

TELEFONICA DEL PERU S.A.A.

FINANCIAL STATEMENTS (UNAUDITED)
AS OF SEPTEMBER 30, 2023 AND AS OF DECEMBER 31, 2022

Financial Position Statement

This section includes the sub-items that make up the balance of codes 1D0103, 1D0201, 1D0317, 1D0403, 1D0205, 1D0309, and 1D0401 of the financial position statement and their respective reference to the notes of the financial statements.

- Code 1D0103 short-term "Trade accounts receivable", includes:

	As of 30 September 2023	As of 31 December 2022
	S/000	S/000
Trade accounts receivable, net (note 7)	843,364	1,032,718
Contractual assets (note 9)	<u>34,697</u>	<u>37,356</u>
	<u><u>878,061</u></u>	<u><u>1,070,074</u></u>

- Code 1D0201, long-term "Trade accounts receivable", includes:

	As of 30 September 2023	As of 31 December 2022
	S/000	S/000
Trade accounts receivable, net (Note 7)	1,954	982
Contractual assets (Note9)	<u>2,598</u>	<u>2,264</u>
	<u><u>4,552</u></u>	<u><u>3,246</u></u>

- Code 1D0317 short-term "Deferred income" includes:

	As of 30 September 2023	As of 31 December 2022
	S/000	S/000
Deferred income (note 22)	17,200	26,981
Contractual liabilities (note 9)	<u>117,607</u>	<u>116,499</u>
	<u><u>134,807</u></u>	<u><u>143,480</u></u>

- Code 1D0403 Long-term "Deferred income" includes:

	As of 30 September 2023	As of 31 December 2022
	S/000	S/000
Deferred income (note 22)	41,342	48,479
Contractual liabilities (note 9)	<u>32,434</u>	<u>49,818</u>
	<u><u>73,776</u></u>	<u><u>98,297</u></u>

- Code 1D0205, "Properties, plant, and equipment", includes:

	As of 30 September 2023	As of 31 December 2022
	S/000	S/000
Property, plant and equipment (Note 13)	3,819,456	4,532,955
Right-of-use assets (Note 15)	<u>878,001</u>	<u>977,464</u>
	<u><u>4,697,457</u></u>	<u><u>5,510,419</u></u>

- Code 1D0309, Short-term "Other financial liabilities" includes:

	As of 30 September 2023	As of 31 December 2022
	<u>S/000</u>	<u>S/000</u>
Other financial liabilities (note 17)	212,721	302,885
Financial lease liabilities (note 18)	<u>409,919</u>	<u>401,086</u>
	<u><u>622,640</u></u>	<u><u>703,971</u></u>

- Code 1D0401, long-term "Other financial liabilities" includes:

	As of 30 September 2023	As of 31 December 2022
	<u>S/000</u>	<u>S/000</u>
Other financial liabilities (note 17)	2,391,373	2,494,500
Financial lease liabilities (note 18)	<u>802,818</u>	<u>928,289</u>
	<u><u>3,194,191</u></u>	<u><u>3,422,789</u></u>

Income Statements

This section includes the sub-items that make up the balance of codes 2D01ST, 2D0301 and 2D0302 of the income statement and their respective reference to the notes to the financial statements.

- Code 2D01ST, "Income from ordinary activities", includes:

	As of 30 September of 2023	As of 30 September of 2022
	S/000	S/000
Fixed business income (note 26)	2,330,720	2,590,117
Mobile business income (note 27)	<u>2,545,716</u>	<u>2,772,328</u>
Total	<u><u>4,876,436</u></u>	<u><u>5,362,445</u></u>

- Codes 2D0301 and 2D0302, "Administration expenses" and "Sales and distribution expenses", include:

	As of 30 September of 2023	As of 30 September of 2022
	S/000	S/000
General and administrative expenses (note 28)	2,841,883	3,116,802
Cost of equipment sales (note 10(b))	783,252	840,687
Depreciation (note 13)	615,230	684,901
Staff costs (note 29)	451,087	428,153
Amortization (note 14)	210,012	177,745
Depreciation of rights of use (note 15)	157,089	170,170
Impairment of fixed asset (note 13 (c))	<u>51,544</u>	<u>-</u>
Total	<u><u>5,110,097</u></u>	<u><u>5,418,458</u></u>

	As of 30 September of 2023	As of 30 September of 2022
	S/000	S/000
Administrative expenses (2D0301)	5,062,182	5,363,945
Sales and distribution expenses (2D0302)	<u>47,915</u>	<u>54,513</u>
Total	<u><u>5,110,097</u></u>	<u><u>5,418,458</u></u>

TELEFONICA DEL PERU S.A.A.

FINANCIAL STATEMENTS NOTES

AS OF SEPTEMBER 30, 2023 AND AS OF DECEMBER 31, 2022

1 OVERVIEW

1.1 Constitution and Economic Activity -

Telefónica del Perú S.A.A. (hereinafter "the Company"), incorporated in Peru, is a telecommunications company subsidiary of Telefónica Hispanoamérica S.A. (a company incorporated in Spain and formerly known as Latin America Cellular Holding B.V.) and belongs to the Telefónica de España Group (Telefónica S.A. is an entity registered with the Security and Exchange Commission of the United States of America), which provides services of mobile telephony, internet, fixed telephony, data transmission and information technology, national and international long distance carrier services, mobile satellite services, paid television services, and other services across Peru. The Company is one of the main telecommunications operators in Peru and its activities are supervised by the Supervisory Agency of Private Investment in Telecommunications - OSIPTEL and by the Ministry of Transport and Communications - MTC. The registered fiscal address of the Company is Jirón Domingo Martínez Luján 1130 Surquillo, Lima, Peru.

Furthermore, the attached financial statements, which have been prepared in compliance with the legal requirements in force in Peru, reflect the individual activity of the Company.

As of September 30, 2023 and December 31, 2022, the Company did not have subsidiaries, therefore it has not prepared consolidated financial statements.

1.2 Approval of Financial Statements -

The financial statements as of December 31, 2022 were approved by the General Shareholders Meeting held on March 22, 2023. The consolidated financial statements as of September 30, 2023 were approved by the Board of Directors on October 20, 2023.

1.3 Concession Contracts and Rates -

a) Concession contracts -

The Company, with the Peruvian Government represented by the Ministry of Transportation and Communications (MTC), has entered into Concession Contracts for the provision of the following services: (i) Local carrier and telephone services in the department of Lima and the Constitutional Province of Callao and (ii) national and international local and long distance carrier and telephone services in the Republic of Peru. These contracts, whose nature is that of Contract Law, were approved by Supreme Decree No. 11-94-TCC on May 13, 1994, subsequently amended by Supreme Decree No. 21-98-MTC on August 4, 1998, and by Ministerial Resolutions No. 272-99-MTC/15.03, No. 157-2001-MTC/15.03, No.140-2009-MTC/03, and No.527-2009-MTC/03. The latter was modified by Ministerial Resolution No. 724-2009-MTC/03.

As of September 30, 2023 and December 31, 2022, the main concession contracts that were maintained are as follows:

<u>Services</u>	<u>Location</u>	<u>Ministerial resolution</u>	<u>Term</u>	<u>Start</u>	
<u>Expiration</u>					
Fixed & LD	Lima, Callao & Provinces	DS 11-94-TCC	20 years + renewed term	1994	2027 (*)
Mobile	Lima and Callao	373-91-TC/15.17	20 years + renewed term	1991	2030
Mobile	Provinces	055-92-TC/15.17	20 years + renewed term	1992	2030
Mobile	Lima and Callao	440-91-TC/15.17	20 years + renewed term	1991	2030

Mobile	Provinces	250-98-MTC/15.03	20 years	1998	2018 (**)
4G LTE	Lima and Provinces	616-2013-MTC/03	20 years	2013	2033
700 Band	Lima and Provinces	529-2016-MTC/01.03	20 years	2016	2036

(*) In the process of the MTC evaluation, the additional period to be renewed would be added to that maturity.

(**) In the process of renewal with the MTC.

As a guarantee of faithful compliance with the obligations established for some of the concession agreements, the Company has extended guarantees for US \$60,470,000 up to a term of approximately 10 years by means of current guarantee letters with various banking entities.

As of the date of the financial statements, Company Management estimates that the investment projects undertaken to meet the commitments assumed are being executed as scheduled.

b) Rates -

The rates for the local and long distance fixed telephony service are adjusted quarterly on the basis of service baskets according to a formula of rate caps, established on the basis of the combination of inflation and a factor of productivity.

According to the Concession Contracts, the value of the productivity factor should be reviewed every three years.

The Supervisory Agency for Private Investment in Telecommunications of Peru (OSIPTEL by its initials in Spanish) establishes the Productivity Factor to be applied in three-year periods and specifies that it would be implemented in four rate adjustment procedures each year. For the period from September 2022 to August 2025, the Productivity Factor applicable to the rate adjustments corresponding to the quarters from September to November, December to February and March to May of each year will be inflation (no rate adjustments will be made). For the quarter from June to August, a Reference Factor of -2.95% will be applied to the rate adjustment; in this case, only if the annual variation of the Consumer Price Index (CPI) is greater or less than the absolute value of the Reference Factor +/- 1%, the corresponding rate adjustment will be made.

The rates for domestic calls from fixed to mobile phones are regulated by OSIPTEL Resolution No. 044-2011-CD/OSIPTEL, whereby a new rate system for such calls was approved and it was established that the determination of such rates corresponds to the concessionary companies of the Fixed Telephony Service; and by OSIPTEL Resolution No. 160-2011-CD/OSIPTEL, whereby it was determined that rate adjustments are applied every time adjustments are made to any of the charges that constitute such rate. On June 29, 2023, the current rate was published, which amounts to PEN 0.0004 per second, not including the general sales tax. The previous rate in force since 2019 was PEN 0.0006 per second, not including the general sales tax.

2 DETAIL OF MAIN ACCOUNTING POLICIES

The main accounting principles and practices applied in the recording of operations and the preparation of the accompanying financial statements are the following:

2.1 Basis for Preparation -

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB") and respectively effective as of September 30, 2022 and as of December 31, 2023.

The information contained in these financial statements is the responsibility of the Company Management, which expressly states that the principles and criteria included in the International Financial Reporting Standards (IFRS) issued by the IASB have been applied and that the same were in force on the dates of the financial statements.

These financial statements have been prepared on the basis of historical cost, from the accounting records maintained by the Company, except for derivative financial instruments and other related accounts payable that are measured at fair value. The accompanying financial statements are presented in Soles [PEN] (functional and presentation currency), and all values have been rounded to thousands, except where otherwise indicated.

The preparation of the financial statements, in accordance with IFRS, requires the use of certain critical accounting estimates. The preparation also requires Management to exercise its critical judgment in the process of applying the Company's accounting policies. The areas that involve a greater degree of judgment or complexity, or those in which the assumptions and estimates are significant for the financial statements, are described in note 4.

2.2 New Standards, Modifications, and Interpretations -

a) New regulations and modifications in force since January 1, 2023 adopted by the Company -

There have been no regulatory changes of mandatory application for the financial statements as of September 30, 2023 that the Company has considered for the preparation of these financial statements, with the exception of the following:

- Disclosure of Accounting Policies. Amendments to IAS 1 and Practice Statement 2.
- Amendments to IAS 8. Definition of Accounting Estimates.
- Amendments to IAS 12. Deferred Tax related to Assets and Liabilities Arising from a Single Transaction.
- IFRS 17. Insurance Contracts.

The amendments to the standards and interpretations listed above have not had an impact on the financial statements of the Company for previous or current years; furthermore, they are not expected to have a material impact on the financial statements in the future.

b) New standards, amendments to standards, and interpretations that are in force for the annual financial statements beginning on or after January 1, 2024 and that have not been adopted in advance -

Certain regulations and modifications to regulations have been published that are mandatory for the year 2024 or later and have not been adopted in advance by the Company. The Company's

assessment of the impact that these standards will have on the financial statements is explained below:

- Amendments to IFRS 16. Lease Liability in a Sale and Leaseback.
- Amendments to IAS 1. Classification of Liabilities as Current or Non-current.
- Amendments to IFRS 10 and IAS 28. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Disclosures of Supplier Financing Agreements. Amendments to IAS 7 and IFRS 7.

The Company is currently evaluating the impact that the amendments may have on current practice.

No other regulations have been identified that are not yet effective and for which a significant impact on the Company could be expected in the current or future reporting periods, and nor in foreseeable future transactions.

