Management and its advisors are of the opinion that the study will be concluded in a timely manner and will not result in significant changes to the basis used for the determination of the 2023 income tax provision.

12. I INVESTMENTS IN COMPANIES

Investments in the Company's companies are as follows:

			As of december 31 ,	
	Control/Influence		2023	2022
Investments in companies	**Significant**	**Country / City**	**Investment**	
Alamo Holdco, S.L. (1)	Significant Influence	Spain / Madrid	59.436.247	62.709.480
			59.436.247	**62.709.480**

(1) In accordance with the conditions 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% participation in Alamo HoldCo S.L. for $183,409.2, a Spanish company that owns 100% of the shares of Onnet Fibra Colombia S.A. S. Additionally, the costs incurred in the acquisition of this minority shareholding for $13,775.5 million are included as an increase in the value of the investment and the lower value for the transfer of control for $67,277.7 million is recognized, loss from equity method on net income of $112,289.9 million, as follows: For the years ended December 31, 2023, loss of $46,156.7 million and profit from equity method on other comprehensive income of $1,064.3 million, and in 2022, loss of $67,197.5 million.

On September 27, 2023, the Group carried out a capitalization of USD 10.666.667 equivalent to $41.819,1 million (Note 1), maintaining a 40% ownership stake in the company Alamo Holdco, S.L. at the close of December 31, 2023.

Equity method

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

As of December 31, 2023, and 2022, a loss was recognized in the income statement of $46,156,669 and $67,197,550, respectively, and in other comprehensive income during the year 2023, a profit of $1,064,341 (2022 - $0). The financial information of the associated company, used as the basis for the equity method of accounting, corresponds to the closing of December 31, 2023, and 2022.

The effect of applying the equity method on the annual result is as follows:

		Net profit for the year		Method of Participation	
	Participation	For the year ended december 31,			
Subsidiary/Associate		**2023**	**2022**	**2023**	**2022**
Alamo Holdco, S.L.	40%	(115.391.672)	(167.993.876)	(46.156.669)	(67.197.550)
		(115.391.672)	**(167.993.876)**	**(46.156.669)**	**(67.197.550)**

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Determining the equity method for other comprehensive income for the year:

		Other Comprehensive Result		Method of Participation	
		For the year ended december 31,			
Associate	**Participation**	**2023**	**2022**	**2023**	**2022**
Alamo Holdco, S.L.	40%	2.660.853	-	1.064.341	-
		2.660.853	**-**	**1.064.341**	**-**

The main figures of the company to which the equity method was applied in 2023 and 2022 were as follows:

	Assets		Liabilities		Results	
Subsidiary/Associate	As of december 31,		As of december 31,		For the year ended december 31,	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Alamo Holdco, S.L.	2.502.255.005	2.115.372.871	2.219.973.882	1.806.532.006	(115.391.672)	(167.993.876)
	2.502.255.005	**2.115.372.871**	**2.219.973.882**	**1.806.532.006**	**(115.391.672)**	**(167.993.876)**

13. Assets for right of use

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

	As of december 31, 2023			As of december 31, 2022		
Concept	**Cost**	**Accumulated depreciation**	**Net Worth in books**	**Cost**	**Accumulated depreciation**	**Net Worth in books**
Land & Buildings (1)	1.284.425.973	(650.371.319)	634.054.654	1.171.972.807	(580.506.058)	591.466.749
Technical Installations (1)	931.774.236	(434.614.254)	497.159.982	673.096.782	(306.899.830)	366.196.952
Transportation Equipment (2)	21.948.212	(16.136.118)	5.812.094	18.690.748	(13.616.125)	5.074.623
	2.238.148.421	**(1.101.121.691)**	**1.137.026.730**	**1.863.760.337**	**(901.022.013)**	**962.738.324**

For the years ended December 31, 2023, and 2022, the depreciation expense recognized in the comprehensive income statements was $286,330,560 and $287,600,733, respectively (Note 24).

(1) The increase in cost as of December 31, 2023, corresponds to the subscription, renewal, and increases in lease payments for land, sites for technical installations, supports for antennas, and transmission equipment through carrier media (1,120 new contracts), thus generating higher depreciation expense for the year ended December 31, 2023, compared to the previous year.

(2) The net increase as of December 31, 2023, mainly corresponds to three (3) new lease contracts for vehicles intended for the technical part.

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The movements during 2023 of the items comprising the cost and depreciation of right-of-use assets are as follows:

Concept	As of december 31 , 2022	High	Casualties (a)	As of december de 31 , 2023
Cost:				
Land and buildings	1.171.972.807	205.054.125	(92.600.959)	1.284.425.973
Technical installations	673.096.782	265.998.519	(7.321.065)	931.774.236
Transportation equipment	18.690.748	5.003.643	(1.746.179)	21.948.212
	1.863.760.337	**476.056.287**	**- 101.668.203**	**2.238.148.421**
Accumulated depreciation:				
Land and buildings	(580.506.058)	(149.075.618)	79.210.357	(650.371.319)
Technical installations	(306.899.830)	(132.988.770)	5.274.346	(434.614.254)
Transportation equipment	(13.616.125)	(4.266.172)	1.746.179	(16.136.118)
	(901.022.013)	**(286.330.560)**	**86.230.882**	**(1.101.121.691)**
	962.738.324	**189.725.727**	**(15.437.321)**	**1.137.026.730**

(a) Primarily correspond to the termination of contracts upon expiration of the established term.

The movements during 2022 of the items comprising the cost and depreciation of the right-of-use assets are as follows:

Concept	As of december 31 , 2021	High	Casualties (a)	As of december 31 , 2022
Cost:				
Land and buildings	861.535.850	310.436.957	-	1.171.972.807
Technical installations	537.733.613	135.363.169	-	673.096.782
Transportation equipment	20.475.612	2.984.592	(4.769.456)	18.690.748
	1.419.745.075	**448.784.718**	**(4.769.456)**	**1.863.760.337**
Accumulated Depreciation:				
Land and buildings	(414.666.218)	(165.268.667)	(571.173)	(580.506.058)
Technical installations	(189.384.557)	(116.795.029)	(720.244)	(306.899.830)
Transportation equipment	(12.848.543)	(5.537.037)	4.769.455	(13.616.125)
	(616.899.318)	**(287.600.733)**	**3.478.038**	**(901.022.013)**
	802.845.757	**161.183.985**	**(1.291.418)**	**962.738.324**

14. PROPERTY, PLANT, AND EQUIPMENT

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

	As of december 31 , 2023			As of december 31 , 2022		
Concept	Cost	Accumulated depreciation	Net Worth in books	Cost	Accumulated depreciation	Net Worth in books
Land & Buildings (1)	2.958.386.691	(1.728.562.428)	1.229.824.263	2.952.468.750	(1.694.785.461)	1.257.683.289
Switching, Access & Transmission (2)	8.739.605.826	(6.699.536.171)	2.040.069.655	8.391.031.003	(6.291.104.435)	2.099.926.568
Assets under construction (3)	448.488.690	-	448.488.690	690.534.628	-	690.534.628
Furniture, Information & Transport Equipment (4	717.504.986	(479.512.550)	237.992.436	565.235.636	(403.474.114)	161.761.522
	12.863.986.193	**(8.907.611.149)**	**3.956.375.044**	**12.599.270.017**	**(8.389.364.010)**	**4.209.906.007**

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For the years ended December 31, 2023, and 2022, the depreciation expense recognized in the results was $559,603,799 and $601,336,726, respectively (Note 24).

(1) The net decrease primarily corresponds to depreciation in 2023, partially offset by the activation of works associated with the deployment of 4G mobile network, fiber optic network, infrastructure, and communication networks for corporate clients, and infrastructure for providing Internet Protocol Television (IPTV) service.

(2) The increase in cost as of December 31, 2023, mainly corresponds to civil works associated with the 4G mobile network and fiber optic network. It includes provision for decommissioning of sites as of December 31, 2023, and 2022, amounting to $75,197,479 and $58,750,975, respectively (Note 19).

(3) The variation corresponds to the net of new acquisitions of goods and services and the liquidation of final assets for the construction of assets mainly related to the deployment of the 4G mobile network, fiber optic, infrastructure for corporate client projects, infrastructure for IPTV service provision, replacement and upgrading of network equipment and billing and invoicing platforms.

(4) The increase corresponds to the purchase of servers, computer and storage equipment, measurement equipment associated mainly with 4G network deployment projects (Long Term Evolution - LTE), Fiber to the Home (FTTH), platform for Internet Protocol Television (IPTV), and computer and communication equipment for projects with corporate and business clients.

The movements during 2023 of the items comprising the cost and depreciation of property, plant, and equipment are as follows:

Concept	As of december 31 , 2022	High	Low	Transfers	Revaluation	As of december 31 , 2023
Cost:						
Land and buildings	2.952.468.750	8.536.197	(7.898.462)	36.459.327	(31.179.121) (a)	2.958.386.691
Switching, accessing, and transmitting	8.391.031.003	96.803.715	(33.495.776)	285.266.884	-	8.739.605.826
Assets under construction	690.534.628	211.089.064	(134.826)	(453.000.176)	-	448.488.690
Furniture, information and transport equipment (4)	565.235.636	103.613.928	(1.074.190)	49.729.612	-	717.504.986
	12.599.270.017	**420.042.904**	**(42.603.254)**	**(81.544.353)**	**(31.179.121)**	**12.863.986.193**
Accumulated depreciation:						
Constructions	(1.694.785.461)	(27.736.247)	3.797.664	-	(9.838.384) (b)	(1.728.562.428)
Switching, Accessing, and Transmitting	(6.291.104.435)	(441.951.723)	33.519.987	-	-	(6.699.536.171)
Furniture, information and transport equipment	(403.474.114)	(76.790.932)	752.496	-	-	(479.512.550)
	(8.389.364.010)	**(546.478.902)**	**38.070.147**	**-**	**(9.838.384)**	**(8.907.611.149)**
	4.209.906.007	**(126.435.998)**	**(4.533.107)**	**(81.544.353)**	**(41.017.505)**	**3.956.375.044**

(a) Corresponds to disposals of real estate during the year.

(b) Includes depreciation of revalued building assets of ($13,124,897) and write-offs of $3,286,513.

The net effects of lower depreciation expense of technical installations and machinery (optical fiber) for three (3) years and the impact for 2023 are presented below.

Concept	Typology	Life: Previous	Life: Current	As of december 31, 2023	2024	2025	2026
Technical installations and machinery	Terrestrial Fiber Optics	25	30	3.486.097	3.550.538	3.542.614	3.535.817
				3.486.097	**3.550.538**	**3.542.614**	**3.535.817**

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The movements during 2022 of the items comprising the cost and depreciation of property, plant, and equipment are as follows:

Concept	As of december 31 , 2021	High	Low	Transfers	Revaluation	As of december 31 , 2022
Costo:						
Land and buildings	3.056.482.879	9.970.207	(79.991.974)	2.887.862	(36.880.224) (a)	2.952.468.750
Switching, accessing, and transmitting	8.281.521.400	46.116.155	(19.082.101)	82.475.549	-	8.391.031.003
Assets under construction	413.267.460	407.255.912	(435.714)	(129.553.030)	-	690.534.628
Subsidized projects	-	-	-	-	-	-
Furniture, information and transport equipment	545.979.353	5.598.667	(845.645)	14.503.261	-	565.235.636
	12.297.251.092	**468.940.941**	**(100.355.434)**	**(29.686.358)**	**(36.880.224)**	**12.599.270.017**
Accumulated depreciation:						
Constructions	(1.699.093.671)	(28.151.108)	42.330.253	409	(9.871.344) (b)	(1.694.785.461)
Switching, Accessing, and Transmitting	(5.818.218.169)	(489.689.357)	16.803.091	-	-	(6.291.104.435)
Furniture, information and transport equipment	(334.833.818)	(69.339.463)	699.167	-	-	(403.474.114)
	(7.852.145.658)	**(587.179.928)**	**59.832.511**	**409**	**(9.871.344)**	**(8.389.364.010)**
	4.445.105.434	**(118.238.987)**	**(40.522.923)**	**(29.685.949)**	**(46.751.568)**	**4.209.906.007**

The movements for the year 2023 of land and buildings recognized under the cost method are as follows:

Concept	As of december 31, 2022	High	Low	Transfers	As of december 31, 2023
Cost:					
Land and Buildings	2.393.204.966	8.465.285	(7.827.959)	36.459.327	2.430.301.619
Accumulated depreciation:					
Constructions	(1.635.109.442)	(27.715.020)	3.776.845	-	(1.659.047.617)
	758.095.524	**(19.249.735)**	**(4.051.114)**	**36.459.327**	**771.254.002**

Movements for the year 2022 of land and buildings recognized under the cost method are as follows:

Concept	As of december 31, 2021	High	Low	Transfers	As of december 31, 2022
Cost:					
Land and buildings	2.460.256.999	9.991.758	(79.932.062)	2.888.271	2.393.204.966
Accumulated depreciation:					
Constructions	(1.649.211.163)	(28.134.927)	42.236.648	-	(1.635.109.442)
	811.045.836	**(18.143.169)**	**(37.695.414)**	**2.888.271**	**758.095.524**

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The movements for the year 2023 of land and buildings recognized at revalued value are as follows:

Concept	As of december 31 , 2022	Increases	Decreases	As of december 31 , 2023
Cost:				
Land	291.121.925	-	(18.239.146)	272.882.779
Constructions	268.141.859	-	(12.939.975)	255.201.884
	559.263.784	**-**	**(31.179.121)**	**528.084.663**
Accumulated depreciation:				
Constructions	(59.676.020)	(13.124.897)	3.286.513	(69.514.404)
	(59.676.020)	**(13.124.897)**	**3.286.513**	**(69.514.404)**
	499.587.764	**(13.124.897)**	**(27.892.608)**	**458.570.259**
Deferred income tax	(102.073.577)	(13.783.988)	-	(115.857.565)
Net revaluation of deferred tax	**397.514.187**	**(26.908.885)**	**(27.892.608)**	**342.712.694**

Movements for the year 2022 of land and buildings recognized at revalued value are as follows:

Concept	As of december 31 , 2021	Increases	Decreases	As of december 31 , 2022
Cost:				
Land	309.180.481	-	(18.058.556)	291.121.925
Constructions	286.963.537	-	(18.821.678)	268.141.859
	596.144.018	-	**(36.880.234)**	**559.263.784**
Accumulated depreciation:				
Constructions	(49.804.676)	(14.157.202)	4.285.858	(59.676.020)
	546.339.342	**(14.157.202)**	**(32.594.376)**	**499.587.764**
Deferred income tax	(113.923.579)	-	11.850.002	(102.073.577)
Net revaluation of deferred tax	**432.415.763**	**(14.157.202)**	**(20.744.374)**	**397.514.187**

Fully Depreciated Property, Plant, and Equipment

The cost of fully depreciated property, plant, and equipment is presented below:

	As of december 31,	
	2023	**2022**
Switching, accessing, and transmitting	3.383.273.940	3.016.559.458
Constructions	244.045.706	239.952.512
Furniture, information and transport equipment	428.680.396	134.807.847
	4.056.000.042	**3.391.319.817**

The increase in fully depreciated property, plant, and equipment corresponds to assets that completed their depreciation period during the year 2023.

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15. INTANGIBLES

The cost and accumulated amortization of intangibles are presented below:

	As of december 31 , 2023		As of december31 , 2022	
Concept	**Cost**	**Accumulated depreciation**	**Accumulated depreciation**	**Net Book Value**
Qualifications (1)	2.762.446.279	(2.180.501.276)	(1.847.612.566)	914.833.713
Software, network equipment and office automation (	1.514.318.305	(1.116.671.917)	(902.100.330)	367.138.706
Rights (3)	63.225.312	(30.562.581)	(27.279.557)	35.945.755
	4.339.989.896	**(3.327.735.774)**	**(2.776.992.453)**	**1.317.918.174**

For the years ended December 31, 2023, and 2022, the expense for amortization recognized in the results was $550,743,321 and $502,850,376, respectively (Note 24).

(1) It includes the renewal of the spectrum for the mobile operation and the economic compensation from the arbitration award for the reversal of assets. The decrease as of December 31, 2023, corresponds to the amortization for the year.

(2) The increase in the cost as of December 31, 2023, is due to the acquisition of software, licenses, and developments mainly associated with the 4G network, fiber optic network, infrastructure, and communication networks for corporate clients, infrastructure for providing television service through fiber optics for data centers.

The balance as of December 31, 2023, and 2022, includes software applications under development amounting to $62,935,445 and $82,380,904, respectively.

(3) Mainly includes Irrevocable Rights of Use - IRU's of optical fiber. The decrease as of December 31, 2023, corresponds to the amortization for the year.

The movements in intangible assets during 2023 are presented below:

Concept	**As of december 31 , 2022**	**Acquisitions / Depreciation expense**	**Transfer**	**As of december 31 , 2023**
Cost:				
Qualifications	2.762.446.279	-	-	2.762.446.279
Software, network equipment and office automation	1.269.239.036	163.534.916	81.544.353	1.514.318.305
Rights	63.225.312	-	-	63.225.312
Client List	-	-	-	-
	4.094.910.627	**163.534.916**	**81.544.353**	**4.339.989.896**
Accumulated depreciation:				
Qualifications	(1.847.612.566)	(332.888.710)	-	(2.180.501.276)
Software, network equipment and office automation	(902.100.330)	(214.571.587)	-	(1.116.671.917)
Rights	(27.279.557)	(3.283.024)	-	(30.562.581)
Client List	-	-	-	-
	(2.776.992.453)	**(550.743.321)**	**-**	**(3.327.735.774)**
	1.317.918.174	**(387.208.405)**	**81.544.353**	**1.012.254.122**

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The movements in intangible assets during 2021 are presented below:

Concept	As of december 31 ,2021	Acquisitions / Depreciation expense	Transfer	As of december 31 , 2022
Cost:				
Qualifications	2.296.177.445	555.136.796	-	2.762.446.279
Software, network equipment and office automation	1.100.635.127	138.917.960	29.685.949	1.269.239.036
Rights	63.225.314	-	(2)	63.225.312
	3.460.037.886	**694.054.756**	**29.685.947**	**4.094.910.627**
Accumulated depreciation:				
Qualifications	(1.615.707.162)	(320.773.367)	1	(1.847.612.566)
Software, network equipment and office automation	(723.306.346)	(178.793.985)	1	(902.100.330)
Rights	(23.996.531)	(3.283.024)	(2)	(27.279.557)
	(2.363.010.039)	**(502.850.376)**	**-**	**(2.776.992.453)**
	1.097.027.847	**191.204.380**	**29.685.947**	**1.317.918.174**

Fully Amortized Intangibles

The cost of fully amortized intangibles is presented below:

	As of december 31	
	2022	**2022**
Concept		
Computer Applications	771.013.274	446.241.631
Qualifications	268.997.211	-
Rights	7.237	7.237
	1.040.010.485	**446.248.868**

The increase in fully amortized intangibles is primarily generated by the completion of the amortization based on the useful life as of the end of the year 2023.

16. GOODWILL

The Goodwill recorded as of December 31, 2023, and 2022, amounts to $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.

On December 31, 2023, the impairment analysis was performed with the following variables:

Cash Generating Units - CGU

According to the definition, a CGU is a minimum group of assets that can be identified that generates cash flows that, to a large extent, are independent of the cash flows of other assets or groups of assets.

Considering the structure of the entity and type of business, the existence of common assets is considered for developing the services provided by the Group and this is so considering the convergence of services (Basic Line, Television, Broadband, mobile, among others) with which, since there is dependence among them, they do not generate cash inflows independently and therefore it is not possible to determine the cash flows generated by each asset.

Based on the above, the entire Colombian operation is considered as a single CGU.

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The process for the preparation of the CGU's strategic plans takes as a reference the current market situation of each CGU, the conditioning, and evolution of the macroeconomic, competitive, regulatory, and technological environment, as well as the competitive positioning of the CGU in such environments and the growth opportunities based on market projections, as well as on the differentiation capabilities of the operators vis-à-vis the competition. Thus, for each CGU, a growth objective is defined, and the allocation of adequate operating resources and investments in fixed assets necessary to achieve such growth is estimated. Additionally, the efficiency improvements required for operations are defined in line with the strategic transformation initiatives defined to increase operating cash flow over the plan's timeframe. Likewise, the Group considers in this process the degree of compliance with the strategic plans in past years.

Regarding the calculation of the CGU value, the existence of a correlation between assets and liabilities incorporated in this value and those concepts that have been considered for the calculation of the business plan and their corresponding inclusion in the calculation of the discounted cash flows must be taken into account.

Main Assumptions Used in Value in Use Calculations

The calculation of the value in use of the CGU is based on the approved business plans. Subsequently, certain variables are analyzed, such as EBITDA margins and the ratio of investments in non-current assets (expressed as a percentage of revenues), which are considered key operating assumptions for measuring the performance of the Group's businesses and setting its financial targets. Finally, discount rates and terminal growth rates are analyzed.

The plan is in line with the three-year average of analysts' estimates in terms of revenues, which reflect a trend of stability or improvement. This evolution is supported by service revenues, which, leveraged on the differentiation and quality of the Group's products and services thanks to the investments made, incorporate growth in the higher-value customer base and monetization of growing data consumption in rational markets, although very competitive in certain segments.

Discount Rate

At year-end 2023 and 2022, a nominal percentage rate calculated in pesos of 11.50% and 12.20%, respectively, was used.

The discount rate applied to the cash flow projections is the Weighted Average Cost of Capital (WACC). According to the financial structure established for Colombia, it is determined by the weighted average of the cost of equity and the cost of borrowed funds.

This rate has been calculated according to the methodology of the financial asset pricing model (CAPM). This includes the systemic risk of the asset and the impact of the risks associated with the generation of cash flows and which are not considered in the cash flows themselves. For instance, country risk, the specific financial risk of the business, exchange rate risk, and the price risk of the financial asset itself.

The most relevant components of the WACC are summarized below:

- Risk-Free Rate: understood as the interest rate offered by long-term sovereign bonds. It is determined with current market data and estimates of the equilibrium levels (according to standard econometric modeling) in which the interest rates should be located. Thus, adjusting the returns at low rates due to the high influence on the term premiums of public debt purchases carried out by central banks.

- Political Risk Premium: incorporates the risk of insolvency inherent to the country due to political and/or financial events, based on quotations of instruments called "Credit Default Swap" for each country or, failing that, the EMBI+ index, published by JP Morgan, depending on the information available and the liquidity conditions of such instruments.

- Market Risk Premium (MRP), which measures the additional risk required for equity assets over and above the return on risk-free assets, is determined by a combination of historical (ex-post) approaches supported by external publications and studies of past performance series, and forward-looking (ex-ante) approaches, based on market publications, taking into account medium and long-term profit expectations based on the degree of maturity and development of each country.

- Beta coefficient: is the multiplier of the market risk premium, considered as systemic risk. It is estimated from series of historical share prices of comparable listed companies, determining the correlation between the profitability of the companies' shares and the profitability of the general index representative of the stock exchange of the country where the company is listed.

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Sensitivity to Changes in Assumptions

In accordance with the asset recoverability review process based on internal and external factor reviews, the WACC as of December 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 11,50%. 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.

17. FINANCIAL LIABILITIES

The balance of financial obligations is presented below:

	As of December 31, 2023			As of December 31, 2022		
	Valor	Tax		Valor	Tasa	
Current:		Base	Spread		Base	Spread
Financial in foreign currency						
Interest payable	43.093.614			54.235.005		
	43.093.614			**54.235.005**		
Financial institutions in national currency						
Local Bond (1)	347.367.924	Fija 6,65%		-		
Financial Liabilities (2)	298.000.000	Fija 5,745% IBR3M	1,1%-2%	-		
Interest payable	9.093.406			9.142.226		
	654.461.330			**9.142.226**		
Other Liabilities						
Finance leases (3)	399.236.077			343.901.701		
Hedging instruments (4)	82.780.937			18.856.031		
	482.017.014			**362.757.732**		
Spectrum provider (5)	35.075.950			62.557.394		
	1.214.647.908			**488.692.357**		
No Current						
Financial in foreign currency						
Senior Bond (6)	**1.901.519.155**	Fija 4,95%		**2.394.141.649**	Fija 4,95%	
Financial institutions in national currency						
Financial Liabilities	1.099.681.413	Fija 5,745% IBR3M	1,35%-2%	1.397.418.961	Fija 5,745% IBR3M	1,1%-2%
Local bond (1)	152.312.625	IPC	3,39%	499.435.677	Fija 6,65% - IPC	3,39%
	1.251.994.038			**1.896.854.638**		
Other Liabilities						
Finance leases (3)	1.231.876.268			1.111.281.686		
Hedging instruments (4)	115.924.756			40.311.161		
	1.347.801.024			**1.151.592.847**		
Spectrum provider (5)	455.987.351			437.901.760		
	4.957.301.568			**5.880.490.894**		
	6.171.949.476			**6.369.183.251**		

liabilities include balances in foreign currency as of December 31, 2023, amounting to USD 511,275 thousand (equivalent to $1,954,118,614), and as of December 31, 2022, amounting to USD 511,275 thousand (equivalent to $2,459,335,005) (Note 26).

(1) Local Bond: As of December 31, 2023, and December 31, 2022, the face value of the local bond is $500.000 million, and transaction costs of $319 and $564 million, respectively, measured at amortized cost

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The characteristics of the issue are summarized below:

Format	Currency of Issue	Premiums and Discounts	Total Issuance Amount	Total Amount Issued	Max. redemption period	Issue Date	Expiration Date	Fee/Payment	Use of resources
C10	*COP$000*	Cero	152.410.000	152.410.000	10 años	29-may-19	29-may-29	IPC + 3,39% Semestral	Prepayment of local debt
A5	*COP$000*	Cero	347.590.000	347.590.000	5 años	29-may-19	29-may-24	6,65% Semestral	
			500.000.000	**500.000.000**					

As of December 31, 2023, and 2022, interest payable on the bond amounted to $3,903 million and $4,125.8 million respectively

(2) Transfers from long-term to short-term amounted to $298,000 million according to the established payment plan.

(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 year ended December 31, 2023 is presented below:

	As of december 31 , 2022	High	Payments (a)	Transfers	Other (b)	As of december 31 , 2023
Current						
Leasing	343.747.474	192.569.852	(436.741.036)	322.971.932	(23.312.145)	**399.236.077**
Financial liabilities - renting	154.227	-	(154.227)	-	-	-
	343.901.701	**192.569.852**	**(436.895.263)**	**322.971.932**	**(23.312.145)**	**399.236.077**
No Current						
Leasing	1.111.281.686	459.003.835	-	(322.971.932)	-	1.231.876.268
	1.111.281.686	**459.003.835**	-	**(322.971.932)**	-	**1.231.876.268**
	1.455.183.387	**651.573.687**	**(436.895.263)**	**-**	**(23.312.145)**	**1.631.112.345**

(a) Corresponds to capital lease payments during the year 2023 for $315,516,101 and interest for $121,379,162.

(b) Corresponds to payment by means of crossover between financial liabilities versus financial assets.