2.3 Operating Segments -

An operating segment is a group of assets and operations that provide goods or services, and that is subject to significant risks and returns that are different to the risks and returns of other business segments. A geographical segment is characterized by providing goods or services within a particular economic environment that is subject to risks and returns that are different to those segments that operate in other economic environments. The Company is organized into a single operational segment for the provision of telecommunications services located in a single geographic segment (Peru), as the Company makes strategic commercial, financial, purchasing, and investment decisions focused on the customer, and that furthermore center on a convergent offer (several aggregated telecommunications services). Thus, presenting information on a segment basis is not applicable.

2.4 Translation of Foreign Currency -

The Company has determined that its functional and presentation currency is the Sol. Transactions in foreign currency are considered to be those made in a currency other than the functional currency. Transactions in foreign currency are initially recorded in the functional currency using the exchange rates in effect on the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are subsequently adjusted to the functional currency using the exchange rate in effect on the date of the statement of financial position.

Profits or losses from exchange differences resulting from the settlement of such transactions and from the conversion of monetary assets and liabilities into foreign currency at the exchange rates on the date of the statement of financial position are recognized in the section "Net exchange difference Profit/(Loss)" in the income statement. The exception to the foregoing is exchange differences in foreign currency transactions with cash flow hedges, which are directly recorded in the equity up to the disposal of the same, at which time they are recognized in the income statement. Non-monetary assets and liabilities determined in foreign currency are converted to the functional currency at the prevailing exchange rate on the transaction date.

2.5 Business Combinations between Entities under Common Control -

Business combinations between entities under common control are recorded using the interest pooling method. In accordance with the pooling of interest method, the items in the financial statements of the merging companies, both for the period in which the merger occurs and for the other periods presented in comparative form, are included in the Company's financial statements as if they had been merged since the beginning of the oldest period that is presented.

As the pooling of interests produces a single merged entity, it must adopt uniform accounting policies. Therefore, the merged entity recognizes the assets, liabilities and assets of the merging companies at their book values, adjusted to the concepts required to standardize the accounting policies and apply them to all the periods presented. No capital gain is recognized in this process. Likewise, the effects of all transactions between merging companies are eliminated when preparing the financial statements of the merged entity.

2.6 Cash and Cash Equivalents -

For purposes of the statement of cash flows, cash and cash equivalents (note 6) correspond to cash, current accounts, and deposits that were opened less than three months ago, all of which are recorded in the statement of financial position. These accounts are not subject to a significant risk of change in their value.

For purposes of the statement of cash flows, cash and cash equivalents include the items described in the previous paragraph, net of bank overdrafts.

2.7 Financial Assets -

(i) Classification -

The Company classifies its financial assets in the following categories:

- Measured at fair value (whether through results or other comprehensive income), and
- Measured at amortized cost.

The classification depends on the business model that the entity uses to manage its financial assets and the contractual terms that impact the cash flows. For assets measured at fair value, profits and losses will be recorded in the statement of income or in the statement of comprehensive income. For investments in equity instruments that are not held for trading, their measurement will depend on whether the Company irrevocably chooses, at the time of initial recognition, to recognize these equity instruments at fair value through other comprehensive income. The Company undertakes reclassifications of its debt instruments if the business model for the management of these assets changes.

(ii) Recognition and Derecognition -

Purchases and sales of financial assets are recognized on the trade date, which is the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments expire or are transferred and the Company has materially transferred all the risks and benefits derived from their ownership.

(iii) Measurement -

Upon initial recognition, the Company measures a financial asset at its fair value plus, in the case of financial assets that are not carried at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of financial assets carried at fair value through results are recognized in profit and loss. Financial assets that incorporate embedded derivatives are evaluated comprehensively for purposes of determining if their cash flows only represent payment of principal and interest.

Debt Instruments -

The subsequent measurement of debt instruments depends on the business model that the Company has established for asset management, as well as the characteristics of asset flows derived from the asset. There are three possible categories in which to classify debt instruments, these are:

- Amortized cost: Applicable to assets whose business model is to collect contractual cash flows, provided that these cash flows only represent capital and interest payments. The interest generated by these financial assets is recognized as financial income using the effective interest method. Any profit or loss arising from the derecognition of this type of financial asset is recognized in profit or loss. Impairment losses are presented in a separate line item in the income statement.
- Fair value through other comprehensive income (FVOCI): Applicable to assets whose business model is mixed, i.e., they are maintained both to collect their contractual flows and to obtain cash flows from their sale, provided that the asset cash flows only represent capital and interest payments. Changes in the carrying value of these financial assets are recognized in other comprehensive income (OCI), except for losses (or reversal of losses) due to impairment, interest, and profits or losses due to exchange differences, which are recognized in the income statement. When the financial asset is derecognized, the accumulated profit or loss recognized in the comprehensive result statement is reclassified from equity to income and presented under the item "Other income (expenses)". The interest generated by these financial assets is recognized as financial income using the effective interest method. Profits or losses on exchange differences are recognized in the income statement under the heading "Net profit/(loss) due to exchange differences", while the impairment losses are also recognized in the income statement and presented as a separate line item.
- Fair Value through Profit and Loss (FVTPL): Assets that do not meet the conditions to use amortized cost or FVOCI are measured at fair value through profit or loss. Changes in the fair value of debt instruments in this category are recognized as profit or loss in the income statement and presented net in the item "Other expenses (income)" in the period in which the change occurs.

Equity instruments -

After initial recognition, the Company measures the equity instruments at their fair value. Changes (profits or losses) in the fair value of equity instruments held for trading are recognized in the income statement (FVTPL). For other equity instruments, the Company has an irrevocable option to designate them on initial recognition in the FVTPL category or present changes in fair value as part of the OCI.

If the Company opts for the designation of FVTPL, when the asset is derecognized, it is not possible to reclassify to profit or loss any profits or losses accumulated in OCI. Dividends generated by these investments are recognized in the income statement since the Company has the contractual right to receive them, and they are presented under "Other income (expenses)". Losses (or reversals of losses) due to impairment of equity instruments measured at FVTPL are not presented separately from the other changes at fair value.

(iv) Impairment -

With a view to the future, the Company evaluates the expected credit losses associated with debt instruments measured at amortized cost, and at FVTPL. The methodology applied to determine the impairment depends on whether the credit risk of an asset has significantly increased.

For trade accounts receivable, the Company applies the simplified approach permitted by IFRS 9, which requires estimating the credit loss of the account for the full duration of the instrument and recognizing it from its initial recording.

2.8 Derivative financial instruments and hedge accounting -

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period of the financial statements. The accounting for subsequent changes at fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Company designates certain derivatives as:

- Hedges of the fair value of recognized assets or liabilities, or a firm commitment (fair value hedges).
- Hedges of a particular risk associated with the cash flows of recognized assets and liabilities, and highly probable forecasted transactions (cash flow hedges).

At the beginning of the hedge relationship, management documents the economic relationship between the hedging instruments and the hedged items, even if it is expected that the changes in the cash flows of the hedging instruments will offset the changes in the cash flows of the hedged items. The management documents its objective and risk management strategy to carry out its hedging operations.

The total fair value of a hedging derivative is classified as a non-current asset or liability if the time remaining to maturity of the hedged item is more than 12 months, and as a current asset or liability if the time remaining to maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The Company uses derivative financial instruments (exchange rate forwards and currency swaps) to manage its exposure to the risk associated with foreign currency fluctuations. In order to manage the aforementioned particular risk, the Company applies hedge accounting for transactions that meet the requirements for the same. Derivative financial instruments are recognized at fair market value on the date on which they are signed and subsequently adjusted, and are recorded as assets when their value is positive, and as a liability when the value is negative.

(i) Cash flow hedges that qualify for hedge accounting:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in the other equity reserves account. The profit or loss relating to the ineffective portion is recognized immediately in the income statement.

In the event that forward contracts are used to hedge expected future transactions, the Company only generally designates the changes in the fair value of the contract related to the spot component as the hedging instrument. Profits and losses related to the effective portion of changes in the spot

component of forward contracts are recognized in the other equity reserve account. The changes in the element of the forward contract that relates to the hedged item ("aligned forward element") is recognized as part of the income statement as reserve costs for hedges in equity. In certain cases, the Company may designate the entire change in the fair value of the forward contract (including forward points) as a hedging instrument. In such cases, the profits or losses related to the effective portion of the change in the fair value of the entire forward contract are recognized in the other equity reserve account.

The amounts accumulated in the equity are reclassified to results in the periods in which the hedged items affect results, as follows:

- If the hedged item subsequently results in the recognition of a non-financial asset (for example, inventories), both the deferred hedged profits and losses and the deferred time value of option contracts or forward contracts, if any, are included as part of the initial asset cost. Deferred amounts are ultimately recognized in income as the hedged item also affects the results (for example, on the sale of inventories).
- Profits or losses related to the effective portion of interest rate swap contracts that cover variable rate loans are recognized in income under "Financial expenses" at the same time as the interest on hedged loan is recognized.

However, if a projected hedged transaction results in the recognition of a non-financial asset (for example, inventories or property, plant, and equipment), any previously deferred equity profits or losses are transferred from equity and included in the initial measurement of the cost of the non-financial asset. Deferred amounts are finally recognized in profit or loss through the cost of sale in the case of inventories, or depreciation, in the case of property, plant, and equipment.

When a hedging instrument expires, is sold, terminated, or when a hedge fails to meet the criteria for applying hedge accounting, any accumulated equity profit or loss or any deferred hedge cost on equity until that time shall remain in equity until the expected transaction occurs, which will result in the recognition of a non-financial asset, such as inventories. When a forecasted transaction is not expected to occur, the accumulated profit or loss and any deferred hedging costs that were reported in equity are immediately transferred to the income statement.

(ii) Derivatives that do not qualify for hedge accounting:

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the profit and loss statement.

As of September 30, 2023 and December 31, 2022, the Company had forwards operations contracted to cover the exchange rate risk in the purchase of assets associated with the disbursement of projects.

2.9 Inventories -

Inventories (note 10) are presented at cost or net realizable value, whichever is lowest, and are presented net of the impairment estimate.

Inventories correspond mainly to terminal equipment (cell phones, modems, pay television decoders, and fixed telephone equipment) and are valued at average cost. Cost includes reclassification of equity from any gain or loss on qualifying cash flow hedges related to inventory purchases, but excludes borrowing costs. In case there is a subsidy on the sale price of the handsets, it will not be included in the cost of the inventories given that it pertains to cost of commercialization, because it is always associated with the customer registration or with the renewal of the customer contract period. As such, terminal equipment are recorded in the profit or loss when they are delivered for sale to the final customers (signal activation). See note 2.23. Inventories in transit are presented at the specific cost of acquisition.

The estimate for impairment is determined based on an analysis of the conditions and turnover of terminal equipment, materials, and supplies. In the case of damaged equipment and those which have had no movement in the last year, the estimate is equivalent to balance in books and recorded in the fiscal year results, and in which its requirement is determined.

2.10 Properties, Plant, and Equipment -

Property, plant, and equipment (note 13) are presented at cost, net of accumulated depreciation, and accumulated loss due to impairment of the value of these assets. See note 2.13. The initial cost of the property, plant and equipment includes its acquisition price, including non-refundable import duties and purchase taxes, and any directly attributable cost to place and leave the asset in working condition.

The cost of the asset also includes the present value of the disbursements that are expected to be required to pay any cost of decommissioning and removal of equipment or rehabilitation of the physical site where it is established. The foregoing is applied when the disbursements constitute obligations incurred under certain conditions (See note 2.19). The cost may also include equity transfers of any profit or loss in the hedges of cash flows qualified for purchases of property, plant, and equipment in foreign currency. Note 2.19 includes additional information on the recorded decommissioning provision. For significant components of property, plant, and equipment that must be periodically replaced, the Company recognizes such components as separate individual assets, with their specific useful lives and respective depreciations.

In the same way, when a large inspection or repair is carried out, the cost is recognized as a replacement in the carrying amount for property, plant, and equipment, if the criteria for recognition are met.

Depreciation is calculated using the straight line method, using the following estimated useful lives:

<u>Description</u>	<u>Years</u>
Buildings and other constructions	13, 15, 33, and 40
Plant (Platform and telecommunications networks)	3 to 25
Equipment and others	3 to 10
Furniture and fixtures	5 and 10

Land does not depreciate. The residual values, the useful life and the depreciation method are reviewed every year to ensure that they are consistent with the expected pattern of economic benefits of the items of property, plant, and equipment. The telecommunications sector in which the Company operates is very dynamic. Likewise, the constant overall progress of the same for the development of new technology forces the Company to continually update and renew its plant in order to be competitive in the market. Based on the historical information and considering the technological advances, it has been determined that the value of the properties, plant, and equipment at the end of its useful life is not significant and therefore the Company estimates that they do not have residual values, depreciating the total cost in the useful life of the same.