The movement in the finance lease liability for the year ended December 31, 2022 is presented below:

	As of december 31 , 2021	High	Payments (1)	Transfers	Other (2)	As of december 31 , 2022
Current						
Leasing	115.394.649	142.689.828	(373.588.255)	481.768.727	(22.517.475)	**343.747.474**
Financial liabilities - renting	406.740	317.280	(577.630)	7.837	-	**154.227**
	115.801.389	**143.007.108**	**(374.165.885)**	**481.776.564**	**(22.517.475)**	**343.901.701**
No Current						
Leasing	1.024.138.932	568.911.481	-	(481.768.727)	-	**1.111.281.686**
Financial liabilities - renting	7.837	-	-	(7.837)	-	**-**
	1.024.146.769	**568.911.481**	**-**	**(481.776.564)**	**-**	**1.111.281.686**
	1.139.948.158	**711.918.589**	**(374.165.885)**	**-**	**(22.517.475)**	**1.455.183.387**

(a) Corresponds to capital lease payments during the year 2022 for $286,273,911 and interest for $87,891,974.

(b) Corresponds to payment by means of crossover between financial liabilities versus financial assets.

(4) The increase in the financial liability for hedging instruments is mainly due to an increase in interest rates, affecting primarily the passive position of the swaps associated with the Senior Bond.

(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 $102,468 million, classified between short and long term according to the established payment dates. During the year 2023, capital payments amounted to $55.514 million.

(6) Senior bond: As of December 31, 2023, and December 31, 2022, the face value of the outstanding senior bond was USD 500 million, equivalent to $1,911,025 million and $2,405,100 million and associated transaction costs of $9,506 million and $10,958 million, respectively, measured at amortized cost.

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The characteristics of the issue are summarized below:

Format	Currency of Issue	Premiums and Discounts	Total Issuance Amount	Total Amount Issued	Max. redemption period	Issue Date	Expiration Date	Fee/Payment	Use of resources
R144/Reg5	*USD$000*	Cero	500.000	500.000	10 years	17-jul-20	17-jul-30	4.95% Semi-Annual	USD750 million senior bond replacement

During the years ended December 31, 2023, and 2022 interest payable on the bond amounted to $43,093 million and $54,235 million, respectively.

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

	Current	No Current						
Maturities	**2024**	**2025**	**2026**	**2027**	**2028**	**Next years**	**Totally, no current**	**Total**
Senior bond	-	-	-	-	-	1.901.519.155	1.901.519.155	1.901.519.155
Leasing	399.236.077	219.424.408	174.223.010	167.731.324	167.364.410	503.133.116	1.231.876.268	1.631.112.345
Financial liabilities	298.000.000	1.099.681.413	-	-	-	-	1.099.681.413	1.397.681.413
Local bond	347.367.924	-	-	-	-	152.312.625	152.312.625	499.680.549
Spectrum provider	35.075.950	35.075.950	35.075.950	35.075.950	35.075.950	315.683.551	455.987.351	491.063.301
Hedging instruments	82.780.937	375.404.837	63.673.992	60.414.338	59.458.349	(443.026.760)	115.924.756	198.705.693
Interests	52.187.020	-	-	-	-	-	-	52.187.020
	1.214.647.908	**1.729.586.608**	**272.972.952**	**263.221.612**	**261.898.709**	**2.429.621.687**	**4.957.301.568**	**6.171.949.476**

The following are the maturities of the financial obligations as of December 31, 2022:

	Current	No Current						
Maturities	**2023**	**2024**	**2025**	**2026**	**2027**	**Next years**	**Totally, no current**	**Total**
Senior bond	-	-	-	-	-	2.394.141.649	2.394.141.649	2.394.141.649
Leasing	343.901.701	229.865.555	141.225.386	103.475.150	97.259.334	539.456.261	1.111.281.686	1.455.183.387
Financial liabilities	-	298.000.000	1.099.418.961	-	-	-	1.397.418.961	1.397.418.961
Spectrum provider	62.557.394	31.278.697	31.278.697	31.278.697	31.278.697	312.786.972	437.901.760	500.459.154
Local bond	-	349.604.974	-	-		149.830.703	499.435.677	499.435.677
Interests	63.377.231	-	-	-	-	-	-	63.377.231
Hedging instruments	18.856.031	(150.850.205)	(25.537.811)	30.601.772	26.293.775	159.803.630	40.311.161	59.167.192
	488.692.357	**757.899.021**	**1.246.385.233**	**165.355.619**	**154.831.806**	**3.556.019.215**	**5.880.490.894**	**6.369.183.251**

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18. SUPPLIERS AND ACCOUNTS PAYABLE

The balance of suppliers and accounts payable is as follows:

.

	As of december 31 ,	
	2023	2022
Current:		
Creditors and suppliers (1)	1.642.551.373	1.795.991.595
Related parties (2) (Nota 27)	344.534.299	227.009.827
Fixed assets suppliers (3)	284.015.546	437.390.429
Labor wages payable (4)	41.705.583	37.965.212
Government subsidies (5) (Note 7)	35.843.986	-
Parafiscal contributions	7.993.964	8.204.826
Spectrum licensing providers (6)	7.046.126	25.434.509
Contracts with third parties (7)	2.167.391	1.944.293
	2.365.858.268	**2.533.940.691**
No current:		
Contracts with third parties (7)	10.404.429	12.196.571
Related parties (2) (Nota 27)	3.584.437	4.817.768
Government subsidies (5) (Note 7)	-	33.451.319
Spectrum licensing providers (6)	-	22.465.015
	13.988.866	**72.930.673**
	2.379.847.134	**2.606.871.364**

As of December 31, 2023, and 2022, there are balances in foreign currency with suppliers and accounts payable amounting to USD123,986 ($473,880,691) and USD156,931 ($754,869,496), respectively. Additionally, there are balances with related parties amounting to USD60,272 ($230,362,598) and USD30,880 ($148,538,976), respectively (Note 26).

(1) The balance of accounts payable and accounts payable is as follows:

	As of december 31 ,	As of december 31 ,
	2023	2022
Terminal providers (a)	286.591.508	513.764.899
Renting and third-party activities to customers (b)	277.239.657	366.996.249
Content providers (c)	237.014.930	121.305.672
Creditors (d)	196.252.951	108.887.407
Equipment maintenance (e)	132.992.184	155.836.325
Third-party securities (f)	113.267.262	80.131.466
Operating leases (g)	91.177.765	107.837.108
Commissions on sales	88.031.945	84.667.638
IT services	64.704.327	65.839.899
Interconnection and roaming (h)	60.746.046	95.026.212
Advertisement (i)	53.709.646	56.809.540
Customer services	34.032.091	32.543.503
Other minors	6.791.061	6.345.677
	1.642.551.373	**1.795.991.595**

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(a) At the close of 2023, there is a decrease in purchases mainly of handsets, due to reduced commercial activity, compared to the close of 2022, where there was growth in handset sales (smartphones) to meet commercial activity according to consumer behavior.

(b) It includes services for the development of projects for corporations and the deployment of the fiber optic network. The decrease at the close of 2023 compared to the close of 2022 is due to lower project execution.

(c) Includes OTT digital platform services (streaming services), TV, and value-added services. In 2023, there is an increase in services for the use of licenses and platforms for corporate clients.

(d) Mainly corresponds to services related to insurance, technical assistance, public services, security, legal and tax advice, billing services, collection, and billing. In 2023, the increase is mainly due to macroeconomic effects on services.

(e) Includes outside plant maintenance services and platform support, technical assistance, and network and customer failures.

(f) Includes values received for third parties defined in mandate contracts.

(g) includes commitments acquired for submarine cable capacity, media rental, and last mile rental in fixed services.

(h) Includes services for national interconnection traffic and roaming. The decrease is mainly due to changes in regulated tariffs during 2023 for mobile access charges.

(i) Corresponds to media advertising services for TV, press, audiovisual media campaigns, sponsorships, events, and commercial promotion.

(2) The increase mainly corresponds to obligations for i) brand use and settlement of action plans, licenses with Telefónica S. A., ii) Platforms for Internet Protocol Television - IPTV with Telefónica Innovación Digital, iii) rental of capacity in international media and rights of use with Telxius Cable Colombia S. A., and iv) FTTH connectivity services with Onnet Fibra Colombia S. A. S.

(3) Mainly corresponds to obligations for purchases of equipment, licenses, and platform developments associated with the deployment of the mobile network. As of December 31, 2023, the decrease compared to the end of 2022 mainly corresponds to lower Capex execution during the fourth quarter of 2023 compared to the same period in 2022.

(4) Corresponds to obligations as of December 31, 2023, for the following concepts: i) severance pay amounting to $26.071 million; ii) vacation pay totaling $12.193 million; iii) interest on severance pay amounting to $3.091 million; and, iv) other remunerations totaling $351 million.

Includes 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.

Performance Share Plan (PSP)

With the implementation of the PSP, Telefónica intends to encourage the commitment of the Group's executives to its strategic plan.

The Plan will take effect from the date of its approval by the General Shareholders' Meeting, will have a total duration of five (5) years, and will be divided into three (3) cycles independent of each other with a measurement period of three (3) years each.

Each Cycle will be conditioned by and determined according to the fulfillment of economic-financial objectives, the creation of value for the shareholder and, if applicable, objectives linked to sustainability, the environment, or good governance.

The final number of shares to be delivered to each employee on the delivery date will be conditioned and determined by the incentive multiplier coefficient: percentage to be calculated according to the level of compliance with the objectives set by the Group, based on three (3) objectives TSR (Total Shareholder's Return) 50%, FCF (Free Cash Flow) 40% and CO_2 Emissions 10%.

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As of December 31, 2023, the cycles in force are as follows

	N° of Actions	Unit Value TFSP – PSP	End Date
Cycle 1 -1 July 2021	363.756	2,9032 euros	December 31, 2023
Cycle 2 -January 1, 2022	322.984	2,6916 euros	December 31, 2024
Cycle 3 -January 1, 2023	284.500	2,2942 euros	December 31, 2025

Co-Investment Plan 22-24

Long-term compensation plan aimed at incentivizing and retaining key senior executives for the Group through the delivery of shares subject to the fulfillment of certain conditions and where the executive contributes a percentage of his annual bonus.

100 GESP Plan

A plan that allows employees to acquire Telefónica S.A. shares through payroll deductions for 12 months. The Group (provided they hold the shares for an additional six (6) months) will reward them with one free share for each share acquired, subject to the Plan's limits. In addition, to commemorate the 100th anniversary of Telefónica, S. A., each participant will receive 100 additional shares free of charge. The unit fair value, in this case, amounts to EUR 4.23 per share.

(5) Includes the commitment of government subsidy with the Group to fulfill obligations. At the close of December 2023, a transfer to short-term liabilities is made according to the contractual conditions between the parties.

(6) Includes balances of obligations to renew spectrum for providing cellular telephone service in March 2014 for 10 years. The decrease at the close of December 2023 corresponds to payments made during the year 2023.

(7) Includes balances of an inter-administrative contract with the Barranquilla Metropolitan Area until the year 2028 and guarantees constituted by commercial partners.

19. PROVISIONS AND PENSION LIABILITIES

The balance of pension provisions and liabilities is as follows:

	As of december 31,	
	2023	**2022**
Current:		
For Taxes and consideration (1)	89.024.046	100.082.064
For voluntary retirement (2)	25.809.581	2.062.379
Pension liabilities (3)	23.619.092	21.550.558
For employee benefits (4)	23.578.260	34.738.064
For contingencies (5) (Note 28)	5.042.371	6.701.584
For tax claims	462.088	2.202.959
	167.535.438	**167.337.608**
Non-current:		
Pension liabilities (3)	193.691.152	184.046.743
For dismantling (6)	75.197.479	58.750.975
For contingencies (5) (Note 28)	8.315.515	14.691.640
	277.204.146	**257.489.358**
	444.739.584	**424.826.966**

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(1) Includes the provision for industry and commerce tax (ICA), considerations to the Ministry of ICT, and uncollected VAT from the client portfolio.

(2) Includes the employee incentive for compliance and performance, which is expected to be paid in the first half of 2023. The estimate was based on the current headcount and the estimated compliance percentages with objectives.

(3) The Group recognizes post-employment benefits corresponding to retirement pensions. The post-employment benefit plan in force at that date does not have any type of asset related to it.

The classification of pension liabilities at the end of 2023 and 2022 is presented below:

	As of december 31,	
	2022	**2021**
Current Portion	23.619.092	21.550.558
No Current Portion	193.691.152	184.046.743
	217.310.244	**205.597.301**

Below is the movement in pension liabilities as of December 31, 2023:

	For the year ended december 31 ,	
	2023	**2022**
Balance at the beginning of the year	205.597.301	203.859.734
Interest expense	26.323.230	13.122.917
Actuarial loss of obligations (a)	4.695.616	6.857.489
Payments made by the plan	(19.603.954)	(18.571.217)
	217.012.193	**205.268.923**
Fees receivable	298.051	328.378
Balance at the end of the year	**217.310.244**	**205.597.301**

(a) As of December 31, 2023, and 2022 correspond to the restatement of the actuarial calculation recognized in Other Comprehensive Income.

The Group recognizes post-employment benefits corresponding to retirement pensions, which include pension payments, funeral assistance, and healthcare. The actuarial calculation includes 681 individuals, classified as retirees wholly supported by the Group, with pensions shared with the entity Colpensiones, wholly supported lifelong substitutes, shared lifelong substitutes, and temporaries wholly supported by the Company and Colpensiones.

The actuarial calculation is measured through an independent actuary using the projected unit credit costing method. In relation to the assumptions, the discount rate, the pension increase, the inflation rate, and expenses are considered. Other assumptions regarding mortality take into account the Colombian mortality table for annuitants' experience 2005 - 2008 for men and women approved by the Financial Superintendence of Colombia through Resolution 1555 of July 2010 and the Colombian mortality table for invalids contemplated in Resolution 0585 of 1994 of the Financial Superintendence. Actuarial gains and losses arising from adjustments based on actuarial assumptions of the post-employment benefit are recorded in other comprehensive income for the year. The above is subject to the provisions of Law 100 of 1993, Law 797 of 2003, Legislative Act 01 of 2005, and Decree 1748 of 1995.

The post-employment benefit plan in force to date does not have any type of asset linked to it.

As of the actuarial calculation for 2018, the installments receivable from other entities were considered. As of December 31, 2023, the estimated value of installments receivable from other entities is $2.616.592

The actuarial calculation is updated at the end of each accounting period and was quantified according to the estimate of the implicit inflation of 9.22%, discount rate of 13.695% and the real rate of 3.75%.

Below are included the future cash flows until the year 2029 and the sensitivity analysis as of December 31, 2023:

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Future Cash Flows

Year	*COP $(000)*
2024	23.619.092
2025	25.796.772
2026	28.175.235
2027	30.772.991
2028	33.610.261
2029	36.709.127

Sensitivity Analysis

The following sensitivity analysis presents the effect of these possible changes on the obligation, holding all other assumptions constant, as of December 31, 2023:

	Interest Rate	*COP $(000)*
Discount Rate	13,316%	214.693.652
-50 Basic points	12,816%	222.596.006
+50 Basic points	13,816%	207.317.378
Inflation rate	9,220%	214.693.652
-50 Basic points	8,720%	214.266.890
+50 Basic points	9,720%	215.120.507

Source: "Report on the valuation of the mathematical reserve for retirement pensions as of December 31, 2022, prepared by Loredana Helmsdorff, actuary.

The population considered in the study is 681 people, 568 with mathematical reserve calculation for retirement pensions and 114 pension bonds

(4) Includes employee incentives for achievement and performance, which are expected to be settled in the first half of the year 2024. The estimation was made based on the current workforce and estimated achievement percentages.

(5) Includes processes related to customer complaints and claims (PQR), additionally civil, tax, and administrative processes, which are under discussion with the regulator. The net decrease at the close of 2023 is mainly due to completed processes.

(6) 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 20223 corresponds mainly to the update of macroeconomic indicators (devaluation and CPI).

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The following is the change in provisions as of December 31, 2023:

	Balance as of December 31, 2022	Endowment	Application	Reversal	Financial Update	Transfers	Balance as of December 31, 2023
Current							
For taxes and consideration	100.082.064	404.567.253	(415.625.271)	-	-	-	89.024.046
For voluntary retirement	2.062.378	25.809.000	(2.061.797)	-	-	-	25.809.581
For pension liabilities	21.550.558	-	-	-	-	2.068.534	23.619.092
For employee benefits	34.738.066	54.475.270	(54.747.370)	(10.887.706)	-	-	23.578.260
For third-party claims and (Note 28)	6.701.584	5.987.595	(7.099.113)	(547.695)	-	-	5.042.371
For tax claims	2.202.958	7.269.302	(8.959.148)	(51.024)	-	-	462.088
	167.337.608	**498.108.420**	**(488.492.699)**	**(11.486.425)**	**-**	**2.068.534**	**167.535.438**
No Current							
For pension liabilities	184.046.743	4.993.667	(19.603.954)	-	26.323.230	(2.068.534)	193.691.152
For dismantling	58.750.975	10.643.321	-	-	5.803.183	-	75.197.479
For third-party claims and (Note 28)	14.691.640	9.361.547	(8.624.418)	(7.113.254)	-	-	8.315.515
	257.489.358	**24.998.535**	**(28.228.372)**	**(7.113.254)**	**32.126.413**	**(2.068.534)**	**277.204.146**
	424.826.966	**523.106.955**	**(516.721.071)**	**(18.599.679)**	**32.126.413**	**-**	**444.739.584**

The following is the change in provisions as of December 31, 2022:

	Balance as of December 31, 2021	Endowment	Application	Reversal	Financial Update	Transfers	Balance as of December 31, 2022
Current							
Provision for taxes and consideration	101.603.316	487.800.176	(489.321.428)	-	-	-	100.082.064
Provision for employee benefits	30.161.385	54.455.713	(47.986.322)	(1.892.710)	-	-	34.738.066
Pension liabilities	19.563.650	-	-	-	-	1.986.908	21.550.558
Provision for claims of third parties and labor Note 28)	2.607.434	7.113.418	(2.725.500)	(293.768)	-	-	6.701.584
For Tax Claims	1.389.555	1.596.701	(783.298)	-	-	-	2.202.958
Provision for voluntary retirement	2.645.120	2.232.989	(2.815.731)	-	-	-	2.062.378
	157.970.460	**553.198.997**	**(543.632.279)**	**(2.186.478)**	**-**	**1.986.908**	**167.337.608**
No Current							
Pension liabilities	184.296.084	7.185.867	(18.571.218)	-	13.122.918	(1.986.908)	184.046.743
Provision for decommissioning	48.499.954	4.766.306	-	-	5.484.715	-	58.750.975
Provision for claims of third parties and labor (Note 28)	10.077.285	18.624.308	(6.965.068)	(7.044.885)	-	-	14.691.640
	242.873.323	**30.576.481**	**(25.536.286)**	**(7.044.885)**	**18.607.633**	**(1.986.908)**	**257.489.358**
	400.843.783	**583.775.478**	**(569.168.565)**	**(9.231.363)**	**18.607.633**	**-**	**424.826.966**

20. SHAREHOLDERS' EQUITY, NET

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

Authorized capital	1.454.870.740
Subscribed and paid-in capital	3.410.076
Nominal Value (in pesos)	1

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The equity interest as of December 31, 2023, and 2022, is presented below:

Shareholders	**Number of actions**	**Participation**
Telefónica Hispanoamerica S.A.	2.301.779.819	67,49937427%
La Nación-Ministerio de Hacienda y Crédito Público	1.108.269.271	32,49984282%
Radio Televisión Nacional de Colombia-RTVC	10.000	0,00029325%
Shirley Puentes Mercado	9.950	0,00029178%
Adriana Cepeda Rodríguez	2.488	0,00007296%
Patricia Cepeda Rodríguez	1.493	0,00004378%
Darío Cárdenas Navas	885	0,00002595%
Eduardo Cárdenas Caballero	826	0,00002422%
Jhon Jairo Gutiérrez Torres	498	0,00001460%
Kira Torrente Albor	349	0,00001023%
Canal Regional de Televisión Ltda.- TEVEANDINA	200	0,00000586%
Área Metropolitana de Bucaramanga	2	0,00000006%
Instituto de Vivienda de Interés Social y Reforma Urbana del Municipio de Bucaramanga — INVISBU	2	0,00000006%
Caja de Previsión Social Municipal	2	0,00000006%
Cooperativa de Empleados de las Empresas Públicas de Bucaramanga Ltda.	2	0,00000006%
Central de Inversiones S.A.- CISA	1	0,00000003%
	3.410.075.788	**100,0000000%**

The equity interest as of December 31, 2023 remained unchanged compared to the December 2022 year-end.

Additional paid-in capital

This corresponds to the excess of the value received with respect to the nominal value of the shares in the issues that the Group has made from the moment of creation to date. As of December 31, 2023 and 2022 its value is $9,822,380,645.

Reserves

The following is the movement as of December 31, 2023:

	As of december 31, 2023
Reserves:	
Voluntary reserves (1)	38.686.537
Statutory reserves (2)	26.298.376
Legal reserve (3)	6.045.752
	71.030.665

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

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

b) Reserve for future expansions: Reserve created by the Company for future expansions, which is not distributable. The balance of this reserve as of December 31, 2023, and 2022 amounts to $3,730,162.

c) Reserve for share repurchase: Reserve constituted by the Group for share repurchase, non-distributable and whose balance as of December 31, 2023, and 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 December 31, 2022, and 2021, 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 December 31, 2023, and 2022 is $6,045,752.

Other Comprehensive Income

The Company recognized net (loss) income in Other Comprehensive Income (OCI) on December 31, 2023, for $85,984,752 and in 2022 for $105,117,411

The variation for the years ended December 31, 2023, and 2022, is mainly due to the valuation of derivative instruments for hedging purposes, net of taxes, amounting to $16,278,964. This was generated by the appreciation of the peso against the dollar by 20.5% during the year 2023, impacting the SORF and IBR interest rate curves.

Revaluation surplus net of taxes

The Company for the year ended December 31, 2022, and 2021 transferred directly to retained earnings the write-offs and the value associated with the realized depreciation of revalued assets and the corresponding deferred tax of $54,801,493 and $34,901,576, respectively.

21. OPERATING INCOME

Income from contracts with customers is presented below:

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	For the year ended december 31,	
	2023	**2022**
Mobile Services (1)		
Mobile data services	1.534.628.275	1.494.057.434
Voice services	613.726.050	661.270.656
Value-added services	192.444.984	176.426.347
Roaming out	42.095.021	42.649.728
	2.382.894.330	**2.374.404.165**
Fixed services (1)		
Capacity and technological solutions	967.375.447	978.662.572
Fixed data services	961.997.570	800.269.910
Television revenue	343.763.235	287.549.857
Fixed voice services	163.716.695	193.277.707
	2.436.852.947	**2.259.760.046**
Sale of terminal equipment (2)	792.583.323	1.096.179.236
Digital services (3)	701.960.511	575.345.775
Interconnection services (4)	200.805.808	285.209.515
Fixed services equipment sales (5)	99.667.925	71.317.169
Other data - mobile virtual network operator	32.747.819	36.588.426
Roaming revenue	35.404.162	30.362.321
	1.863.169.548	**2.095.002.442**
	6.682.916.825	**6.729.166.653**

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

As of December 31, 2023, and 2022 include operating income with related parties of $445,244,074 and $420,713,428, respectively (Note 27).

(1) In mobile and fixed service revenues, the performance in 2023 shows a strong performance, driven by connectivity through the fiber optic network, supported by expanded coverage and higher connection speeds.

(2) The handset sales during 2023 experienced a decrease compared to 2022, due to lower commercial activity during the period, influenced by changes in consumer behavior, impacted by current market economic conditions.

(3) The growth during 2023, compared to the previous year, is attributed to the dynamics of growth in demand for digital services, storage, and installation through technological platforms and network connections, mainly for enterprise solutions and projects.

(4) The variation in 2023 was mainly due to the decrease in mobile interconnection rates determined by the Communications Regulation Commission.

(5) The growth during 2023, compared to 2022, is primarily attributed to internet service connections provided over fiber using Wifi amplifiers.

22. OTHER OPERATING INCOME

Other operating revenues are presented below:

	For the year ended december 31,	
	2023	**2022**
Other operating income (1)	344.713.269	158.982.285
Sale of movable and immovable property (2)	48.352.905	932.070.606
Work carried out for fixed assets (3)	46.790.828	43.677.028
Investment property leasing (4)	141.002	161.167
	439.998.004	**1.134.891.086**

During the years ended December 31, 2023, and 2022, other operating income with related parties amounted to $274,850,229 and $1,619,910,820, respectively (Note 27).

(1) In 2023, this includes income corresponding to exclusivity amortization of $235,814 million (2022 - $70,237 million). The growth corresponds to the acceleration of homes connected, according to a modification signed regarding the exclusivity commitment. Additionally, there are revenues from billing and collection services, administrative and platform management totaling $94,630 million (2022 - $86,745 million), state subsidy income of $737 million (2022 - $2,000 million) and guarantees with third parties during 2023 amounting to $13,532 million.

(2) The decrease in 2023 compared to the previous year is mainly due to: i) the sale of fiber optic assets to Onnet Fibra Colombia S.A.S. for a net amount of $746,894 million; ii) sale of real estate assets and rooftop towers for a net amount of $170,130 million, offset in 2023 by the sale of immobilized assets for $33,306 million.

(3) The increase in 2023 compared to 2022 is mainly due to increased work performed by direct personnel of the Group, who carry out tasks related to the development and implementation of fixed assets.

(4) It corresponds to income generated from investment properties, which are measured at fair value. The balance as of December 31, 2023, and 2022, is $8,045 million.

Classification in comparative information.

For presentation purposes, the Group classified in the condensed consolidated interim statement of comprehensive income as of 2022 the amount of revenues from customers associated with value added services to the other operating income line.

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23. OPERATING COSTS AND EXPENSES

Operating costs and expenses are presented below:

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	For the year ended december 31,	
	2023	**2022**
Cost of equipment (1) (Notes 8 & 10)	1.210.924.413	1.344.998.239
Labor costs (2)	542.736.330	478.039.534
Media rental and other network infrastructure (3)	537.429.526	435.009.789
Operating costs and expenses (4)	451.375.070	422.328.391
Renting and third-party activities to customers (5)	437.631.075	490.809.307
Content providers (6)	390.965.848	294.962.388
Taxes and consideration (7)	326.273.317	277.988.075
Sales and contract commissions (8)	278.826.780	256.747.724
Maintenance of equipment and facilities	270.667.574	260.467.764
Energy service (9)	259.983.924	225.266.524
Interconnection and roaming (10)	249.613.393	347.395.611
IT services (11)	168.974.254	156.069.940
Advertising (12)	167.854.260	185.902.251
Cost of contract performance (13) (Note 8)	93.353.780	70.106.291
Portfolio impairment (14) (Note 7)	87.961.515	95.108.531
Customer services (15)	74.088.031	66.802.347
Other and non-recurring costs and expenses (16)	10.211.482	15.779.045
Provision (recovery) of inventories (17) (Note 10)	3.467.983	(1.393.262)
	5.562.338.555	**5.422.388.489**

The net variation presented between the years ended December 31, 2022, and 2021 corresponds mainly to: i) network infrastructure services generated by the increase in connectivity services through fiber optics for the residential and corporate segments; ii) increase in television content, mainly due to the rise in the use of applications and licenses for corporate projects and the use of streaming services and premium channels iii) increase in taxes and, iv) decrease in interconnection and roaming due to regulatory changes in interconnection service rates.

During the years ended December 31, 2023, and 2022, operating expenses with related parties are included for $629,179,885 and $503,242,722, respectively (Note 27).