A component of property, plant, and equipment or any significant part of it initially recognized is derecognized at the time of its sale or when it is not expected to obtain future profit by means of its use or sale. Any profit or loss at the time of asset derecognition (calculated as the difference between the net income from the sale of the asset and its book amount) is included in the income statement when the asset is derecognized.

Disbursements incurred after property, plant, and equipment have been put into use are capitalized as an additional cost of this asset when it is probable that such disbursements will result in future profit, higher than the normal yield originally evaluated for said asset. Disbursements for maintenance and repairs are recognized as an expense for the year in which they are incurred.

Staff benefit costs that are directly related to the construction of the plant are capitalized as part of the cost of the assets by means of the recording of a lower expense in the statement of income in the item "Staff expenses".

Works in progress are recorded at cost, which includes the cost of construction, plant, and equipment and other direct costs, as well as the cost of important materials directly identifiable with specific assets. Works in progress do not depreciate until the respective assets are finished and are ready for use.

2.11 Intangible Assets and Administrative Concessions -

Intangible assets (note 14) are initially recorded at cost. An asset is recognized as intangible if the attributable future economic benefits that it generates are likely to flow to the Company, and its cost can be measured reliably. After initial recognition, intangible assets are measured at cost, less accumulated amortization and any accumulated impairment loss. See note 2.13.

Intangible assets generated internally, which are directly attributable to the design and testing of identifiable and unique software that the Company controls, are recognized as intangible assets when they meet the following criteria:

- It is technically possible to complete the software so that it can be used,
- Management intends to finish the software and use or sell it,
- There is the opportunity to use or sell the software,
- It can be shown that the program will generate future profit,
- The required technical, financial, and other resources are available to complete the development of the software, thus permitting its use or sale.

During the initial recognition, the Company evaluates whether the useful life of the intangible assets is defined or undefined.

Intangible assets are amortized as per the straight-line method, based on the following estimated useful lives, when they are ready for use:

<u>Description</u>	<u>Years</u>
Administrative concessions	Per the term of the concessions. See Note 1.3(a)
Software	3 to 5

The period and the amortization method are reviewed periodically. Depreciation begins when the asset is available for use. Changes in the expected useful life or in the expected consumption pattern of the future economic benefits derived from the asset are taken into consideration in order to change the amortization period or method, if applicable, and are treated as a change in accounting estimation.

The loss or derecognition of an intangible asset is determined as the difference between the net amount obtained from its disposal and the book value of the asset, and is recognized in the income statement when the asset is derecognized.

2.12 Capital Gain -

Capital gains (note 16) represents the excess of the cost of acquiring companies over the Company's share in the fair value of the respective net assets acquired. Capital gains is presented at cost less accumulated permanent impairment losses on its value. See note 2.13. The Company determines the losses on the basis of impairment tests carried out during the last quarter of each year in order to determine whether the book value is fully recoverable.

2.13 Impairment of Long-term Assets -

The net book value of the property, plant, and equipment, capital gains, and intangible assets of finite life are reviewed to determine if there is no impairment. Each year, the Company assesses the existence of signs of possible impairment of non-current assets. If there are any such indications, the Company estimates the recoverable value of the asset, which is the higher of fair value (less costs of selling), or of the value in use. Said value in use is determined by discounting the estimated future cash flows. When the recoverable value of an asset is below its net book value, it is considered that there is a deterioration in value.

The assessment of the impairment of capital gains is carried out for each period presented. The Cash Generating Unit (CGU) is aligned with the definition of the business segment. See note 2.3. Impairment is determined by evaluating the recoverable value. When said value is less than its carrying value, an impairment loss is recognized. Impairment losses related to capital gain cannot be reversed in future periods.

The recoverable value of an asset is defined as the highest amount between the net sale price and its value in use. The "net sale price" is the amount that can be obtained selling an asset in a free market, while the "value in use" is the present value of the net future cash flows. Value in use is estimated from the continuous use of an asset and its disposal at the end of its useful life. By determining the value in use, future net cash flows are discounted to their present value using a pre-tax discount rate that reflects the assessment of current market conditions, the value of money over time, and the specific risks of the asset. The discount rates are adjusted for the country risk and corresponding business risk.

When new events or changes in existing circumstances take place and demonstrate an impairment loss recorded in an earlier period that may have disappeared or been reduced, the Company undertakes a new estimate of the profitability for the corresponding asset. This evaluation is performed each financial year. Previously recognized impairment losses are reversed (except for those related to capital gain) only if there has been a change in the estimates used to determine the recoverable amount of the asset from the date on which the impairment loss was last recognized. If this is the case, the book value of the asset is increased to its recoverable amount. This increased amount cannot exceed the book value that would have been determined, net of depreciation, if an impairment loss had not been recognized for the asset in previous years. This reversal is recognized in the income statement for the year. After the reversal, the depreciation charge is adjusted in future periods by distributing the book value of the asset over its remaining useful life. See note 16 for more information.

2.14 Investments in Associated Companies (note 12) -

An associate is an entity over which the Company has significant influence. An entity is presumed to exercise significant influence if it directly or indirectly owns 20% or more of the voting power of the investee, unless it can be clearly demonstrated that such influence does not exist. Conversely, it is presumed that the entity does not exercise significant influence if it directly or indirectly holds less than 20% of the voting power of the investee, unless it can be clearly demonstrated that such influence exists. Substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

Significant influence is manifested through one or more of the following manners:

- i) Representation on the board of directors or equivalent governing body of the investee;
- ii) participation in policy-setting processes, including participation in decisions on dividends and other distributions;
- iii) relatively significant transactions between the entity and its investee;
- iv) exchange of managerial personnel; or
- v) provision of essential technical information.

The investment in associates is presented using the equity method (equity share). According to this method, the investment is initially recognized at cost.

The carrying amount of the investment is adjusted to recognize changes in the Company's share in the net assets of its associates from the date of acquisition. As of September 30, 2023 and December 31, 2022, the Company only maintains associates.

2.15 Trade accounts payable and other accounts payable -

These amounts represent liabilities for unpaid goods and services provided to the Company at the close of the statement of financial position. The amounts are not guaranteed and are generally paid within 60 days after recognition. Trade accounts (note 19) and other accounts payable (note 20) are presented as current and non-current liabilities. They are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method.

2.16 Financial Obligations -

Financial obligations are initially recognized at their fair value, net of transaction costs incurred. Financial obligations are subsequently measured at amortized cost. Any difference between income (net of transaction costs) and the amount of reimbursement is recognized in the income statement during the period of financial obligations using the effective interest method. Fees paid are recognized as transaction costs of financial obligations to the extent that it is probable that some or all of the financing will be realized. In this case, the fee is postponed until the withdrawal occurs. To the extent that there is no evidence that part or all of the funding is likely to be missed, the rate is capitalized as a prepayment for funding services and amortized over the funding period to which it relates.

Financial obligations are eliminated from the statement of financial position when the obligation specified in the contract is derecognized, canceled, or expires. The difference between the book value of a financial liability that has been extinguished or transferred to another party and the consideration paid, including the non-transferred assets, or assumed liabilities, is recognized in the income statement as other financial income or expenses.

Financial obligations are classified as current and non-current liabilities.

2.17 Financing Costs -

The financing costs directly attributable to the acquisition, construction or production of an eligible asset that necessarily presents a considerable period of preparation to be available for use or sale are capitalized as part of the cost of the respective asset.

All additional financing costs are recognized as an expense in the period in which they occur. The financing costs are constituted by interest and other costs that the entity incurs in connection with the financed funds.

According to the Company's policy, the assets qualifying for capitalizing financing costs are those whose preparation period exceeds eighteen months.

As of September 30, 2023 and December 31, 2022, the Company did not have assets in progress qualified for the purpose of capitalizing financing costs.

2.18 Staff Benefits -

The Company has short-term obligations for staff benefits that include salaries, social contributions, gratuities, performance bonuses, and profit sharing (corresponding to 10% of taxable income). These obligations are recorded monthly in the income statement as they accrue.

Gratuities -

The Company recognizes gratuities paid to staff, as per the legal provisions in force in Peru, as a liability and an expense. The gratuities correspond to two (2) annual remunerations paid in July and December of each year.

Compensation for length of service -

The compensation for time of service of the Company's staff corresponds to their compensation rights calculated in accordance with the legislation in force, which must be deposited in the bank accounts designated by the staff in the months of May and November of each year. The compensation for time of service is equivalent to half the monthly remuneration in force on the date of deposit. The Company has no additional payment obligations once it makes the annual deposits of the funds to which staff are entitled.

Annual Leave -

Staff annual leave and other paid absences are recognized on an accrual basis. The provision for the estimated annual leave obligation for staff, which is calculated on the basis of a monthly salary for every twelve (12) months of services rendered by staff, is recognized on the date of the statement of financial position. The Company does not provide post-employment benefits.

2.19 Provisions -

General -

A provision is recognized only when the Company has a current obligation (legal or implicit) as a result of a past event, it is likely that resources will be required to meet the obligation, and its amount can be reasonably estimated. Provisions are reviewed at each period and adjusted to reflect the best estimate at the date of the statement of financial position. When the effect of the money value over time is significant, the amount of the provision is discounted using a pre-tax interest rate that reflects, when appropriate, the specific risks of the liability. When discounted, the increase in the provision due to the passage of time is recorded in the income statement as a financial cost.

The amount recorded as a provision is the best estimate, at the closing date, of the disbursement necessary to meet the present obligation. This best estimate will be the amount, valued in a rational manner, that the Company will have to pay to meet the obligation on the date of the statement of financial position, or to transfer it to a third party on the same date.

The estimates for every single outcome and financial effect are determined by the Company's judgment, and supplemented by experience gained in similar transactions and, in some cases, reports from experts. The evidence to be considered includes any additional data provided by events after the closing of the statement of financial position.

When the Company expects a part of or the total provision to be recovered. Said recoveries are recognized as assets, provided that the recovery is certain. The provisioned amount is presented in the income statement, net of recoveries.

Decommissioning -

The Company records the present value of the estimated costs of the legal and implicit obligations required to pay the costs of decommissioning and removal of equipment or the rehabilitation of the physical site where it is established in the period in which the obligation is incurred. Decommissioning costs are presented at the present value of the expected costs to settle the obligation, using estimated cash flows, and are recognized as a constituent part of asset costs (See note 2.10). Cash flows are discounted at the pre-tax risk-free market rate that reflects the specific risks of the decommissioning liability.

The accrual of the discount is recorded as an expense as it is incurred and is recognized in the income statement as a financial cost. The estimated future decommissioning costs are reviewed annually and adjusted, as appropriate, on an annual basis. Changes in estimated future costs or in the applied discount rate are added to or deducted from the cost of the related asset, as appropriate.

Contingencies -

Possible contingencies are not recognized in the financial statements. These are disclosed in notes on the financial statements, except if the possibility of disbursing an economic flow is remote.

Restructuring -

An implicit obligation is recognized as a consequence of restructuring, only when a formal and detailed plan exists to proceed with it. This plan must at a minimum identify the business activities, or the part

of those involved; the main locations affected; the location, function, and approximate number of employees that will be compensated; the disbursements that will be carried out; and the dates on which the plan will be implemented.

In addition to that detailed in the plan, there must be a valid prospect produced among those affected, either by having begun to implement the plan or by announcing its main features to them.

2.20 Income Tax -

Current Income Tax -

Current assets and liabilities, short and long term, for the income tax for the period are measured using the amounts expected to be recovered from or paid to the tax authority. The foregoing includes the effect of tax reparations pending resolution of periods prior to the time of settling the current tax amount. The tax rates and tax regulations used to calculate these amounts are those that are approved, at the closing date of the period in Peru, where the Company operates and generates taxable income.

The current income tax, which is related to items that are directly recognized in net equity, is also recognized in net equity and not in the income statement. Management periodically evaluates the positions taken in the tax returns regarding situations in which the applicable tax regulations are subject to interpretation, and constitutes provisions when deemed appropriate.

Deferred Income Tax -

Deferred income tax is recognized using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the closing date of the reporting period.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability stems from the initial recognition of capital gain, or from an asset or liability in a transaction other than a business combination and, at the time of the transaction, it affects neither the accounting result nor the tax result.
- Regarding taxable temporary differences related to investments in subsidiaries, associates and joint ventures, when the time of reversal of the temporary difference can be controlled and it is likely that this difference will not be reversed in the foreseeable future.