(1) During the years 2023 and 2022, consumption of inventories carried at the cost of sales of $1,067,522,609 and $1,245,000,795 (Note 10) and amortization of customer premises equipment costs of $143,401,804 and $99,997,444 (Note 8), respectively, were recognized. The increase during the year ended December 31, 2023, this corresponds to the net effect of lower sales of smartphone mobile terminal equipment and an increase in home customer equipment and materials for the execution of fiber optic deployment projects, compared to the same period in 2022.

(2) The increase during the year ended December 31, 2023, is mainly attributable to the salary increment and an increase in restructuring expenses compared to 2022.

(3) The increase in 2023 compared to the same period in 2022 is primarily due to connectivity services through fiber optics for residential and corporate segments.

(4) It mainly includes expenses related to debt collection, surveillance and security, insurance, consultancy and advisory fees, digital services and products, travel expenses, and public utilities. The increase in the year ended December 31, 2023, is

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primarily due to debt collection activities related to commercial receivables and the provision of digital services, support, consultancy, and surveillance and security.

(5) The decrease in the year ended December 31, 2023, compared to 2022, is mainly attributable to lower execution of projects with corporate clients, additionally due to a decrease in co-investment services in network deployment.

(6) During 2023, there is an increase mainly due to the use of applications and licenses for corporate segment projects and an increase in streaming services and premium channels.

(7) The increase in the year ended December 31, 2023, is mainly due to the industry and commerce tax - ICA, which for 2023 will be deductible in the calculation of the net profit tax, compared to 2022 where 50% of the tax was treated as a tax credit. Additionally, in 2023, there is an increase in the tax expense for public lighting and the use of the radio spectrum.

(8) For the periods ended December 31, 2023, and 2022, it includes the amortization of contract acquisition costs of $145,516,658 and $89,625,015, respectively. The increase corresponds to increased commercial activity mainly in data services leveraged on fiber optic deployment coverage.

(9) The increase in the year ended December 31, 2023, is mainly due to increased consumption volume and tariff hikes in the energy sector (10.22% per kilowatt-hour kWh), compared to the previous year.

(10) During the year ended December 31, 2023, there is a decrease mainly due to lower mobile interconnection rates determined by the Communications Regulation Commission.

(11) The increase in 2023 corresponds mainly to the renewal and acquisition of licenses for information technology (IT) platforms and software applications, including technical and functional support for projects with corporate clients according to the 2023 commercial activity.

(12) It includes expenses for brand use (Brand Fee) and advertising in media, promotion, events, and propaganda, as well as sponsorship expenses (Colombian Football Federation and Movistar Arena). The decrease in 2023 compared to 2022 corresponds to fewer campaigns in digital media.

(13) The increase in 2023 corresponds mainly to the amortization of client installation costs associated with increased commercial activity in previous periods.

(14) During the year ended December 31, 2023, the net expense was $87,962 million, as follows: i) Customer impairment for $89,943 million (Note 7); ii) recovery for ($1,981) million (Note 7). The decrease during the year ended December 31, 2023, is mainly due to the update of matrices by commercial segment and a decrease in demand for mobile terminals.

(15) During the year ended December 31, 2023, there is an increase corresponding 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).

(16) The decrease during the year ended December 31, 2023, mainly corresponds to restatement of the provision for legal proceedings with third parties. In 2022, there was a greater impact from litigation, mainly in proceedings before the Superintendence of Industry and Commerce, the Ministry of Information and Communications Technologies of Colombia, and the Superior Council of the Judiciary.

(17) The increase presented in the year ended December 31, 2023, is mainly due to the increase in inventory turnover days for handset.

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24. DEPRECIATION AND AMORTIZATION

Depreciation and amortization are presented below:

	For the year ended december 31,	
	2023	2022
Depreciation of property, plant and equipment (Note 14)	559.603.799	601.336.726
Amortization of intangible assets (Note 15)	550.743.321	502.850.376
Depreciation of right-of-use assets (Note 13)	286.330.560	287.600.733
	1.396.677.680	**1.391.787.835**

25. FINANCIAL EXPENSES, NET

Financial expenses, net are presented below:

	For the year ended december 31,	
	2023	2022
Income:		
Financial income from transactions with affiliates (1)	111.581.123	56.615.959
Interest on arrears for customers (2)	37.730.143	26.885.673
Returns from temporary and bank investments (Note 5)	4.961.845	1.654.034
	154.273.111	**85.155.666**
Expenses:		
Interest on loans on debentures and bonds (3)	(337.783.454)	(261.009.081)
Finance expenses for leases (4)	(144.989.195)	(89.014.210)
Interest hedging transactions, net	(76.639.515)	(72.778.679)
Spectrum Provider Loan Expenses (5)	(54.689.046)	(66.201.488)
Other financial expenses (6)	(51.332.784)	(58.529.951)
Financial update of liabilities (7)	(32.122.813)	(18.603.969)
Taxation of financial transactions	(3.543.654)	(915.021)
	(701.100.461)	**(567.052.399)**
(Loss) Gain for difference on exchange, net	(11.249.557)	611.477
	(712.350.018)	**(566.440.922)**
	(558.076.907)	**(481.285.256)**

The net increase is explained by: (i) an increase in net interest from financial obligation hedges due to the rise in IBR (Reference Banking Indicator) and SOFR (Secured Overnight Financing Rate) curves affecting debt exposed to variable interest rates; (ii) an increase in financial leases due to renewals, new contracts made in 2023, and increases in rents associated with the Consumer Price Index (CPI)

(1) Corresponds to the overachievement of the agreed conditions in the Master Business Plan for the year 2022 of the Earn-Out for $52.096 million, interest on the long-term loan with the Group associated with Alamo Holdco, S.L. established in the framework contract for the sale of fiber optic assets made in 2023 for $50.442 million (Note 27). Additionally, financial update on the Earn-Out right for $9.043 million (Note 27).

(2) During the year ended December 31, 2023, there is an increase compared to 2022 in the interest generated from portfolio recovery management with customers.

(3) It mainly includes interest from the senior bond for the year ended December 31, 2023, and 2022, amounting to $106,330,719 and $106,140,906, from the local bond for $45,829,749 and $40,219,812, and financial obligations for

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$185,622,986 and $114,648,363, respectively. The increase is due to increases in interest rates impacted by the peso's volatility against the dollar during the year.

(4) During the year ended December 31, 2023, there is an increase compared to 2022 due to renewals and subscription of new contracts and increased fees due to the Consumer Price Index (CPI) impact.

(5) Corresponds to financial indexation for renewing the 1,900 MHz spectrum for 20 years.

(6) It mainly includes the recognition of the financial component of the long-term exclusivity commitment contract related to fiber optics for $31,559 million. Additionally, it includes the structuring cost in portfolio sales for $6,492 million, financial commissions of $6,217 million, indexation of the 850 MHz license for $4,034 million, and debt transaction costs of $1,960 million.

(7) As of December 31, 2023, and 2022, it includes expenses for updating the pension liability for $26,323,230 and $13,122,918, and the update of the provision for decommissioning fixed assets for $5,803,183 and $5,484,715, 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 maintain the quality of existing services and its

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ability to launch and provide new services, which could materially adversely affect the Group's business, financial condition, results of operations and/or cash flows.

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

Existing licenses: renewal processes and modification of service operating conditions.

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

The Group depends on a network of suppliers.

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

As of December 31, 2023, the Group had 11 suppliers of mobile terminals (none of them located in China). In addition, the Group has 33 infrastructure suppliers. The amount awarded for mobile terminals corresponds to 27% of the total awards made in the fourth quarter of 2023 and 21% for infrastructure providers. The mobile terminals supplier with the highest share of the amount awarded for this category is 20%. For infrastructure providers, the one with the highest share is 42% of the amount awarded to these providers. These suppliers can, among other things, extend delivery times, raise prices and limit supply due to a lack of stock and business requirements or other reasons.

If suppliers are unable to supply their products within the agreed deadlines or such products and services do not meet the requirements, this could jeopardize the network deployment and expansion plans, which in some instances could affect compliance with the terms and conditions of the securities under which the Group operates or compromise business and operating results. In this regard, the possible adoption of protectionist measures in certain parts of the world, including those resulting from the outcome of trade tensions between the United States and China and/or the adoption of containment or other restrictive measures as a result of the COVID-19 pandemic or any other crisis or pandemic, could adversely affect some of the Group's suppliers and other operators in the sector.

The semiconductor industry, in particular, is facing a number of challenges mainly as a result of global supply issues, which in turn are affecting multiple sectors (including technology) through delivery delays and price increases, which could affect the Group or other actors relevant to its business, including its customers, suppliers, and partners.

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

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Markets Subject to Continuous Technological Evolution

The Group's success depends, to a certain extent, on its adaptability to technological evolution, in the times the market demands, anticipating technological changes and market demands. Technological evolution is permanent, offering the market new products, services, and technologies, obliging us to update them constantly. The development of constant technological innovation also generates the obsolescence of some of the products and services offered by the Group, as well as their technology, significantly reducing revenue margins by having an obligation to invest in the development of new products, technology, and services and at the same time continue to provide maintenance in technologies, which will remain in force until we achieve the migration of all users or the regulation allows their controlled shutdown. In addition, the convergence of new technologies allows new entrant operators the possibility of not being subject to the regulatory standards that have been in force in the past, leaving us in a disadvantageous position before these new players in the sector.

Consequently, it could be costly for the Group to develop the products and technologies necessary to continue competing efficiently with current or future competitors. It is therefore important to consider that increased costs could negatively impact the business, its financial situation, and the Group's economic results or cash generation.

The Group, as a major player in the communications market, must continue to upgrade its networks associated with mobile and fixed line services in a satisfactory manner and in a timely manner to maintain and increase its customer base in each of its markets to enhance its financial performance, as well as to comply with applicable regulatory requirements. Among other things, the Group may need to upgrade the operation of its networks to increase the personalization of its services, the virtualization of equipment, increase processing and data storage capacities, and increase coverage in some of its markets. Equally important is the need to expand and maintain the level of customer service, network management, and administrative systems.

One of the technologies that telecommunications operators, including the Group, are currently investing in is the new FTTH type networks, which offer high-performance broadband access over fiber optics.

However, the deployment of such networks, in which fiber optics replaces all or part of the copper in the access loop, involves high investments. There is a growing demand for the services offered by the new networks to end customers; however, the high level of investment requires continuous analysis of the return on investment, and there is no certainty as to the profitability of these investments.

Additionally, the adaptability of the Group's information systems, both operational and support, to adequately respond to the Group's operational needs is a relevant factor to consider in business development, customer satisfaction, and business efficiency. While automation and other digital processes can lead to significant cost savings and efficiency gains, there are significant risks associated with such process transformation.

Any failure by the Group to develop or implement IT systems that adequately respond to the Group's changing operational requirements could have a negative impact on the business, financial position, operating results, and/or cash generation.

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.

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Risks Associated with Unplanned Network or System Outages

Network interruptions are situations inherent to the operation of any element that constitutes it, which affect the service, causing dissatisfaction among users due to the impossibility of communication, as well as a significant risk of requirements from control entities that could result in high impact sanctions for the Group. The only possibility of minimizing or reaching a controlled level of risks on unforeseen network interruptions is focused on being able to guarantee a periodic and efficient preventive and corrective maintenance model on network equipment, as well as the investment in elements that have completed their useful life and that guarantee redundancy to support the service in the event of eventual failures.

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

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

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

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

28.3 Financial risks.

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 December 31, 2023, and 2022, financial debt amounted to $6.171.949 million and $6,369,183 million, respectively (Note 17).

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

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

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

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

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

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

Risk Management Policy

The Group may be exposed to various financial market risks as a result of: (i) the normal course of its business and (ii) the financial debt contracted to finance its business. The main risks are exchange rate, interest rate, liquidity, and credit risks. No significant impacts were identified in the financial risk assessment process.

Interest Rate Risk

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

Liquidity risks

The Group is exposed to liquidity risk mainly due to imbalances between cash requirements and sources of funds. As a mitigation strategy, the Company holds highly liquid assets and unused credit lines. Additionally, there is the option to rollover financial obligations.

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

Figures in millions	NDF		IRS Libor	IRS IBR	IRS IPC	CCIRS (margen)	CCIRS
Underlying	USD	EUR	USD	COP	IPC	USD	USD
Senior bond	-	-	500	1.498.700	-	500	1.000
Debt in USD$/COP	-	-	-	600.000	152.410	-	-
Commercial accounts	116	35	-	-	-	-	-
Future cash flows	115	-	-	-	-	-	-
	231	**35**	**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:

Figures in millions	NDF		IRS Libor	IRS IBR	IRS IPC	CCIRS (margen)	CCIRS
Underlying	USD	EUR	USD	COP	IPC	USD	USD
Senior bond	-	-	500	1.498.700	-	500	1.000
Debt in 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

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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 December 31, 2023, and 2022, the Group's debt in US dollars, including the senior bond maturing in 2030, amounts to USD 500 million, equivalent to $1,911.025 million and $2,405.100 million, respectively. Additionally, interest payable amounts to USD 11 million, equivalent to $43.094 million and $54.235 million, respectively.

Additionally, considering the normal flow of the Group's business, hedges of commercial accounts were made, corresponding to OPEX (Operating Expenses) and CAPEX (Capital Expenditure) invoices in foreign currency, which were recorded in the Consolidated Statement of Financial Position. Finally, highly probable future cash flow hedges were contracted through NDF (Non-Delivery Forwards) with terms up to one year to hedge a portion of the OPEX and CAPEX in foreign currency of the budget during the following year.