The deferred tax asset is recognized for deductible temporary differences, unused tax losses, and unused tax credits, to the extent that it is likely that taxable income will be available against which deductible temporary differences may be used, with the following exceptions: (a) the deferred tax asset stemming from the initial recognition of an asset / liability, is different, when in a business combination, at the time of the transaction, does not affect the accounting profit or the utility subject to taxes; and (b) deferred tax assets stemming from temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures are recognized only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which to use the difference.

The Company evaluates a deferred tax asset in combination with other deferred tax assets and liabilities. When tax legislation restricts the use of tax losses, the Company will value a deferred tax asset in combination with other deferred tax assets and liabilities of the same type.

The carrying amount of deferred income tax assets is reviewed on each closing date of the reporting period and reduced to the extent that the existence of future taxable profits is no longer likely to allow the deferred income tax assets to be used, either in whole or in part. Unrecognized deferred tax assets are revalued at each closing date of the reporting period and are recognized to the extent that the existence of future available taxable income that makes it possible to recover the same deferred tax assets which were previously unrecognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applicable in the year in which the asset is realized or the liability is paid, based on the tax rates and tax rules that were approved and current on the date of the close of the reporting period.

Deferred income tax related to items outside the profit or loss is also recognized outside of this. These items are recognized in correlation with the underlying transactions to which they are related, either in other comprehensive income, or directly in net equity.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax assets and liabilities, and if the deferred taxes relate to the same tax authority and the same tax jurisdiction..

2.21 Government Grants -

Government grants are non-reimbursable financing from the public sector in the form of transfers of resources, in exchange for future or past compliance with certain conditions related to operating activities with social impact.

Government grants are recognized when there is reasonable assurance that the Company will meet the conditions for their use and will receive the grants. These grants are recorded as income from the periods required to systematically relate them to the costs to which they are allocated. The amount to be charged to results is maintained as a liability in the item "Deferred income" until it is charged to income. In the case of assets acquired as part of the respective project, these are part of the Company's fixed assets and depreciate in a manner consistent with the policy established for other similar assets. The income related to the grant is recognized in the income statement, as per the depreciation of the assets.

2.22 Issued Capital -

Common shares are classified in equity.

2.23 Recognition of Income, Costs, and Expenses -

The Company's revenues come mainly from the provision of the following telecommunication services: traffic, connection, and installation fees, periodic fees for the use of the network, interconnection and rental of networks and equipment, as well as for the provision of internet and cable television services. The products and services can be sold separately or jointly in commercial packages.

Traffic -

Traffic revenues are based on the initial call set-up fee, plus per-call rates, which vary according to the time consumed by the user, the distance of the call, and the type of service. Traffic is recorded as income as it is consumed. In the case of prepaid, the amount corresponding to the traffic paid pending consumption generates a contractual liability.

Prepaid traffic usually has expiration periods of up to twelve months. Based on historical consumption, the Company estimates the traffic that will not be consumed and is imputed to the income statement, based on the traffic consumed.

Connection and Installation Fees -

Revenue from connection and installation fees, produced when customers connect to the Company's network, is deferred and imputed to the income statement over the estimated average period of duration of the relationship with the customer, or the term of the contract, whether or not a material right is granted, respectively, which varies depending on the type of service in question. The related costs, except those related to the network expansion, are recognized in the income statement in the estimated average life of the relationship with the customer.

Periodic Fees for Network Use -

In the case of traffic sales, as well as other services, via a fixed rate for a certain period of time (flat rate), income is recognized on a straight-line basis in the period covered by the rate paid by the customer.

Interconnection -

Interconnection revenues derived from customer calls from other operators, as well as from other services used by customers, are recognized in the period in which they make the calls.

Sale of Equipment -

Revenue from the sale of goods (mobile handset equipment) note 2.9, is recognized when the signal from the handsets is activated and transferred to the end customer.

Bundled Services -

In the case of revenues from the sale of multi-elements, equipment plus telephony services, internet, and paid television, the revenues are allocated based on the fair value of the components delivered. The offers of commercial packages that combine a number of elements are analyzed periodically to determine the necessity to separate the elements, applying in each case the criterion of appropriate income recognition. Revenues from the sale of modems and decoders, as they are essential elements for service provision, are recognized as internet and television services, respectively, throughout the average life of the customer, accruing the cost of the equipment delivered in the same period. As they are elements that can be used independently from contracting the service, landline sales revenue is recognized when the equipment is transferred to the final customer and the signal is activated. Fixed telephony, internet, and television services are recognized on a straight-line basis for the duration of the contract.

To the extent that bundles are sold at a discount on equipment (mainly in mobile telephony), and that there is a contract that generates explicit or implicit permanence, the criteria defined in IFRS 15 will be applied. The application of the criteria defined in IFRS 15 represents an increase in revenue recognized for sales of equipment, which will generally be recognized coinciding with the moment of delivery to the customer, to the detriment of the periodic income for the provision of services in subsequent periods. The income is assigned proportionally to each element according to the independent sale prices of each individual component, whilst always maintaining the total income value. The difference between the revenue from sales of equipment and terminals and the amount received from the customer at the start of the contract is shown as a contractual asset in the statement of financial position, which will be recovered over the term of the contract with the customer.

The costs that can be finally activated will be amortized in a systematic and consistent manner upon the transfer of the goods to the customer, or services with which the associated asset is related. Said asset may be amortized over the duration of the contract, or average life of the client.

Other Income, Costs, and Expenses -

Other income, costs, and expenses are recognized as they accrue, regardless of when they occur, and are recorded in the periods to which they are related.

2.24 Leases -

At the commencement of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

The determination of whether a contract is or contains a lease is based on the substance of the contract; that is, whether the fulfillment of the contract depends on the use of a specific asset or whether the contract grants a right to use the asset, even if that right is not explicitly stated in the contract.

The Company a significant volume of lease agreements as the lessee of various assets, mainly: towers, office, and store buildings, and land where own towers are located. These leases accrue at an interest rate as described in note 18(c).

Company as Lessee -

The norm requires the leaseholder to recognize all leases in a separate statement of financial position, thus reflecting the right to use the asset for a period of time, as well as the liabilities associated with contractual payments.

At the commencement of a contract, the Company will assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period in exchange for a consideration.

Company as Lessor -

Leases in which the Company substantially retains all the risks and benefits inherent to the ownership of the leased assets are classified as operating leases. The initial direct costs incurred in negotiating and contracting the operating lease are added to the carrying value of the leased asset and are recorded throughout the lease period whilst applying the same criteria as for rental income. Contingent income is recorded as income in the period in which it was obtained in the income statement.

2.25 Share-Based Payment Transactions -

Company employees receive part of their compensation as per share-based payment plans, and according to which, said employees provide services and receive equity instruments as consideration. In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or that will be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable good or service received on the concession date. This amount is then capitalized or charged to expenses, as appropriate.

2.26 Distribution of Dividends -

The distribution of dividends to the Company's shareholders is recognized as a liability in the statement of financial position in the period in which the dividends are approved by the Company's shareholders.

2.27 Loss per Share -

Basic and diluted losses per share have been calculated on the basis of the weighted average of the common shares outstanding as at the date of the financial position statement. As of September 30, 2023 and December 31 2022, the Company did not maintain financial instruments that produce dilutive effects, so the loss per basic and diluted share is the same.

2.28 Fair Value Measurements -

The Company measures some of its financial instruments, such as other accounts payable from related entities and derivatives, at fair value on each date of the financial position statement. Likewise, the fair value of financial instruments measured at amortized cost is disclosed in note 3.3.

Fair value is the price that would be received for selling an asset or that would be paid when transferring a liability in an orderly transaction between participants in a market on the measurement date. The measurement at fair value is based on the assumption that the transaction to sell the asset or transfer the liability takes place, either:

- In the main market for the asset or liability, or
- In the absence of a main market, in the most advantageous market for the asset or liability.

The main or most advantageous market must be accessible by the Company. In addition, the fair value of a liability reflects its risk of default.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is considered active if the transactions for the asset or liability are carried out frequently and sufficient volume to provide price information on an ongoing basis.

All assets and liabilities for which fair values are determined or disclosed in the financial statements are classified within the fair value hierarchy described below, based on the lowest level of the data used that are significant for the measurement at fair value as a whole:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques, via which the lowest level of information that is significant for fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques, via which the lowest level of information that is significant for fair value measurement is not observable.

For assets and liabilities that are recognized at fair value in the consolidated financial statements on a recurring basis, the Company determines whether there have been transfers between the different levels within the hierarchy by reviewing the categorization at the end of each reporting period.

Company Management determines policies and procedures for recurring and non-recurring fair value measurements. At each reporting date, Management analyzes the movements in the values of the assets and liabilities that must be valued in accordance with the Company's accounting policies.

For purposes of fair value disclosures, the Company has determined the classes of assets and liabilities based on their nature, characteristics, and risks, and the hierarchy level of fair value, as explained above (note 3.3).

3 FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors -

The Company's main financial liabilities, other than derivatives, include commercial and miscellaneous accounts payable, lease liabilities, accounts payable to related parties, and financial obligations. The main purpose of these financial obligations is to finance the Company's operations. The Company has cash and short-term deposits, commercial and miscellaneous receivables, and accounts receivable from any related entities arising directly from its operations. The Company also has cash flow hedging instruments.

Due to the nature of its activities, the Company is exposed to credit, exchange rate, interest rate, and liquidity risks, which are managed through a process of identification, measurement, and continuous monitoring, subject to risk limits and other controls.

This risk management process is critical to the continued profitability of the Company and each person within the Company is responsible for the risk exposures related to their responsibilities.

The independent process of risk control does not include business risks such as changes in the environment, technology, and industry. These are monitored through the Company's strategic planning process.

Risk Management Structure -

The risk management structure is based on the Board of Directors and the Company Management, which are responsible for identifying and controlling risks in coordination with other areas as explained below:

i) Board of Directors -

The Board of Directors is the competent body that defines the general risk management policy of the Company. In compliance with its responsibilities, it approved the Corporate Risk Management Policy, with the managers being responsible for its identification, evaluation, management, and reporting within their respective spheres of action.

ii) Management -

Management is responsible for managing the Company's cash flow, taking into account the policy and limits approved by the Board of Directors.

iii) Internal Audit -

The Company's Internal Audit area is responsible for supervising the operation and reliability of the internal control systems, and the administrative and accounting information. Likewise, Internal

Auditing is responsible for supervising the financial information and significant events presented by the Company.

Internal Auditing monitors the risk management processes in the Company by analyzing both the adequacy of the procedures and compliance with them. Internal Auditing discusses the results of its evaluations with General Management, and reports its findings and recommendations to the Company's Board of Directors.

b) Risk Mitigation -

As part of the total risk management, the Company constantly evaluates the different scenarios and identifies different strategies to manage exposures resulting from changes in interest rates, foreign currency, capital risk, and credit risks.

The Company's risk management is controlled by Management under policies approved by the Board of Directors. The Company's Finance area identifies, assesses, and hedges financial risks in close cooperation with the Company's operating units. The Board of Directors provides the principles for overall risk management, as well as policies that hedge specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, financial instruments, and the investment of liquidity excess.

Credit Risk -

Credit risk is the risk that a counterparty does not comply with its obligations stipulated in a financial instrument or contract, thus causing a loss. The Company is exposed to credit risk due to its operating activities, mainly in terms of its accounts receivable and financial activities, including its deposits in banks and transactions with derivatives, and other financial instruments.

Credit risk arises from cash and cash equivalents, contractual cash flows from equity investments accounted for at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss, favorable derivative financial instruments, and deposits in banks and financial institutions, as well as credit exposures to wholesale and retail customers, including any outstanding accounts receivable.

The Company maintains exposure limits for its placements in a number of banks and financial institutions, according to the institutions' individual risk category. Credit risk is managed as a group. For banks and financial institutions, we only accept entities independently qualified with a minimum grade of "A".

Credit risk is controlled through the evaluation and analysis of individual transactions, for which an evaluation is made based on the aging of accounts receivable. If the wholesale and household customers have an independent rating, these ratings are used. Otherwise, if there is no independent rating, the monitoring of the credit risk will assess client credit quality, with its financial position, past experience, and other factors being taken into account. Individual risk limits are established based on internal or external ratings, in accordance with the limits that Management establishes. Line management regularly supervises wholesale customer compliance with credit limits, thereby determining the estimate required for uncollectibility. Additionally, partial and total service suspensions are imposed on users who have accounts receivable due in accordance with the policy described in note 2.7 (iv); and Management defines the delinquency objectives.

According to the analysis made by the Company's Management, an account receivable is considered as impaired when it has been classified as an uncollectible account (See note 2.7). In addition, Management estimates a provision for expected losses on non-impaired accounts. As at the date of the financial position statement, the aging and qualification of the trade accounts receivable balance is as follows:

	<u>Not impaired</u> <u>S/000</u>	<u>Impaired</u> <u>S/000</u>	<u>Total</u> <u>S/000</u>
As at September 30, 2023			
Unexpired	542,362	47,376	589,738
Expired			
Up to 1 month	109,760	65,020	174,780
From 1 to 3 months	69,621	67,463	137,084
3 to 6 months	54,476	102,526	157,002
From 6 to 12 months	57,305	268,048	325,353
More than 12 months	11,794	5,589,741	5,601,535
Total	<u>845,318</u>	<u>6,140,174</u>	<u>6,985,492</u>
As of December 31, 2022			
Unexpired	651,234	45,912	697,14
Expired			
Up to 1 month	199,356	62,564	261,920
From 1 to 3 months	96,939	72,493	169,432
From 3 to 6 months	49,799	110,198	159,997
From 6 to 12 months	28,162	273,137	301,299
More than 12 months	8,210	5,256,316	5,264,526
Total	<u>1,033,700</u>	<u>5,820,620</u>	<u>6,854,320</u>

According to Management's opinion, there are no significant concentrations of credit risk as of September 30, 2023 and December 31, 2022.

As of September 30, 2023, the Company's Management has estimated that the maximum net amount of credit risk to which the Company is exposed amounts to approximately S/974,981,000 (S/154,184,000 as of December 31, 2022), which represents the net book value of the accounts receivable and other financial assets.

i) **Market Risk -**

Market risk is the risk of losses in balance sheet positions, mainly derived from movements in the exchange rate and interest rates.

The sensitivity analyzes in the following sections refer to positions for the nine-month periods ended September 30, 2023 and 2022. Likewise, they are because the net amount of debt, the ratio of fixed interest rates, and the position of instruments in foreign currency remain constant. The sensitivities in the profit or loss statement is the effect of the changes assumed in the respective market risk. This is based on financial assets and liabilities held as of September 30, 2023 and December 31, 2022, including the effect of hedge derivatives.

ii) Exchange Rate Risk -

The exchange rate risk is the risk that the fair value of the future cash flows of a financial instrument fluctuates due to variations in the exchange rates. Finance Management is responsible for identifying, measuring, controlling, and reporting the exposure to the Company's overall exchange risk. The exchange risk arises when the Company presents mismatches between its asset and liability positions in the various currencies with which it operates, which are mainly soles (functional currency) and US dollars. Management monitors this risk through the analysis of the country's macro-economic variables.

Transactions in foreign currency are carried out at the free market exchange rates published by the Superintendency of Banking, Insurance and Private Pension Fund Administrators. As of September 30, 2023, the weighted average free market exchange rates for transactions in US dollars were S/3.790 per US \$1 purchasing and S/3.797 for US \$1 selling (S/3.808 per US \$1 purchasing and S/3.820 for US \$1 selling at December 31, 2022) and for transactions in Euros, the rates were S/3.829 for €1 purchasing and S/4.195 for €1 selling (S/3.869 for €1 purchasing and S/4.360 for €1 selling as at December 31, 2022), respectively.

The result of maintaining balances in foreign currency for the Company for the nine-month periods ended September 30, 2023, and 2022, was a loss net of approximately S/3,642,000 and S/9,404,000, respectively, which are presented in the item "Exchange difference, net". See note 31.

As of September 30, 2023 and December 31, 2022, the Company had the following assets and liabilities in foreign currency:

	As of September 30 2023		As of December 31 2022	
	US\$000	Euros000	US\$000	Euros000
Assets -				
Cash and cash equivalents	7,240	455	7,992	724
Trade accounts receivable, net	33,639	5,362	39,959	2,042
Other accounts receivable, net	<u>28,006</u>	<u>-</u>	<u>23,452</u>	<u>-</u>
	<u>68,885</u>	<u>5,817</u>	<u>71,403</u>	<u>2,766</u>
Liabilities -				
Financial liabilities from lease	(101,152)	-	(111,098)	-
Trade accounts payable	(168,145)	(13,090)	(257,664)	(14,044)
Other accounts payable	<u>(24,530)</u>	<u>-</u>	<u>(23,992)</u>	<u>-</u>
	<u>(293,827)</u>	<u>(13,090)</u>	<u>(392,754)</u>	<u>(14,044)</u>
Purchase position of derivatives (Baseline value)	<u>199,074</u>	<u>17,742</u>	<u>326,885</u>	<u>14,819</u>
Monetary position, net	<u>(25,868)</u>	<u>10,469</u>	<u>5,534</u>	<u>3,541</u>

The Company hedges its exposure to the conversion to Soles of financial obligations and OPEX operations (denominated in US dollars and euros), using hedge cash flow, swaps, and forwards contracts.

The following table shows the sensitivity analysis of US dollars (the main currency other than the functional currency in which the Company has a significant exposure), and of euros, in its monetary assets and liabilities, and its estimated flows in cash and in euros. The analysis determines the effect of a reasonably possible change in the exchange rate of the US dollar and the euro, while keeping the other variables constant in the income statement, before income tax. A

negative amount shows a potential net loss, while a positive amount reflects a potential net gain in the statement of income.

<u>Sensitivity analysis</u>	<u>Change in rates of Exchange</u> %	<u>Effect on results before taxes</u>	
		<u>As of 30 September 2023</u> S/000	<u>As of 30 September 2022</u> S/000
Devaluation -			
Dollars	5	(4,911)	1,785
Dollars	10	(9,822)	3,569
Revaluation -			
Dollars	5	4,911	(1,785)
Dollars	10	9,822	(3,569)
Devaluation -			
Euros	5	2,004	40
Euros	10	4,009	80
Revaluation -			
Euros	5	(2,004)	(40)
Euros	10	(4,009)	(80)

The exchange rate sensitivities shown in the previous table are illustrative only and are based on simplified scenarios. However, this effect does not include the actions that would be taken by Management to mitigate the impact of this risk.

iii) Interest Rate Risk -

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in market interest rates. The Company manages its interest rate risk based on the experience of Management, balancing the asset and liability interest rates.

Management believes that future fluctuations in interest rates will not significantly affect the results of the Company's future operations.

The information related to financial instruments with fixed and variable interest rates are shown as follows:

	<u>Variable</u> <u>rate (*)</u> S/000	<u>Fixed rate</u> S/ 000	<u>No</u> <u>interest</u> <u>rate</u> S/000	<u>Total</u> S/ 000	<u>Average</u> <u>interest rate</u> %
As of September 30, 2023					
Financial assets					
Cash and cash equivalents	290,199	-	-	290,199	7.04
Trade accounts receivable, net	-	302,956	542,362	845,318	3.95
Contractual assets	-	-	37,295	37,295	-

Other accounts receivable from related entities	-	17,055	-	17,055	5.22
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Other accounts receivable, net (**)	-	-	148,156	148,156	-
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Financial liabilities

Other financial liabilities	591,087	2,013,007	-	2,604,094	6.48
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Lease financial liabilities	409,919	802,818	-	1,212,737	5.79
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Trade accounts payable	-	-	1,597,154	1,597,154	-
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Other accounts payable to related entities	-	707,252	6,735	713,987	6.46
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Other accounts payable	-	-	26,921	26,921	-
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As of December 31, 2022

Financial assets

Cash and cash equivalents	432,987	-	-	432,987	6.15
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Trade accounts receivable, net	-	382,466	651,234	1,033,700	3.03
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Contractual assets	-	-	39,620	39,620	-
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Other accounts receivable, net (**)	-	-	120,484	120,484	-
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Financial liabilities

Other financial liabilities	665,760	2,131,121	504	2,797,385	6.53
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Lease financial liabilities	401,086	928,289	-	1,329,375	4.98
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Trade accounts payable	-	-	2,008,234	2,008,234	-
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Other accounts payable to related entities	-	380,821	10,236	391,057	7.95
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Other accounts payable	-	-	41,667	41,667	-
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(*) Assets and liabilities at a variable rate, as well as assets and liabilities at a fixed rate with terms of less than 12 months, are considered variable.

(**) Does not include advance payments or taxes.

Shown below is the income statement's sensitivity, which is due to the possible effect of changes in the interest rate on financial expenses for the period, before income tax, assuming that the financial liabilities on September 30, 2023 and 2022 will be renewed at the end, and will be maintained for the remainder of the following year:

<u>Changes in Basis Points</u>	<u>Effect on income before taxes</u>	
	<u>As of 30 September of 2023</u>	<u>As of 30 September of 2022</u>
	<u>S/000</u>	<u>S/000</u>
+(-)50	(-)+ 2,666	(-)+2,371
+(-)100	(-)+ 5,331	(-)+4,741
+(-)200	(-)+10,662	(-)+9,483

The exchange rate sensitivities shown in the previous table are illustrative only and are based on simplified scenarios. The figures represent the effect of the pro forma movements in the net financial expenses based on the projected scenarios of the yield curve and the interest rate risk profile that the Company currently has. However, this effect does not include the actions that would be taken by Management to mitigate the impact of this risk.

iii) Liquidity Risk -

Liquidity risk is the risk that the Company will neither be able to meet its payment obligations related to financial liabilities upon maturity, nor replace the funds when they are withdrawn, nor deal with the result of disputes and contingencies, which are presented in the short term as the main processes are in the final instances (See note 33(b)). The consequence would be the failure to pay the company's obligations to third parties.

Liquidity is controlled by matching the maturities of its assets and liabilities, obtaining lines of credit and/or maintaining surplus liquidity as investments, which allows the Company to carry out its activities normally.

The management of liquidity risk involves maintaining sufficient cash and finance availability, through an adequate amount of assigned credit sources and the ability to settle transactions, mainly of indebtedness. In this regard, the Company's Management orients its efforts to maintain sources of financing through the availability of credit lines and the registration of corporate bond programs and commercial papers, and if necessary, request financing from its main shareholder, among other alternatives that allow refinancing potential short-term obligations.

The Company maintains a negative working capital generated mainly by short-term classified contingency provisions, most of which have already been resolved. However, its settlement depends on various instances resolutions, both administrative and judicial. See Note 33(b). Moreover, as of September 30, 2023, the Company maintained available credit lines of US\$134,467,000. Additionally, the Company obtained loans from Telefónica Hispanoamérica S.A., which were partially capitalized. See Notes 23(e) and 25(a) and (b). Likewise, the Company recorded a net loss as of September 30, 2023 and December 31, 2022 due to tax disputes resolutions mentioned in Note 33(b) and the high competition in the sector. However, the Company estimated that it will reverse this situation through the growth of revenues and value clients, operational efficiencies and the strengthening of fixed services, considering that the Company had a solid share in the fixed telephony services. In the telecommunications sector, fixed and mobile telephony services usually operate with a negative working capital, given that the average period of payment to suppliers is greater than the average period of collection from clients.

The following table shows the maturity of the obligations of the Company as of the date of the statement of financial position and amounts to be disbursed at maturity, based on the undiscounted payments that will be made:

	Less than 3 months S/000	3 to 12 months S/000	1 to 5 years S/000	More than 5 years S/000	Total S/000
As of September 30, 2023					
Other financial liabilities	87,346	125,375	2,315,999	75,374	2,604,094
Financial lease liability	120,072	351,310	753,839	174,556	1,399,777
Trade accounts payable	1,597,154	-	-	-	1,597,154
Other accounts payable to related entities	6,114	707,252	621	-	713,987
Other accounts payable	<u>26,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,921</u>
Total flows from liabilities	<u>1,837,607</u>	<u>1,183,937</u>	<u>3,070,459</u>	<u>249,930</u>	<u>6,341,933</u>

	Less than 3 months S/000	3 to 12 months S/000	1 to 5 years S/000	More than 5 years S/000	Total S/000
As of December 31, 2022					
Other financial liabilities	42,885	260,000	2,232,808	261,692	2,797,385
Financial lease liability	116,810	330,678	802,224	268,274	1,517,986
Trade accounts payable	2,008,234	-	-	-	2,008,234
Other accounts payable to related entities	5,063	380,821	5,173	-	391,057
Other accounts payable	41,667	-	-	-	41,667
Total flows from liabilities	<u>2,214,659</u>	<u>971,499</u>	<u>3,040,205</u>	<u>529,966</u>	<u>6,756,329</u>

The above table does not include the provisions for contingencies for a value of S/3,490,714,000 and S/4,191,060,000 as of September 30, 2023 and December 31, 2022, respectively, as their settlement is subject to the resolution of various instances in the short term, in accordance with that described in the note 33(b). Likewise, the table does not include hedging financial derivatives because Management considers that such contracts are effectively settled on a net basis. Consequently, the flow of the hedge derivatives and the reconciliation of the amounts equivalent to the accounting values of the discounted net flow generated by these instruments are presented below:

	Less than 3 months S/000	3 to 12 months S/000	Total S/000
As of September 30, 2023			
Income	877,398	21,940	899,338
Expenses	(857,807)	(21,957)	(879,764)
Net flow	<u>19,591</u>	<u>(17)</u>	<u>19,574</u>
Net discounted flow	<u>18,319</u>	<u>174</u>	<u>18,493</u>
As of December 31, 2022			
Income	1,311,184	1,235	1,312,419
Expenses	(1,334,378)	(1,244)	(1,335,622)
Net Flow	<u>(23,194)</u>	<u>(9)</u>	<u>(23,203)</u>
Discounted net flow	<u>(18,836)</u>	<u>(2)</u>	<u>(18,838)</u>

3.2 Capital Risk Management -

The Company actively manages a capital base to hedge the risks inherent to its activities. The Company's capital adequacy is monitored using, among other measures, the indicators established by the Management.