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

Figures in thousands of US dollars:

	As of december 31 ,	
	2023	**2022**
Assets		
Cash and cash equivalents (Note 5)	1.556	849
Accounts receivable and other accounts receivable (Note 7)	9.053	6.986
Related parties (Note 27)	70.068	1.934
Total assets	**80.677**	**9.769**
Liabilities		
Financial liabilities (Note 17)	511.275	511.275
Suppliers and accounts payable (Note 18)	123.986	156.931
Related parties (Note 27)	60.272	30.880
Total liabilities	**695.533**	**699.086**
Passive, net position	**(614.856)**	**(689.317)**

Cifras en miles de pesos:

	As of december 31 ,	
	2023	**2022**
Assets		
Cash and cash equivalents (Note 5)	5.947.110	4.083.860
Accounts receivable and other accounts receivable (Note 7)	34.601.019	33.604.057
Related parties (Note 27)	267.803.399	9.302.927
Total assets	**308.351.528**	**46.990.844**
Liabilities		
Financial liabilities (Note 17)	1.954.118.614	2.459.335.005
Suppliers and accounts payable (Note 18)	473.880.691	754.869.496
Related parties (Note 27)	230.362.598	148.538.976
Total liabilities	**2.658.361.903**	**3.362.743.477**
Passive, net position	**(2.350.010.375)**	**(3.315.752.633)**

Interest Rate Risk

After hedging, the variable rate exposure is 23% of total debt, within the framework of a risk management policy in line with the expansionary monetary policy stance of Banco de la República in the medium term.

At December 31, 2023, the fixed and variable rate debt was as follows:

Figures in millions of pesos:

	Financial Obligations (1)		
Fixed-rate Obligations	**Valor (1)**	**Participation**	**Index**
Debt in COP	1.400.000	37%	Fixed rate
Senior bond	1.528.820	40%	Fixed rate
	2.928.820	**77,00%**	
Variable-rate bonds			
Senior bonus	382.205	10,0%	Floating
Debt in USD	498.000	13,1%	Libor3M
	880.205	**23%**	
	3.809.025	**100%**	

(1) Interest rate exposure after hedging.

Debt sensitivity to changes in interest rates

Debt was analyzed for both positive and negative movements of 100 basis points in interest rates.

The sensitivity calculation was performed only on the debt exposed to variable interest rates, which represents 23% of the total.

The sensitivity result is as follows:

	Impact on results
+100pbs	(8.940.301)
-100pbs	8.940.301

As of December 31, 2021, the fixed rate and variable rate debt were as follows:

After hedges, the variable rate exposure is 70.3% of total debt, as part of a risk management policy in line with the expansionary monetary policy stance of Banco de la República in the medium term

Figures in millions of pesos:

	Financial Obligations (1)		
Fixed-rate Obligations	**Valor (1)**	**Participation**	**Index**
Debt in COP	1.400.000	32,53%	Fixed rate
Senior bond	1.924.080	44,71%	Fixed rate
	3.324.080	**77,24%**	
Variable-rate Obligations			
Senior Bond	481.020	11,18%	Floating
Debt in COP	498.000	11,57%	Ibr3M
	979.020	**22,75%**	
	4.303.100	**100%**	

Derivative Financial Instruments and Risk Management Policy

The breakdown of the Group's derivatives at December 31, 2023, as well as their fair value at that date and the expected maturity schedule by the notional amount and by type of hedge, is as follows:

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		Notional Value (2) - Maturities *(Figures in millions of pesos)*			
Derivatives	**Fair Value (1)**	**2024**	**2025**	**Further**	**Total**
Interest rate hedges					
Cash Flow Hedges	(295.164)	-	-	3.822.050	3.822.050
	(295.164)	**-**	**-**	**3.822.050**	**3.822.050**
Exchange rate hedges					
Cash Flow Hedges	(12.453)	438.840	-	-	438.840
Fair Value Hedges	(46.676)	594.110	-	-	594.110
	(59.129)	**1.032.950**	**-**	**-**	**1.032.950**
Interest rate hedges and exchange rate					
Cash Flow Hedges	182.413	-	4.009.725	2.063.435	6.073.160
	182.413	**-**	**4.009.725**	**2.063.435**	**6.073.160**
	(171.880)	**1.032.950**	**4.009.725**	**5.885.485**	**10.928.160**

(1) Presented net of Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA).

(2) For interest rate hedges, the positive amount is in terms of a fixed payment; for foreign exchange hedges, a positive amount means payment in functional currency versus foreign currency.

The breakdown of the Group's derivatives at December 31, 2022, as well as their fair value at that date and the expected maturity schedule by the notional amount and by type of hedge, is as follows:

		Notional Value (2) - Maturities *(Figures in millions of pesos)*		
Derivatives	**Fair Value (1)**	**2023**	**Further**	**Total**
Interest rate hedges				
Cash Flow Hedges	(334.123)	-	4.810.200	4.810.200
	(334.123)	**-**	**4.810.200**	**4.810.200**
Exchange rate hedges				
Cash Flow Hedges	5.757	58.499	-	58.499
Fair Value Hedges	19.720	631.586	-	631.586
	25.477	**690.085**	**-**	**690.085**
Interest rate hedges and exchange rate				
Cash Flow Hedges	771.506	-	7.061.310	7.061.310
	771.506	**-**	**7.061.310**	**7.061.310**
	462.860	**690.085**	**11.871.510**	**12.561.595**

(1) Presented net of Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA).

(2) For interest rate hedges, the positive amount is in terms of a fixed payment; for foreign exchange rate hedges, a positive amount means payment in functional currency versus foreign currency.

Country Risk

In 2023, the economy underwent a process of adjusting the accumulated imbalances from previous years. Economic growth experienced a significant slowdown in 2023 due to a contraction in domestic demand. In the first eleven months of the year, the economy grew by 1% compared to the same period of the previous year, moderating from the 7.3% growth recorded in 2022. The weakening of economic activity was framed by a sharp decline in domestic demand, explained by a contraction in investment and reduced momentum from household consumption. Investment levels were significantly below those recorded

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in the pre-pandemic period, with potential implications for the country's growth potential. All of this occurred in a context of high inflation and elevated interest rates.

The inflation rate closed the year in single digits, marking 9.28%, decreasing by 3.8 percentage points compared to the previous year's close. The disinflationary process was driven by a correction in food inflation and, to a lesser extent, goods, despite pressures from services and regulated items. Currency appreciation, the decline in international input costs, and improved weather conditions explained this performance. In a context of high inflation, the Central Bank tightened its monetary policy stance, raising its reference rate to 13.25% in April 2023 (+125 basis points vs December 2022), a level not seen in over two decades. As of December 31, 2023, it cut its reference rate by 25 basis points, bringing it to 13%.

The exchange rate closed the year at $3,822.05, appreciating by 20.5% compared to the end of 2022. During the year, it averaged $4,292, 1.7% higher than in 2022. Throughout the year, the Colombian peso experienced an appreciation trend, mainly driven by improvements in Colombia's risk premium metrics. The reduced perception of risk for the country was explained by the attenuation of political uncertainty and the correction of the country's macroeconomic imbalances. In the political sphere, the breakup of the government coalition in congress (April 2023) and the results of the regional elections in October 2023 generated expectations of more moderate policies, given the executive's need to reach consensus for their implementation, with limited impacts on the markets. Similarly, social reforms (health, pension, and labor) made slow progress in Congress, and their processing will continue in 2024. In addition, the country's fiscal and external imbalances decreased, attenuating the country's external vulnerability. The fiscal deficit corrected to 4.2% of GDP in 2023 (2022: 5.3%), while the current account deficit corrected to 2.7%, as of September 2023 (2022: 6.2%). Public debt decreased to 52.8% of GDP (-5.1 percentage points compared to 2022).

26.4 Legal and compliance risks

Legal proceedings.

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

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

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

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

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

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

Among other conducts, such rules prohibit offering any object of value to public or private officials to obtain or maintain business or secure any undue business advantage. Likewise, keeping books and records that do not adequately and accurately reflect transactions is prohibited.

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

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

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In particular, this risk is especially relevant in the relationship between the Group and public officials and/or entities in the institutional, regulatory (it is a regulated activity in different orders), operational (in the deployment of its network, it is subject to obtaining multiple activity permits) and commercial (it provides services directly and indirectly to Public Administrations) areas.

In addition to having high exposure to the risk of corruption, the Group is subject to the authority of different regulators and compliance with various national or extra-territorial regulations, sometimes with shared competencies, making it very difficult to quantify the potential impact of any non-compliance, taking into account that such quantification must consider not only the economic amount of sanctions, but also their potential negative impact on the business, reputation and/or brand, and even, if applicable, on the ability to contract with the Public Administrations.

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

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

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

27. RELATED PARTIES

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

During the years 2023 and 2022, the Group made payments to the Colombian Government for contributions to the Ministry of Communications and Information Technologies (MINTIC) for $97,918,136 and $97,471,373 and the Communications Regulation Commission (CRC) for $7,485,687 and $6,964,311 respectively, on income 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 december 31,	
	2023	**2022**
From abroad		
Telefónica Hispanoamérica, S.A (1)	13.975.400	16.282.486
	13.975.400	**16.282.486**

The decrease as of December 31, 2023, is due to lower recovery of support services, regional staff support, and advisory services, compounded by the appreciation of the exchange rate compared to the end of 2022.

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b) Economic relationships

	As of december 31,	
National	**2023**	**2022**
Telefónica Global Solutions Colombia, S.A.S. (antes TIWS Colombia II) (1)	10.017.879	6.848.683
Telxius Cable Colombia S.A. (antes TIWS Colombia)	1.514.809	578.032
Telefónica Cybersecurity & Cloud Tech Colombia S.A.S.	249.777	153.685
Wayra Colombia S.A.S.	87.465	40.006
	11.869.930	**7.620.406**

	As of december 31,	
	2023	**2022**
From Abroad		
Telefónica Global Solutions S.L. (Antes TIWS II) (2)	2.002.538	7.513.974
Telefónica Móviles Chile S.A.	515.260	322.050
Telefónica Móviles Argentina S.A.	505.246	297.818
Otecel S.A.	462.047	702.603
Telefónica Global Roaming Gmbh	436.854	875.785
Telefónica del Perú S.A.	357.332	292.358
Telefonica Brasil S.A	347.002	321.563
Telefónica S.A.	346.693	24.751
Telefónica Móviles España S.A.U.	261.813	1.052.367
Pegaso Pcs. S.A. de C.V.	229.395	144.199
Telefónica Venezolana C.A.	160.405	195.007
Terra Networks Mexico S.A. de CV	143.540	79.943
Telefónica Móviles Uruguay	23.268	21.097
Telefonica Germany GMBH & CO OHG	2.264	147.445
	5.793.657	**11.990.960**
	17.663.587	**19.611.366**

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(1) The increase as of December 31, 2023, is attributed to higher interconnection services, dedicated channel leasing, and hosting.

(2) The decrease in 2023 is due to the closure of reconciliations for international long-distance services.

c) Associated Companies

	As of december 31,	
National	**2023**	**2022**
Onnet Fibra Colombia S.A.S. (1)	163.786.122	140.559.521
Telefónica Factoring Colombia S.A. (2)	331.202	-
	164.117.324	**140.559.521**
From abroad		
Telefónica UK Ltd.	671.686	228.853
Telefónica Factoring España S.A.	4.996	-
	676.682	**228.853**
Total associates	**164.794.006**	**140.788.374**
All accounts receivable with related parties (Note 7)	**196.432.993**	**176.682.226**

No Current

	As of december 31,	
	2023	**2022**
Alamo Holdco, S.L. (3)	473.931.256	423.489.359
Onnet Fibra Colombia S.A.S. (1)	121.304.383	304.728.398
Total associates	**595.235.639**	**728.217.757**
All accounts receivable with related parties (Note 7)	**791.668.632**	**904.899.983**

(1) The net increase in the current portion is primarily due to: i) transfer from long-term to short-term by USD 33 million in accordance with the payment plan of the second tranche of the Earn Out, and decrease due to the fulfillment and settlement of the first tranche by USD 13.3 million of the Earn Out established in the framework contract of the fiber optic business. Additionally, decrease due to the impact of the 20.5% year-on-year appreciation of the peso against the dollar. ii) Decrease due to fiber optic deployment by year-end collections.

The non-current portion decreases due to the transfer to short-term by USD 33 million corresponding to the second tranche of the Earn Out and the impact of the 20.5% year-on-year appreciation of the peso against the dollar.

(2) Corresponds to intermediation fees in the factoring operation.

(3) Corresponds to the loan granted in the transaction carried out in the fiber optic business, and the increase corresponds to the financial update generated during the year 2023.

The balances in foreign currency of domestic accounts receivable from related parties as of December 31, 2023, and 2022 are USD 70,068 thousand ($267,803,399) and USD 1,934 thousand ($9,302,927), respectively (Note 26).

27.2. Accounts payable

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

Current

a) Shareholders

	As of december 31,	
	2023	**2022**
From abroad		
Telefónica Hispanoamérica, S.A.	9.007.064	9.622.788
	9.007.064	**9.622.788**

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Economic related parties

	As of december 31,	
	2023	**2022**
National		
Telefónica Global Solutions Colombia, S.A.S. (Antes TIWS Colombia II)	19.328.806	38.857.323
Telxius Cable Colombia S.A. (Antes TIWS Colombia) (2)	31.189.968	19.025.875
Telefónica Cybersecurity & Cloud Tech Colombia S.A.S. (1)	38.604.002	17.477.719
	89.122.776	**75.360.917**

(1) Corresponds to digital security services, monitoring, and licenses primarily for corporate projects.

(2) Corresponds to obligations for renting capacity in international media and rights of use.