The Company's objectives when managing its capital correspond to a broader concept than the "Equity" that is shown in the statement of financial position and is mainly constituted by: (i) safeguarding the Company's ability to continue operating in a manner that continues to provide returns to the shareholders and benefits to the other participants; and (ii) maintain a strong capital base to support the undertaking of its activities.

The Company monitors its capital based on the leverage ratio, which is calculated by dividing the net debt by total capital. Net debt corresponds to total indebtedness (including trade accounts payable, accounts payable to related entities, lease liabilities, other financial liabilities, and other accounts

payable) minus cash and cash equivalents. Total capital is calculated as "equity", as shown in the statement of financial position, plus net debt.

As of September 30, 2023 and December 31, 2022, the consolidated leverage indicator was as follows:

	As of 30 September 2023 <u>S/000</u>	As of 31 December 2022 <u>S/000</u>
Total indebtedness	6,299,686	6,781,084
Less: Cash and cash equivalents	(290,199)	(432,987)
Net debt (A)	6,009,487	6,348,097
Total equity (B)	<u>1,361,279</u>	<u>992,620</u>
Leverage ratio (A/B)	<u>4.41</u>	<u>6.40</u>

As of September 30, 2023 and December 31, 2022, there were no changes in the Company's capital management activities and policies. The Company's leverage ratio was reduced as a result of the increase in equity due to the capitalization of loans. See Note 25.

3.3 Estimation of Fair Value -

(a) Instruments Recorded at Fair Value According to Their Hierarchy -

The following table shows an analysis of financial instruments that are carried at fair value according to level of the fair value hierarchy:

	Value of exchange rate in active markets Level 1 S/000	Significant observable variables Level 2 S/000	Significant non-observable variables Level 3 S/000	Total S/000
As of September 30, 2023				
Financial Assets -				
Derivative financial instruments:				
Foreign currency forward	-	18,493	-	18,493
Total financial assets	-	18,493	-	18,493
As of December 31, 2022				
Financial Liabilities -				
Derivative financial instruments:				
Foreign currency forward	-	18,838	-	18,838
Total financial liabilities	-	18,838	-	18,838

Level 1 -

The financial assets included in the Level 1 category are those that are measured based on quotes obtained from an active market. A financial instrument is considered as being quoted in an active market if prices are easily and regularly available from a centralized trading mechanism, agent, broker, industry group, price providers or regulatory entities; and said prices come regularly from transactions in the market.

Level 2 -

The financial instruments included in the Level 2 category are measured based on market factors. This category includes instruments valued using market prices of similar instruments, whether active or not, and other valuation techniques (models) in which all significant data are directly or indirectly observable in the market. The following is a description of how the fair value of the Company's main financial instruments included in this category is determined:

- Derivative Financial Instruments -

Derivatives designated as hedging instruments reflect the variation in the fair value of foreign currency futures contracts, designated as cash flow hedges to cover highly probable future purchases.

The fair values of swaps and forwards are measured using valuation techniques based on market data. Applied valuation techniques include swap valuation models, using present value calculations. These models take into account various factors, including the credit quality of the counterparties, currencies, forward rates, and interest rate curves.

The adjustment for credit valuation is applied to "over-the-counter" derivative exposures to take into account the risk of default of the counterparty when measuring the fair value of the derivative. A credit valuation adjustment is the cost of protection at the market price required to hedge the credit risk of the counterparty in this type of derivative portfolio. The credit valuation adjustment is calculated by multiplying the probability of default, the default value of loss, and the exposure expected at the time of default.

- Debt Instruments Available for Sale -

The valuation of corporate bonds, lease bonds and public treasury bonds are measured by calculating the Net Present Value ("NPV") through discounted cash flows, zero coupon curves, and considering current and observable market transactions. Other debt instruments are measured using valuation techniques based on assumptions supported by observable prices in current market transactions, obtained through price suppliers. However, when prices have not been determined in an active market, fair value is based on quotes from brokers and on assets that are valued using models where most of the assumptions are observable in the market.

Level 3 -

The financial assets included in level 3 are measured using a valuation technique (internal model), based on assumptions that are neither supported by prices of observable transactions in the current market for the same instrument, nor based on available market data. The Company did not hold Level 3 instruments as of September 30, 2023 and December 31, 2022.

Instruments Recorded at Amortized Cost -

In addition to the instruments recorded at fair value, the following is the disclosure of the comparison between the book values and the fair values of the Company's financial instruments that are recorded at amortized cost in the statement of financial position. The table does not include the fair values of non-financial assets and liabilities:

	Significant observable variables <u>Level 2</u> S/000	Liabilities at amortized cost S/000	Total fair value S/000	Total reasonable value S/000
As at September 30, 2023				
Financial Assets -				
Assets as derivative				
financial derivatives	18,493	-	18,493	18,493
Total financial assets	<u>18,493</u>	<u>-</u>	<u>18,493</u>	<u>18,493</u>
Financial Liabilities -				
Bonds issued and debts				
and loans that accrue				
interest	-	2,604,094	2,604,094	2,133,304
Financial Lease				
liabilities	-	1,212,737	1,212,737	1,212,737
Other accounts payable to				
related entities	-	713,987	713,987	713,102
Total financial liabilities	<u>-</u>	<u>4,530,818</u>	<u>4,530,818</u>	<u>4,059,14</u>

As of December 31, 2022**Financial Liabilities -**

Liabilities from derived financial instruments	18,838	-	18,838	18,838
Bonds issued and debts and loans that accrue interest	-	2,797,385	2,797,385	2,539,733
Financial Lease liabilities	-	1,329,375	1,329,375	1,329,375
Other accounts payable to related entities	-	391,057	391,057	393,047
Total financial liabilities	<u>18,838</u>	<u>4,517,817</u>	<u>4,536,655</u>	<u>4,280,993</u>

The methodologies and assumptions used by the Company to determine the estimated market values depend on the terms and risk characteristics of the various financial instruments that are recorded at amortized cost and include the following:

i) Assets Whose Fair Value Is Similar to Their Book Value -

For financial assets and liabilities that are liquid or have short-term maturities (less than three months), the book value is considered to be similar to its fair value, as trade accounts receivable or other account receivable. This assumption also applies to term deposits, savings accounts without a specific maturity and floating-rate financial instruments.

Fixed Rate Financial Instruments -

The fair value of financial assets and liabilities that are at a fixed rate and amortized cost is determined by comparing the market interest rates at the time of initial recognition with the current market rates related to similar financial instruments.

The estimated fair value of interest accruing deposits is determined by discounted cash flows using market interest rates for financial instruments with similar maturities and credit risks. For the issued quoted debt, fair value is determined based on quoted market prices. When market prices are not available, the discounted cash flow model based on the yield curve of the interest rate is used for the remaining term.

4 ESTIMATED AND CRITICAL ACCOUNTING CRITERIA

Preparing the financial statements per IFRS requires Management to make significant judgments, estimates, and assumptions in order to determine the reported figures of assets and liabilities, the exposure of contingent assets and liabilities on the date of the financial statements, as well as the reported figures of income and expenses for the nine-month periods ending September 30, 2023 and 2022.

In Management's opinion, these estimates were made on the basis of their best knowledge of the relevant facts and circumstances at the date of preparation of the financial statements. However, the final results may differ from the estimates included in the financial statements. Company management does not expect that the variations, if any, will have a significant effect on the financial statements.

In relation to the financial statements, Management considers the most significant estimates to essentially refer to:

- Estimation for doubtful accounts. See notes 2.7, 3.1(b), 7, and 8.
- Estimate for contractual assets and liabilities. See notes 2.23 and 9.
- Estimate for devaluation of inventories. See notes 2.9 and 10.

- The residual value, useful life, and depreciation of property, plant, and equipment. See notes 2.10 and 13.
- The useful life and amortization of intangible assets other than capital gains. See notes 2.11 and 14.
- Estimate for impairment of long-term assets. See notes 2.13, 13, 14, and 16.
- Deferred tax assets and liabilities. See notes 2.20 and 24.
- Estimated accrued income. See note 2.23 and 7(b).
- Provision for decommissioning. See notes 2.10, 2.19, and 21.
- Provision for contingencies. See notes 2.19, 21, and 33(b).
- Cash flow hedging. See note 2.8.
- Provision for restructuring. See notes 2.19, 20, and 29.
- Estimation of uncertainties and judgments made in relation to lease accounting. See notes 2.24, 15, and 18.

Any difference in the estimates in the subsequent real results is recorded in the results of the year in which it occurs.

5 FINANCIAL INSTRUMENTS

The classification of financial instruments by category is as follows:

	As of 30 September 2023 S/000	As of 31 December 2022 S/000
Financial Assets at Amortized Cost per Statement of Financial Position:		
- Cash and cash equivalents	290,199	432,987
- Trade and other accounts receivable (*)	974,981	1,154,184
- Contractual assets	37,295	39,620
	<u>1,302,475</u>	<u>1,626,791</u>
Financial Liabilities at Amortized Cost per Statement of Financial Position:		
- Financial obligations	2,604,094	2,797,385
- Financial lease liabilities	1,212,737	1,329,375
- Trade and other accounts payable (*)	1,624,075	2,031,063
- Other accounts payable to related entities	713,987	391,057
	<u>6,154,893</u>	<u>6,548,880</u>

(*) Does not include advances or taxes.

The maximum exposure to credit risk as of September 30, 2023 and December 31, 2022, is the book value of each class of financial asset mentioned above.

6 CASH AND CASH EQUIVALENTS

(a) The breakdown of the item is presented below:

	As of 30 September 2023 S/000	As of 31 December 2022 S/000
Fixed funds	311	314
Current and savings accounts (b)	218,764	226,235
Term deposits (c)	-	187,000
Trust fund (d)	71,124	19,438
	<u>290,199</u>	<u>432,987</u>

(b) Current and savings accounts are held in local and foreign banks and are denominated in soles, US dollars, and euros. This balance includes current accounts held in the financial institution of Telfisa Global B.V. Group. See note 23(i). Savings accounts are remunerated at current rates in the respective market.

(c) Time deposits have original maturities of less than 90 days and may be renewed upon maturity. As of September 31, 2023 we do not hold time deposits, and as of December 31, 2022, these were composed of deposits in national currency in various national banks. These term deposits are remunerated at current rates in the market.

- (d) Includes the funds of the trust fund administered by La Fiduciaria S.A. (with the involvement of the Banco de Credito del Peru and Banco Santander), which consolidates the collection rights and the cash flows in such a way that the Company can better manage and give greater attention to direct payments that are required for the normal operation of their businesses. As of September 30, 2023 and December 31, 2022, the trust includes only cash.
- (e) There were no restrictions on the balances of cash and cash equivalents as of September 30, 2023 and December 31, 2022.

7 COMMERCIAL ACCOUNTS RECEIVABLE, NET

- (a) The breakdown of the item is presented below:

	As of 30 September 2023	As of 31 December 2022
	S/000	S/000
Subscribers of fixed business	3,240,645	3,104,810
Mobile phone business subscribers	2,708,399	2,699,011
Data and information technology	512,249	532,270
Distributors, agencies, and large areas	162,515	175,454
Wholesaler - Interconnection and Correspondents	147,282	153,472
Related companies, note 23(d)	127,972	92,231
Others	<u>86,430</u>	<u>97,072</u>
	6,985,492	6,854,320
Less - Provision for doubtful accounts (c)	(<u>6,140,174</u>)	(<u>5,820,620</u>)
	845,318	1,033,700
Less - non-current portion (d)	(<u>1,954</u>)	(<u>982</u>)
Current portion	<u><u>843,364</u></u>	<u><u>1,032,718</u></u>

- (b) Commercial accounts receivable (net) generate interest after maturity. The items of internet, fixed and public telephony, cable television, mobile phone subscribers, distributors, agencies, and large stores are mainly billed in soles, while accounts receivable for data and information technology, interconnection, and foreign correspondents are mainly billed in US dollars.

As of September 30, 2023, trade receivables include estimates for unbilled services rendered for approximately S/61,817,000 (S/74,259,000 as of December 31, 2022). The Company's Management estimates that these items will be fully invoiced in the fourth quarter of 2023.

As of September 30, 2023, the Company had approximately 927,000 fixed and public telephone lines in service, 4,702,000 postpaid mobile telephony lines 1,760,000 connections in broadband service, and approximately 1,006,000 paid television accesses (1,235,000, 4,574,000, 1,934,000 and 1,184,000, respectively as of December 31, 2022).

- (c) The movement of the allowance for doubtful accounts as of September 30, 2023 and December 31, 2022, is as follows:

	As of 30 September 2023 S/000	As of 31 December 2022 S/000
Opening balance	5,820,620	5,468,244
Allocation for the period, note 28(a)	353,047	411,365
Punishments	(30,790)	(33,748)
Net exchange differences	(2,703)	(25,241)
Closing balance	<u>6,140,174</u>	<u>5,820,620</u>

In Management's opinion, the allowance for doubtful accounts is sufficient to cover the credit risk of these accounts at the date of the statement of financial position, in accordance with the Company's accounting practice, described in note 3.1(b).

- (d) As of September 30, 2023 and December 31 2022, they include accounts receivable for financed sales of mobile handsets and equipment related to internet, central, and paid television services, which have maturities of up to 24 months. Contractually these accounts do not generate interest, but for accounting purposes, an implicit interest is estimated for contracts with maturities of over 12 months, which is deferred at the time of the sale and is recognized as revenue, depending on the duration of the contract.

8 OTHER ACCOUNTS RECEIVABLE, NET

- (a) The breakdown of the item is presented below:

	As of 30 September 2023 S/000	As of 31 December 2022 S/000
Collection rights for enforcement actions (b)	144,986	141,992
Collection Subsidies (c)	80,564	85,163
Security deposits	21,283	12,328
Derivative financial instruments (d)	18,493	-
General sales tax credit	12,485	7,065
Loans to staff, note 23(g)	11,525	11,993
Compensations, note 30(d)	10,908	-
Sale of assets (g)	2,057	3,412
Loans to third parties	-	3,809
Others	<u>33,226</u>	<u>41,608</u>
	335,527	307,370
Less - Provision for doubtful accounts (e)	(<u>163,361</u>)	(<u>167,828</u>)
	172,166	139,542
Less - non-current portion	(<u>64,469</u>)	(<u>82,173</u>)
Current portion	<u>107,697</u>	<u>57,369</u>
Financial assets classified as other accounts receivable	148,156	120,484
Non-financial assets classified as other accounts receivable	<u>24,010</u>	<u>19,058</u>
	<u>172,166</u>	<u>139,542</u>

- (b) The collection rights for coercive executions mainly correspond to seizures of Company assets without a court ruling made by several municipalities across Peru. The Municipalities demand the

payment of licenses and fines for the installation of an external plant without municipal authorization. Management is continuing with the filing of the legal actions and estimates that the seizures undertaken will be declared illegal. Likewise, based on a collectability study carried out, the respective doubtful collection estimates have been established.

- (c) Corresponds mainly to the Lambayeque Project: a contract signed on May 27, 2015, between the Company and the Peruvian State (represented by the Investment Fund in Telecommunications - FITEL in Spanish), for the non-reimbursable financing of the Project "Comprehensive Broadband Connectivity and the Social Development of the Country's Northern Area", which has been collected according to the established schedule.

In accordance with the Group's accounting practice, described in note 2.21, both the disbursement received and pending payments are presented under "Deferred income" in the statement of financial position. See note 22.

- (d) As of September 30, 2023, the Company maintained cash flow hedging contracts (forwards) to reduce the exchange rate risk of the disbursements of certain Opex and Capex operations for a nominal value of US\$ 17,693,000 that has maturity dates through 2023. As of December 31, 2022, the Company maintained cash flow hedging contracts (forwards) to reduce the exchange rate risk of the disbursements of certain Opex and Capex operations for a nominal value of US\$460,193,000. The amounts retained in the statement of other comprehensive income are expected to affect the income statement in each of the future periods until their maturity dates.
- (e) The other accounts receivable are denominated in national and foreign currency and do not generate interest.
- (f) The other accounts receivable were collectively evaluated to determine if there was objective evidence of impairment. However, the Company determined that the estimate of doubtful collections at the end of the period is sufficient, in accordance with the Company's accounting practice described in note 2.7.
- (g) Balance pending collection relating to the sale of copper, equipment and towers as of September 2023 and December 2022.

9 ASSETS AND LIABILITIES RELATED TO CUSTOMER CONTRACTS

The Company has recognized the following assets and liabilities related to contracts with customers.

(a) Contractual assets:

	As of 30 September 2023	As of 31 December 2022
	S/000	S/000
Sale of equipment, note 2.23	37,295	39,620
Less - non-current portion	(2,598)	(2,264)
Current portion	<u>34,697</u>	<u>37,356</u>

(b) Contract liabilities:

	As of 30 September 2023	As of 31 December 2022
	S/000	S/000
Fixed and mobile telephone services, note 2.23	62,112	54,024
IRU access rights (c)	43,542	43,520
Deferred installation fee, note 2.23	32,536	51,802
Companies project	10,403	15,494
Others	<u>1,448</u>	<u>1,477</u>
	150,041	166,317
Less - non-current portion	(32,434)	(49,818)
Current portion	<u>117,607</u>	<u>116,499</u>

(c) Correspond to the irrevocable rights of unrestricted use (IRU) of certain Company assets granted to third parties for a period of up to 20 years.

10 INVENTORIES

(a) The breakdown of the item is presented below:

	As of 30 September 2023	As of 31 December 2022
	S/000	S/000
Goods and supplies	223,112	162,306
Inventories receivable	<u>46,315</u>	<u>39,564</u>
	269,427	201,870
Less - Provision for impairment of inventories (c)	(8,871)	(11,723)
	<u>260,556</u>	<u>190,147</u>

Goods, supplies, and inventories receivable correspond mainly to mobile terminal equipment, as well as modems to provide internet service, decoders for pay television service, and fixed telephony equipment.

- (b) The cost of inventories sold for the nine-month period ended September 30, 2023, was approximately S/783,252,000 (S/840,687,000 for the nine-month period ended September 30, 2022) and is presented in the item "Cost of sale of equipment" in the income statement.
- (c) The movement of the inventory devaluation estimate as of September 30, 2023 and December 31, 2022, is as follows:

	As of 30 September 2023 <u>S/000</u>	As of 31 December 2022 <u>S/000</u>
Opening balance	11,723	13,870
Recovery of devaluation of inventories, net. Note 28.	(2,852)	(2,147)
Closing balance	<u>8,871</u>	<u>11,723</u>

In Management's opinion, the estimate for inventory devaluation adequately hedges the estimated risk of loss on the dates of the statement of financial position.

11 OTHER NON-FINANCIAL ASSETS

- (a) The breakdown of the item is presented below:

	As of 30 September 2023 <u>S/000</u>	As of 31 December 2022 <u>S/000</u>
Customer acquisition expenses (c)	528,989	413,333
Deferred costs of compliance obligation (b)	307,817	351,876
Maintenance of licenses and computer equipment	44,194	28,778
Annual royalty (e)	14,265	-
Insurance paid in advance	11,674	5,247
Advances granted to suppliers	4,932	17,059
Prepayments for right of access (d)	2,485	2,785
Advertising paid in advance	332	3,034
Other	<u>95,177</u>	<u>90,544</u>
	1,009,865	912,656
Less - non-current portion	(414,322)	(402,815)
Current portion	<u>595,543</u>	<u>509,841</u>

- (b) Includes the costs of Pay TV modems and decoders. This equipment is provided to the customer as part of the service, and which is deferred as they are compliance obligations in customer contracts.
- (c) Corresponds to expenses directly related to obtaining commercial contracts (sales commissions, expenses with third parties, among others), which are amortized for contracts for an undetermined term in the average life of the client, and for contracts with onerous permanence within that period.
- (d) As of September 30, 2023 and December 31, 2022. The foregoing includes access rights not classified as a lease under the application of IFRS 16.

- (e) Corresponds to the non-accrued balance due to the use of the radio-electric spectrum, which is accrued during the year.

12 INVESTMENTS IN ASSOCIATED COMPANIES

(a) The breakdown of the item is presented below:

	Activity	Percentage of shareholding in equity		Value of shareholding equity	
		As of 30 September 2023 %	As of 31 December 2022 %	As of 30 September 2023 S/000	As of 31 December 2022 S/000
In associates:					
Internet para Todos S.A.C. (b)	Operate and provide all types of telecommunications services.	54.67	54.67	<u>227,097</u>	<u>222,695</u>
				<u>227,097</u>	<u>222,695</u>
Other share investments:					
Wayra Peru Project Accelerator S.A.C.	Development and promotion of business projects based on technological innovation.	2.93	2.93	<u>478</u>	<u>478</u>
				<u>478</u>	<u>478</u>
				<u>227,575</u>	<u>223,173</u>

i) Internet para Todos S.A.C. -

In 2019, the Company reached agreements with other investors, JML International Limited, which is a subsidiary of Facebook, Inc. (Facebook), Andean Development Corporation (CAF) and Inter-American Investment Corporation (IDB) to regulate their joint investment and common share in the equity of Internet Para Todos S.A.C. (IPT), a company constituted and registered in Peru, in the following manner:

<u>Company</u>	<u>%</u>
Facebook	24.67
CAF	10.33
IDB	10.33

As a result of the agreement with the partners, the Company diluted its share to 54.67% of the IPT shares, losing control of the subsidiary, thereby becoming an associate.

The table below shows the summary of the main items of the associate's financial statements as of August 31, 2023 (closest information available) and December 31, 2022.

	<u>As of 31 August 2023</u>	<u>As of 31 December 2022</u>
	<u>S/000</u>	<u>S/000</u>
Assets	584,379	584,833
Liabilities	168,983	177,489
Equity	415,396	407,344
Profit/loss for the year	(6,082)	(23,744)

13 PROPERTIES, PLANT, AND EQUIPMENT, NET

(a) The movement and composition of the item as at the date of the statement of financial position are detailed below:

	Land S/000	Buildings and other constructions S/000	Plant S/000	Equipment and miscellaneous S/000	Furniture and goods S/000	Works in progress and units receivable (b) S/000	Total S/000
Cost							
As of January 1, 2022	86,690	1,205,019	26,143,199	1,084,869	125,427	500,119	29,145,323
Additions	-	-	8,740	-	-	337,164	345,904
Transfers	-	39,113	453,763	5,102	2	(497,980)	-
Transfer of intangible assets, note 14(a)	-	-	-	-	-	78,547	78,547
Other	-	151	167	-	-	-	318
Transfers	(1,302)	1,302	17,536	(28,828)	30	11,262	-
Withdrawals and sales, note 30	(5,305)	(54,284)	(223,169)	(6,289)	-	-	(289,047)
As of December 31, 2022	80,083	1,191,301	26,400,236	1,054,854	125,459	429,112	29,281,045
Additions	-	-	993	-	-	203,022	204,015
Transfers	-	1,298	487,718	12,524	188	(501,728)	-
Transfer of intangible assets, note 14(a)	-	-	-	-	-	126,433	126,433
Transfers	-	16	(21,890)	(24)	-	30,448	8,550
Available assets for sales (c)	-	-	(676,409)	-	-	(12,623)	(689,032)
Withdrawals and sales, note 30	(286)	(2,369)	(91,135)	-	-	-	(93,790)
As of September 30, 2023	<u>79,797</u>	<u>1,190,246</u>	<u>26,099,513</u>	<u>1,067,354</u>	<u>125,647</u>	<u>274,664</u>	<u>28,837,221</u>
Accumulated Depreciation							
As of January 1, 2022	-	911,646	22,061,948	1,032,398	118,911	-	24,124,903
Depreciation for the period	-	45,812	827,888	12,681	2,193	-	888,574
Others	-	139	129	-	-	-	268
Withdrawals and sales, note 30	-	(36,929)	(222,437)	(6,289)	-	-	(265,655)
As of December 31, 2022	-	920,668	22,667,528	1,038,790	121,104	-	24,748,090
Depreciation for the period	-	30,990	575,255	7,930	1,055	-	615,230
Transfers	-	-	44	(6)	-	-	38
Available assets for sales (c)	-	-	(253,023)	-	-	-	(253,023)
Withdrawals and sales, note 30	-	(1,685)	(90,885)	-	-	-	(92,570)
As of September 30, 2023	<u>-</u>	<u>949,973</u>	<u>22,898,919</u>	<u>1,046,714</u>	<u>122,159</u>	<u>-</u>	<u>25,017,765</u>
Accumulated impairment							
As of January 1, 2022	-	-	-	-	-	-	-
As of December 31, 2022	-	-	-	-	-	-	-
Impairment of the year (c)	-	-	51,544	-	-	-	51,544
Available assets for sales (c)	-	-	(51,544)	-	-	-	(51,544)
As of September 30, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Value							
As of December 31, 2022	<u>80,083</u>	<u>270,633</u>	<u>3,732,708</u>	<u>16,064</u>	<u>4,355</u>	<u>429,112</u>	<u>4,532,955</u>
As of September 30, 2023	<u>79,797</u>	<u>240,273</u>	<u>3,200,594</u>	<u>20,640</u>	<u>3,488</u>	<u>274,664</u>	<u>3,819,456</u>