	As of december 31,	
	2023	**2022**
From the outside		
Telefónica S.A.	51.999.362	19.647.698
TIWS II	35.024.826	31.182.254
Telefónica Digital España S.A.	25.489.541	17.466.888
Telefónica Global Technology	14.568.269	15.032.224
Telefónica USA Inc.	9.505.017	5.731.688
Telefónica del Perú S.A.	5.053.644	1.071.005
Telefonica IOT & Big Data Tech, S.A	5.600.288	3.066.449
Telefonica Chile Servicios	6.297.835	-
Telefónica Compras Electrónicas	5.579.072	4.173.282
Terra Networks Mexico S.A. de CV	2.017.558	1.388.772
Telefónica Móviles España S.A.	2.235.010	2.029.992
Telefónica Servicios Audiovisuales	1.063.099	924.163
Telefónica Global Roaming	708.825	399.247
Pegaso Pcs. S.A. de C.V.	839.615	966.155
Telefónica Móviles Argentina S.A.	535.787	230.849
Otecel S.A.	415.465	523.189
Telefónica Brasil S.A	257.717	355.764
Telefónica Móviles de Chile	123.602	183.853
Telefónica Venezolana C.A.	92.526	270.335
Acens Technologies	62.993	0
Telefónica Móviles Uruguay S.A.	45.772	35.072
O2 Germany GMBH & CO OHG	50.939	69.894
Telefónica Ingeniería de Seguridad	-	118.488
	167.566.762	**104.867.261**
	256.689.538	**180.228.178**

(1) Corresponds to obligations for brand usage fees and for the settlement of stock plans with employees.

(2) Corresponds to obligations for Digital Fee related to licenses and platforms for IPTV; at the close of 2023, there is a unification with the operator Telefónica Digital España S.L.

(3) Includes the provision of support services and regional support for direct personnel.

Associated Companies

	As of december 31,	
	2023	**2022**
National		
Onnet Fibra Colombia S.A.S. (1)	78.638.936	37.025.755
	78.638.936	**37.025.755**
From the outside		
Telefónica UK Ltd	198.761	133.106
	78.837.697	**37.158.861**
Total suppliers and accounts payable with related parties (Note 18)	**344.534.299**	**227.009.827**

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Non-current

	As of december 31,	
	2023	**2022**
Share-based payments		
Telefónica S.A.	3.584.437	4.817.768
Total suppliers and accounts payable with related parties (Note 18)	**3.584.437**	**4.817.768**

The balances in foreign currency of accounts payable in relation to related parties as of December 31, 2023, are USD 60,272 thousand ($230,362,598) and as of December 31, 2022, are USD 30,880 thousand ($148,538,976) (Note 26)

(1) Corresponds to connectivity services on the fiber optic network, the increase is generated by a greater number of homes connected as of the close of December 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

	For the year ended december 31,			
	Income		Costs and Expenses	
	2023	2022	2023	2022
From abroad				
Telefónica Hispanoamérica, S.A.	18.171.233	18.492.996	11.315.183	8.379.832
	18.171.233	**18.492.996**	**11.315.183**	**8.379.832**

b) Financial Related Parties

	For the year ended december 31,			
	Income		Costs and Expenses	
	2023	2022	2023	2022
National				
Telefónica Global Solutions Colombia, S.A.S. (antes TIWS Colombia I	19.975.878	18.890.622	20.186.378	24.699.337
Telxius Cable Colombia S.A. (antes TIWS Colombia) (1)	1.846.101	4.894.770	47.344.167	46.563.710
Telefónica Cybersecurity & Cloud Tech Colombia S.A.S. (2)	1.093.993	433.708	62.794.896	39.449.702
Wayra Colombia S.A.S.	441.236	479.532	-	-
	23.357.208	**24.698.632**	**130.325.441**	**110.712.749**

1) In 2023, revenues were primarily generated from dedicated channel services, hosting, and interconnection. The decrease corresponds to the sale of properties during 2022. The year-over-year variation in costs is mainly due to price increases caused by inflation.

2) In 2023, the growth in revenue compared to 2022 is primarily attributed to increased professional services and office leasing services. The cost increase is mainly attributed to cybersecurity services, renting licenses, and corporate project activities.

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	For the year ended december 31,			
	Income		**Costs and Expenses**	
	2023	**2022**	**2023**	**2022**
From abroad				
Telefónica Global Solutions S.L. (Antes TIWS II) (1)	14.862.090	18.905.235	46.599.079	58.536.612
Telefónica Global Roaming Gmbh (2)	3.844.791	11.665.936	1.029.983	1.203.843
Telefónica Móviles Chile S.A.	1.081.921	1.119.523	229.630	211.425
Telefonica Brasil S.A	971.230	558.595	411.333	443.815
Telefónica del Perú S.A. (3)	927.384	777.052	9.266.472	487.289
Telefónica Móviles España S.A.U. (4)	846.097	1.668.707	2.380.435	2.407.339
Otecel S.A.	669.232	582.082	460.014	244.942
Telefónica Móviles Argentina S.A.	300.782	251.282	390.464	319.027
Terra Networks Mexico S.A. de CV	194.367	220.066	3.880.708	3.305.808
Pegaso Pcs. S.A. de C.V.	123.677	166.828	1.237.099	1.676.384
Telefónica Ingeniería de Seguridad S.A.	118.488	-	-	19.492
Telefónica Móviles Uruguay	55.221	43.635	63.156	71.203
Telefonica Germany GMBH & CO OHG	11.246	11.643	227.171	305.050
Acens Technologies S.L.	8.473	-	-	-
Telefónica Factoring S.A.	4.199	-	-	-
Telefónica Venezolana C.A.	996	155	179.455	245.411
Media Networks Latin America S.A.C.	-	2.202.201	1.696.149	-
Telefónica de Argentina S.A.	-	1.964.289	-	-
Telefónica Digital España S.L.	-	52.558	-	20.135.220
Telefónica Educación Digital, S.L.U.	-	29.731	-	-
Telefónica S.A.	-	11.231	55.804.534	64.542.064
Telefónica Investigación y Desarrollo, S.A. (TIDSA)	-	-	28.613.975	-
Telefónica Global Technology S.A.U. (5)	-	-	16.998.444	23.522.527
Telefónica Global Solutions USA, INC. (antes Telefónica USA)	-	-	10.899.650	8.389.614
Telefónica Compras Electrónica, S.L.	-	-	9.089.502	8.719.962
Telefónica IoT & Big Data Tech, S.A.	-	-	8.774.182	8.638.154
Telefónica Chile Servicios Corporativos Limitada(6)	-	-	6.631.997	-
Telxius Cable América S.A. (7)	-	-	1.917.141	5.746.472
Telefónica Servicios Audiovisuales S.A.U.	-	-	1.760.677	1.433.686
Telxius Cable España S.L.U.	-	-	959.813	1.974.239
Telefonica Cybersecurity & Cloud Tech S.L.	-	-	-	98.949
	24.020.194	**40.230.749**	**209.501.063**	**212.678.527**
	47.377.402	**64.929.381**	**339.826.504**	**323.391.276**

(1) There is a decrease in income from international long-distance traffic compared to 2022. In 2023, there is a decrease in international long-distance services by $7.000 million, Cisco licenses by $2.350 million, and firewall-antivirus license services by $2.700 billion.

(2) In 2023, there is a decrease in international long-distance services, Cisco equipment licenses, and firewall and antivirus license services.

(3) The increase is due to provisioning of wifi repeater equipment and HGU modems for fixed customers.

(4) There is a decrease in income due to reduced roaming services and the impact of the peso appreciation against the dollar during 2023.

(5) It corresponds to IT services mainly Global SAP and the Salesforce tool. The variation is due to the impact of the peso appreciation against the dollar during 2023.

(6) Includes charges for the provision of regional support and assistance services for direct personnel.

(7) The decrease is due to the termination of IRU contract amortization.

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c) Associated Companies

	For the year ended december 31,			
	Income		Costs and Expenses	
	2023	2022	2023	2022
National				
Onnet Fibra Colombia	652.004.052	1.956.351.351	277.716.800	171.435.128
Telefónica Factoring Colombia S.A.	470.026	431.065	-	-
	-	-	-	-
	652.474.078	**1.956.782.416**	**277.716.800**	**171.435.128,00**
From abroad				
Telefónica UK Ltd	2.071.590	419.456	321.398	36.486
	2.071.590	**419.456**	**321.398**	**36.486**
	720.094.303	**2.040.624.249**	**629.179.885**	**503.242.722**

1) The decrease compared to 2023 is due to services associated with the exclusivity generated in the sale of fiber optic assets at the end of 2022. In costs, the increase is due to connectivity services to the FTTH network for connections with new customers.

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:

Operating Income:

	For the year ended december 31,	
	2023	2022
Fixed services (1)	416.919.181	383.666.389
Fixed interconnection	12.207.633	13.790.096
Revenue roaming (2)	10.709.543	16.904.060
Digital services	4.746.901	5.673.044
Mobile services	659.208	670.339
Sale of terminal equipment	1.608	9.501
	445.244.074	**420.713.429**
Other operating income (3)	274.850.229	1.619.910.820
Total operating income	**720.094.303**	**2.040.624.249**
Financial income - associated companies (4)	111.581.123	56.615.959
Total Revenue	**831.675.426**	**2.097.240.208**

1) Increase due to FTTH connectivity services and links for the growth in customers with Onnet Fibra Colombia.

2) Decrease in traffic compared to the previous year, mainly with Telefónica Global Roaming GmbH.

3) At the end of 2022, the transaction related to the fiber optic business with Onnet Fibra Colombia was recorded, involving the sale of assets. For 2023, there is recognition of exclusivity and guarantee of the fiber optic deployment contract with Onnet Fibra Colombia for $249 billion, offsetting the decrease in regional support, consultancy fees, and professional services.

4) Financial income mainly corresponds to the loan granted to Alamo Holdco, S.L. linked to the sale of fiber optic assets during 2023 and 2022 for $50.442 billion and $56.616 billion respectively (Note 25), and financial updates on the Earn Out right. The increase is mainly due to overachievement of the agreed conditions in the Earn-Out Master Business Plan by $52.096 billion (Note 25).

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Operating Costs and Expenses:

	For the year ended december 31,	
	2023	**2022**
Media rental and other network infrastructure (2)	354.858.643	254.068.652
Renting and third-party activities to clients (2)	70.763.855	47.763.561
Other operating costs aand expenses (3)	57.468.364	40.308.179
Advertising	56.392.145	62.078.273
Interconnection and roaming (4)	39.777.059	45.879.001
Other non-recurring costs and expenses	18.584.864	24.651.469
Cost of terminals (5)	15.188.725	9.874.499
Content providers	14.400.823	11.183.800
Maintenance of equipment and facilities	1.457.898	3.866.643
Labor costs	287.509	3.568.645
Total related party transactions	**629.179.885**	**503.242.722**
Financial costs (6)	31.559.055	35.376.142
Total costs and expenses with related parties	**660.738.940**	**538.618.864**

(1) Increase due to FTTH connectivity services and links for the growth in customers.

(2) Increase mainly with TECH Colombia operators for cybersecurity services, licenses, and higher value in labor for installations to fixed-line customers.

(3) Increase mainly in obligations for Digital Fee regarding licenses and platforms for IPTV and Big Data training services with Telefónica Innovación Digital S.L.

(4) Decrease mainly due to lower collection of interconnection services, Roaming mainly with operators Telefónica Global Solutions S.L. and Telefónica Global Solutions Colombia, S. A.S.

(5) The increase is mainly with Telefónica del Perú S.A. for provisioning of wifi repeater equipment and HGU Modem.

(6) Corresponds to the financial component of the exclusivity contract related to the sale of assets in the fiber optic business.

Remuneration information for key management personnel

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

	For the year ended december 31,	
	2023	**2022**
Wages, salaries, and other benefits	17.111.496	16.060.335
Executive compensation plan (Stock and annual bonus)	4.943.628	4.440.458
Institutional plans	2.936.739	2.967.855
Other benefits	497.006	461.082
Voluntary withdrawal bonus	214.572	-
	25.703.441	**23.929.730**

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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 December 31, 2023, 1,982 processes are in progress, of which 108 correspond to probable contingencies, 878 are classified as possible, and 996 are classified as remote.

1. Probable Proceedings

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

	As of december 31,			
	2023		2022	
	Quantity	Value	Quantity	Value
Currents:				
User administrative investigations (1)	38	5.042.371	54	6.701.584
	38	**5.042.371**	**54**	**6.701.584**
No Currents:				
Judicial proceedings (2)	29	3.614.498	54	4.890.737
Administrative, regulatory and competency investigations (3)	9	2.558.260	15	7.731.708
Labor processes (4)	32	2.142.757	27	2.069.195
	70	**8.315.515**	**96**	**14.691.640**
	108	**13.357.886**	**150**	**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.

2. 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.

3. Includes mainly civil and administrative process petitions.

4. Includes legal proceedings arising from an employment relationship, whether direct or indirect, with the Group, which are brought before the labor courts.

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 461 open processes classified as possible for a value of $37,227,003. They include civil, contentious-administrative, criminal, constitutional, among others.

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b. **Labor Proceedings**

Labor lawsuits seeking payment of labor rights derived from the relationships that the plaintiffs have or have had directly with the Group or with a third party, in the latter case, seeking the solidarity of Colombia Telecomunicaciones S. A. E. S. P. BIC. There are 347 open lawsuits classified as possible for an amount of $44,239,477.

c. **Administrative Investigations**

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

Contingencies for administrative investigations are classified as:

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 $4.594.981.

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 35 possible processes reported for $2,831,158.

iii. Regulatory: Administrative proceedings initiated by oversight and control authorities for alleged failures to comply with telecommunications regulatory standards. There are 15 possible proceedings for $3,780,377.

29. COMMITMENTS

Infrastructure Sharing with Colombia Móvil S. A.

Resolution 449 of 2013, including its amendments and additions, as well as the resolutions of frequency assignment to each of the telecommunications service operators in Colombia, established that for the sake of efficient use of the infrastructure, the assignees of the radioelectric spectrum must share elements of active and/or passive infrastructure, including that related to the communications network equipment (Core Network and Access Network), towers, poles, channeling and any other that may be required, own or from third parties, as long as it does not constitute a spectrum assignment.

In line with the provisions of such resolutions, Colombia Telecomunicaciones S. A. E.S.P. BIC and Colombia Móvil S. A. E.S.P. entered into an Alliance on December 2, 2013, to jointly execute the deployment of the Telecommunications Network, under 4G LTE technology. This alliance allows Colombia Telecomunicaciones S.A. E.S.P. BIC, and Colombia Móvil S.A., the shared use of the 4G access network to support the provision of their telecommunications services under conditions of freedom and competition without sharing or ceding the spectrum. On October 18, 2022, Addendum No. 5 to the alliance was signed to extend its term until December 2, 2028. This alliance allows Colombia Telecomunicaciones S.A. E.S.P. BIC and Colombia Móvil S.A. to share the 4G access network as a support for the provision of their telecommunications services, under conditions of freedom and competition without implying sharing or ceding the spectrum.

Significant Contracts

Below is a detail of the contracts entered into with suppliers in force as of December 31, 2022, and which are considered significant:

	Contractor	Object of the contract	Completion Date	Contract value (COP$000)
1	Bridgecom S. A. S.	Contracting network support services.	30/04/2024	737.375.059
2	Atp Fiber Colombia S. A. S.	The purpose of this contract is to establish the terms and conditions that will be applicable between the parties regarding the provision of connectivity services through a network.	21/05/2030	724.909.748

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	Contractor	Object of the contract	Completion Date	Contract value (COP$000)
3	Cobra Instalaciones Y Servicios Sucursal S. A.	The service known as 'customer loop' consists of the integrated installation and maintenance of equipment, infrastructure, and telecommunications networks.	31/05/2025	664.229.411
4	Comfica Soluciones Integrales Sl	Customer loop services consist of the integrated installation and maintenance of equipment, infrastructure, and telecommunications networks at the facilities of Colombia Telecommunications in the area known as Bogotá 1 (North Bogotá - South Bogotá Comfica) (hereinafter referred to as 'the services').	30/06/2025	581.494.376
5	Phoenix Tower International Colombia	Lease of space on towers.	29/05/2029	552.196.100
6	Hewlett Packard Colombia Ltda.	Supply of MIA server infrastructure under a global contract.	31/03/2024	540.803.482
7	Operacion Y Gestion Integral S. A. S.	The service, known as 'customer loop,' consists of (i) the integrated installation and maintenance of infrastructure equipment and telecommunications networks.	31/05/2025	396.052.560
8	Cisco Systems Inc	Cisco Colombia Equipment Agreement for Customer Goods and Services.	30/04/2024	380.514.283
9	Energia Integral Andina S. A.	Provision of Carrier Services by Energía Integral Andina S.A. to the Subscriber, through its Fiber Optic Submarine Cable System Network named San Andres Islands - Tolú, Colombia.	30/06/2030	379.658.066
10	Seguridad Atlas Ltda.	Provide private security services for the assets, infrastructure, and facilities used by the contracting party.	30/06/2026	373.131.009
11	Operaciones Tecnológicas Y Comerciales Optecom S. A. S.	The purpose of this contract is the ongoing provision by the contracting company of the service called customer loop, consisting of (i) the integrated installation and maintenance of infrastructure equipment and telecommunications networks.	31/05/2025	333.722.071
12	Phoenix Tower International Colombia Ltda.	Sale of infrastructure sites	21/09/2024	333.358.575
13	Inmel Ingenieria S. A. S.	Customer loop service consisting of the integrated installation and maintenance of infrastructure equipment and telecommunications networks on the premises.	31/05/2025	316.782.188
14	Intelsat Global Sales & Marketing Ltda	Satellite capacity service.	30/06/2024	280.227.500
15	Mitrastar Technology Corporations	Supply of VDSL modems - IAD - light, IAD-plus, ONT HGU, and baseport under DAP FOB terms.	31/12/2024	277.878.713

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	Contractor	**Object of the contract**	**Completion Date**	**Contract value (COP$000)**
16	Emcomunitel S. A. S.	The customer loop service consists of the integrated installation and maintenance of infrastructure equipment and telecommunications networks at the premises.	31/05/2025	264.423.369
17	Arris Solutions Inc.	This letter of adherence constitutes the sole and entire agreement between the parties, regarding the supply of HD-DTH STB and IPTV decoders in FOB mode.	31/03/2024	263.457.560
18	Energía Integral Andina S. A.	The purpose of this framework agreement is to regulate the terms and conditions of the legal business (i) the provision by EIASA of transport capacities in the San Andres submarine cable - (ii) leasing contract subscription.	31/03/2032	245.195.974
19	Liteyca De Colombia S. A.S.	The service, referred to as a loop, consists of the integrated installation and maintenance of telecommunications infrastructure equipment and networks	31/05/2025	236.307.851
20	Askey Computer Corp.	Supply of VDSL modems, IADs, VDSL Plus in DAP and FOB modalities.	31/12/2024	228.324.841
21	Operaciones Tecnológicas Y Comerciales Optecom S. A. S.	Design, supervision, and project oversight services for FTTH network deployment. | Network project services	31/12/2024	195.689.032
22	Humax Digital Gmbh	Supply of HD JPTV Wi-Fi decoders in FOB and DAP mode.	31/03/2024	185.576.458
23	Caribemar De La Costa Sas E.S.P,	Supply of electric power through the non-regulated market.	31/12/2024	172.481.329
24	Prosegur Vigilancia Y Seguridad Privada Ltda.	To provide, with the frequency, at the location, and in the quantity indicated by the contractor, physical security services for technical sites, administrative offices, and experience centers, corresponding to the following departments of Colombia: Antioquia, Arauca, Atlántico, Bolívar, Boyacá, Caldas, Casanare, Cesar, Chocó, Córdoba, Guajira, Magdalena, Norte de Santander, Risaralda, San Andrés, Santander, Sucre - Zone 1	30/06/2026	155.437.040
25	Td Synnex Colombia Ltda.	To supply, with the frequency, at the location, and in the quantity indicated by the contractor, the following goods: UTM firewall, web content filter, anti-malware and proxy system, as well as to provide software usage licensing for the applicable goods under the brands Check Point and Blue Coat and to provide support services.	30/04/2025	147.736.854

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	Contractor	Object of the contract	Completion Date	Contract value (COP$000)
26	Havas + S. A. S.	Media agency fee	31/03/2024	142.065.281
27	Infinera Colombia S. A. S.	The contractor undertakes to supply, with the periodicity, at the location, and in the quantity indicated by the contractor, the supply of technology equipment (hereinafter referred to as the goods) and integration, operation, and maintenance services for DWDM technology equipment, which includes demands/capacities of 100/10/1EG/FC/SDH.	31/12/2024	140.085.027
28	Hp Colombia S. A. S.	To supply, with the periodicity, at the location, and in the quantity indicated by the contractor, the provision of computer equipment with associated software, printers, accessories, and POS (point of sales solutions) in favor of the client's computer workstations (PDTI) and the client's computer sales of the contractor.	31/03/2025	137.834.787
29	Grow Data S. A. S.	To provide specialized services in IT architecture, BPC, MPSI, and IPv4 to IPv6 migration (hereinafter referred to as services), and to grant perpetual use licensing for the closed-source management tool, perpetually acquired on behalf of and in the name of Sena for commercial and/or business use.	29/02/2024	132.785.632
30	Fiberhome Telecommunication Techologies Co Ltda. Sucursal Colombia	To supply, with the periodicity, at the location, and in the quantity indicated by the contracting party, fiber optic cable.	31/12/2024	128.058.541

30. 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

	For the year ended december 31,	
	2023	**2022**
Net profit for the year	(689.666.350)	(79.132.425)
More:		
Depreciation and amortization (Note 24)	1.396.677.680	1.391.787.835
Financial expense, net (Note 25)	558.076.907	481.285.256
Equity equity method (Note 12)	46.156.669	67.197.550
Income tax and supplementary taxes (Note 11)	249.331.368	580.531.034
EBITDA	**1.560.576.274**	**2.441.669.250**

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

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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 december 31,	
	2023	**2022**
(a) Total level of indebtedness (1)	70,531%	68,074%
(b) Short-term level of indebtedness (2)	42,486%	34,176%

(1) The level of indebtedness increases during the first nine months of 2023, mainly due to the subscription and renewal of financial leasing contracts for sites for technical installations.

(2) The level of indebtedness increases during the first nine months of 2023, mainly due to the acquisition of loans from local banks for working capital.

2.2. Solvency Ratios:

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

	As of december 31,	
	2023	**2022**
Solvency Ratio (1)	1,418 veces	1,469 veces

(1) The solvency ratio measures a company's ability to pay its debts. As of December 31, 2023, there is a decrease mainly due to the effects of the devaluation of the peso against the dollar and the commitments with suppliers and accounts payable generated by the increased commercial activity and execution of CapEx at the end of 2023.

2.3. Profitability ratios:

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

	For the year ended december 31,	
	2023	**2022**
(a) Operating margin (1)	2,301%	13,350%
b) EBITDA margin (2)	21,909%	31,048%

(1) The variation at the end of 2023, once the 2022 ratio is adjusted to 4.3% excluding the impact of the sale of fiber optic assets, is mainly due to commercial costs for acquiring new customers in commercial offers. This should be analyzed within the macroeconomic context and the competitive environment of the sector, among other factors. However, it maintains a positive margin, with good revenue performance and efficiency and control measures.

(2) In 2023 compared to the same period in 2022, after adjusting the 2022 ratio to 23.8%, excluding the impact of the sale of fiber optic assets, there is a slight decrease mainly due to the increase in commercial costs in acquiring new customers.

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2.4. Liquidity ratios

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

	As of december 31,	
	2023	**2022**
a) Net Working Capital	(1.452.822.373)	(379.592.523)
b) Current Ratio	0,639 veces	0,89 veces
c) Acid test	0,594 veces	0,748 veces

These indicators are static measures of the resources available at a given moment to meet short-term obligations. In this regard, the analysis of short-term liquidity and solvency should consider the cash flow projections made by the Group, which ensure ongoing business operations.

This indicator is influenced by the Group's strategies such as the investment execution cycle, non-recurring businesses, changes in business strategy like fiber optic deployment where significant resources are invested to capture customers, and changes in the macroeconomic environment.

2.5. Organizational Capacity

	For the year ended december 31,	
	2023	**2022**
(a) Net working capital ROE (1)	(17,446%)	(1,673%)
b) Return on Assets - ROA (2)	1,222%	7,088%
(c) Net profitability (3)	(9,682%)	(1,006%)

(1) The variation during 2023 compared to the same period in 2022 after adjusting the 2022 ratio (17.468%) excluding the impact of the sale of fiber optic assets, shows an improvement mainly due to the good performance of revenues and optimization and control of expenses

(2) The variation at the close of the year 2023 compared to the same period in 2022, once the ratio for 2022 of 2.046% excluding the impact of the sale of fiber optic assets, corresponds mainly to commercial costs for acquiring new customers in the fiber optic and content commercial offering, achieving good revenue performance, and optimizing non-commercial expenses.

(3) The variation at the close of the year 2023 compared to the same period in 2022, once the ratio for 2022 (11.606%) excluding the impact of the sale of fiber optic assets, shows improvement mainly due to good revenue performance and optimization and control of non-commercial expenses.

2.6. Interest coverage

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

	For the year ended december 31,	
	2023	**2022**
Interest Hedging (1)	0,418 veces	3,029 veces

(1) The variation at the close of the year 2023 compared to the same period in 2022, once the ratio for 2022 is adjusted to 0.93 times excluding the impact of the sale of fiber optic assets. The decrease in this indicator at the end of the period ending in 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 operational results from increased commercial costs in acquiring new customers.

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Operational Information

3. Access

	2023			2022			
	dec-31	**sep-30**	**jun-30**	**mar-31**	**Dec-31**	**sep-30**	**jun-30**
				(Units 000)			
End Customer Accesses	**25.082**	**25.041**	**24.672**	**24.082**	**23.970**	**23.354**	**23.004**
Basic Line (1)	1.381	1.405	1.415	1.419	1.421	1.414	1.414
Data	1.443	1.443	1.402	1.360	1.318	1.272	1.232
Televisión	826	809	778	740	704	659	620
Mobile Services	21.432	21.384	21.077	20.563	20.527	20.009	19.738
Prepay	16.001	15.870	15.528	15.088	15.088	14.609	14.534
Postpaid	5.431	5.514	5.548	5.439	5.439	5.400	5.204

(1) Includes "fixed wireless" accesses and voice over IP.

3.1 ARPU (Average revenues per user)

	2023			2022			
	dec-31	**sep-30**	**jun-30**	**mar-31**	**dec-31**	**sep-30**	**jun-30**
				(COP$)			
Basic, Broadband & TV (1)	34.016	35.729	33.710	33.852	33.394	32.268	32.528
Mobile Total (2)	10.097	9.928	10.209	10.459	10.657	10.546	10.965
Prepay	2.365	2.298	2.284	2.389	2.689	2.519	2.553
Postpaid	32.959	31.940	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.

31. EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

The following are the events that occurred between January 01, 2024, and the date of issuance of the consolidated financial statements, which do not have any effect on the figures closed as of December 31, 2023:

During January 2024, the Group entered into credit agreements with three (3) local financial institutions for a total disbursement of $665.000 billion. These funds will be used according to the needs in the development of the economic activity.

On February 19, 2024, an extraordinary General Shareholders' Meeting of Colombia Telecomunicaciones S.A. ESP BIC was held, authorizing the execution of a binding agreement between Colombia Móvil S.A. ESP and Colombia Telecomunicaciones S.A. E.S.P. BIC to establish a single mobile access network and to share the radio spectrum usage permits granted to each Party. It is estimated that the binding agreement will be signed by the parties at the end of the first quarter of 2024.

The above decision was adopted by the General Shareholders' Meeting of Colombia Telecomunicaciones S.A. ESP BIC in accordance with the conditions established in Chapter IV, Title I of the Bylaws and with the favorable vote of 3,410,059,293 subscribed and outstanding shares of the Company, equivalent to 99.999% of the subscribed and paid-up capital.

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