- (b) As of September 30, 2023 and December 31, 2022, the works in progress mainly constituted the construction of networks and the transmission of data, as well as projects to expand coverage, improve the quality of signal reception, increase the capacity of the voice and data transmission network, and software under development, which Management expects to complete in the short term.
- (c) As of September 30, 2023, the Company classified the fiber-to-the-home (hereinafter "FTTH") network services as assets held for sale, since the Company will sell these services to Pangeaco S.A.C. (hereinafter "Pangea"). The Company will also execute with Pangea agreements for the granting of rights of use over the infrastructure and the provision of complementary services and others linked to the operations.

The execution of the aforementioned operations was approved by the General Shareholders' Meeting held on September 27, 2023 and will take place in a context where Telefónica Hispanoamérica, S.A. (hereinafter "Telefónica Hispam"), the Company's main shareholder, executed in July 2023 agreements for share subscription with a subsidiary of Kohlberg Kravis Roberts – KKR & Co, Inc. (hereinafter "KKR") and with Entel Perú S.A. (hereinafter "Entel Perú"), which allowed both companies to acquire 54% and 10%, respectively, of share capital of Pangea, a wholesale fiber optic company in Peru; thus reducing Telefónica Hispam's share capital to 36%. The aforementioned transaction is subject to the approval of the authority that regulates free competition.

Due to the foregoing, the Company classified said assets as held for sale. These assets are measured at the lower of their carrying amount or their fair value less sale costs. The criteria for held for sale classification is considered as met only when the sale is highly probable and the asset or asset group as held for sale is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management should be committed to a decision to sell the assets and the sale is expected to be completed within one year from the date of the classification.

The Company estimated to obtain S/ 384,465,000 plus VAT for the sale of the assets. This amount is within the range of fair value according to the report of an independent third party prepared by virtue of literal c) of article 53 of the Securities Market Law. As of September 30, 2023, the net carrying amount of the assets to be transferred amounted to S/ 436,009,000; consequently, an impairment of S/ 51,544,000 was recognized as of said date.

- (d) As of September 30, 2023 and December 31, 2022, the Company's Management carried out an analysis of impairment indicators and determined that there is no impairment in the value of the assets. In their view, it was not necessary to establish any estimate as of the date of the statement of financial position, except for the provisions of paragraph (c), Management recognized an impairment for certain assets that constitute the fiber optic network.
- (e) As of September 30, 2023 and December 31, 2022, the Company maintained valid insurance policies to provide reasonable coverage for possible risks on fixed assets that may be affected by exploitation, including adequate limits and coverage, in accordance with the procedures established by the Management.

14 INTANGIBLE ASSETS OTHER THAN CAPITAL GAIN, NET

- (a) The movement and composition of the item, as of the date of the statement of financial position, are detailed below:

	Administrative concessions (b)	Software (c)	Software in development (d)	Total
	S/000	S/000	S/000	S/000
Cost				
As of January 1, 2022	7,810,328	2,490,147	274,037	10,574,512
Additions	-	-	244,710	244,710
Transfer	-	52,926	(52,926)	-
Transfer to works in progress, note 13(a)	-	-	(78,547)	(78,547)
Withdrawals	-	(10,717)	-	(10,717)
As of December 31, 2022	7,810,328	2,532,356	387,274	10,729,958
Additions	-	-	112,981	112,981
Transfer	-	225,960	(225,960)	-
Transfer to works in progress, note 13(a)	-	-	(126,433)	(126,433)
Transfers	-	(34)	(8,516)	(8,550)
As of September 30, 2023	7,810,328	2,758,282	139,346	10,707,956
Accumulated Depreciation				
As of January 1, 2022	6,295,401	2,376,874	-	8,672,275
Depreciation for the period	156,794	83,387	-	240,181
Withdrawals	-	(10,717)	-	(10,717)
As of December 31, 2022	6,452,195	2,449,544	-	8,901,739
Depreciation for the period	117,595	92,417	-	210,012
Transfers	-	(38)	-	(38)
As of September 30, 2023	6,569,790	2,541,923	-	9,111,713
Net amount				
As of December 31, 2022	1,358,133	82,812	387,274	1,828,219
As of September 30, 2023	1,240,538	216,359	139,346	1,596,243

(b) The concessions include:

- (i) The difference between the share acquisition cost and the fair value of the respective net assets of the Company Peruana de Teléfonos SA (CPT), acquired by the Company in 1994, was allocated to the cost of the concession, which amortizes over a period of 33 years, due in December 2027.
- (ii) Band A 1710-1730 Mhz and 2110-2130 Mhz (4G LTE) in Lima and Provinces, awarded by the MTC in July 2013 for US \$152,229,000, which is amortized over a period of 20 years until the year 2033. It also includes the use of the B band of provinces, the use of the band in Lima and Callao, and the use of the 25 Mhz band corresponding to the 1,900 Mhz band.
- (iii) Block C, of the 700 Mhz band, in Lima and Provinces, signed with the MTC in July 2016, for US \$315,007,700, which is amortized over a 20-year period until 2036.

- (c) The software includes the financial and accounting applications based on the SAP system, as well as the network licenses corresponding to platform software that support the commercial systems. The software activated as of September 30, 2023 and December 31, 2022, corresponds mainly to corporate systems for the commercial area, office applications, control equipment software, and network management, among others.
- (d) The software under development is mainly made up of support systems for commercial areas, as well as software for control and network management equipment.
- (e) As of September 30, 2023 and December 31, 2022, Management has carried out an analysis of impairment indicators and determined that there is no impairment in the value of the assets. In Management's opinion, no estimate is required at the date of the consolidated statement of financial position.

15 RIGHTS-OF-USE ASSETS

(a) The movement and composition of the item, as of the date of the statement of financial position, are detailed below:

	Rights to use land and natural assets S/000	Rights to use constructions S/000	Rights to use technical facilities and machinery S/000	Other rights for use S/000	total S/000
Cost					
As of January 1, 2022	718,675	657,968	202,452	33,099	1,612,194
Additions (b)	38,935	80,455	19,106	12,488	150,984
Transfers	(7,186)	9,417	639	(2,870)	-
Withdrawals	(2,422)	-	-	-	(2,422)
As of December 31, 2022	<u>748,002</u>	<u>747,840</u>	<u>222,197</u>	<u>42,717</u>	<u>1,760,756</u>
Additions (b)	(2,590)	51,120	10,369	(1,002)	57,897
Withdrawals	-	(271)	-	-	(271)
As of September 30, 2023	<u>745,412</u>	<u>798,689</u>	<u>232,566</u>	<u>41,715</u>	<u>1,818,382</u>
Accumulated Depreciation					
As of January 1, 2022	218,283	230,462	68,657	27,456	544,858
Depreciation for the period	83,711	110,862	39,573	4,704	238,850
Transfers	(601)	1,065	399	(863)	-
Withdrawals	(416)	-	-	-	(416)
As of December 31, 2022	<u>300,977</u>	<u>342,389</u>	<u>108,629</u>	<u>31,297</u>	<u>783,292</u>
Depreciation for the period	<u>60,415</u>	<u>67,851</u>	<u>28,090</u>	<u>733</u>	<u>157,089</u>
As of September 30, 2023	<u>361,392</u>	<u>410,240</u>	<u>136,719</u>	<u>32,030</u>	<u>940,381</u>
Net amount					
As of December 31, 2022	<u>447,025</u>	<u>405,451</u>	<u>113,568</u>	<u>11,420</u>	<u>977,464</u>
As of September 30, 2023	<u>384,020</u>	<u>388,449</u>	<u>95,847</u>	<u>9,685</u>	<u>878,001</u>

- (b) During 2022, sales of assets with subsequent leasing were made, recognizing an addition for the right of use of S/10,182,000.

16 CAPITAL GAIN

- (a) The movement for the item is as follows:

	As of 30 September 2023 S/000	As of 31 December 2022 S/000
Opening balance	959,137	959,137
Closing balance	<u>959,137</u>	<u>959,137</u>

- (b) This corresponds to the higher value paid for the acquisition of 17.44% of shares of Telefónica Móviles Perú Holding SAA and the entire share in Telefónica Empresas Perú SAA, as well as of the subsidiaries Star Global Com SAC and Telefónica Multimedia SAC, over the share of the Company in the fair value of the respective net assets acquired and companies that were absorbed.

The Company has reassessed its business plans, having foreseen an increase in the OIBDA margin in relation to the business plan of the previous year. As a result of this evaluation, the recoverable amount has been determined using projections of cash flows derived from the financial budgets approved by Senior Management. The aforementioned cover three years (5) and perpetuity. The corresponding discount rate has been determined and is applicable to cash flow projections. Cash flows that go beyond the period indicated in the projections are extrapolated using a specific growth rate that is similar to the long-term average growth rate for the industry in which the Company operates.

As of September 30, 2023, the Company was monitoring the financial objectives established in the business plan approved in 2021, which were reviewed in 2022; and therefore, it is not necessary to make an additional adjustment for impairment. The Company is preparing the business plan for the period 2024 to 2026, which is expected to be approved in the last quarter of 2023.

Key assumptions used in calculations of value in use -

The calculation of the value in use for the unit evaluated is largely sensitive to the following assumptions:

- (i) Long-term OIBDA (Operating Income before Depreciation and Amortization) gross margin.
- (ii) Discount rate
- (iii) Market share and
- (iv) Perpetuity growth rate applied to extrapolate cash flows beyond the budget period.

Gross Margin -

Is based on the average values recorded in the three years prior to the commencement of the budget period and future projects of each company. It increases during the budget period with the expected improvements in efficiency. In the long term, the Company's gross margin (OIBDA) remained between 24% and 25.7%, upon consideration of the most conservative margin for the impairment test.

Discount Rate -

It represents the current market assessment of the Company's specific risks, considering the time value of money and the particular risks of the underlying assets that were not included in the cash flow estimates. The calculation of the discount rate is based on the specific circumstances of the Company, and represents the average cost of capital. This average considers both debt and equity. The cost of equity is based on the return on investment that the Company's shareholders expect to obtain. The cost of the debt is based on the loans that accrue interest that the Company must pay. The specific segment risk is incorporated through the application of individual beta factors. Beta factors are evaluated annually on the basis of market information available to the public.

As of September 30, 2023 and December 31, 2022, the pre-tax discount rate used was 14.75% and the post-tax discount rate was 10.40%.

Market Share -

Using industry information to forecast growth rates is important because Management evaluates how the position of the unit could change in relation to its competitors during the budgeted period. Management expects the Company's market share to remain stable during the budgeted period.

Perpetual Growth Rate -

This rate is based on published market research and trends in the telecommunications sector. The growth rate as of September 30, 2023 and December 31, 2022, which has been considered for the following years is 2.40%.

Sensitivity to Changes in Assumptions -

The valuation is sensitive to the key assumptions used; the increase/decrease in the growth rate and the discount rate may result in maintaining the book value or further impairment. It is estimated that a 0.25% change in the growth rate assumption and a 0.5% change in the discount rate assumption for 2022 (keeping all other assumptions constant) would result in a decrease in the recoverable value of S/146,534,000 and S/398,766,000, respectively, in which case it would not generate an impairment in the value of the assets. The assumptions used to estimate the value in use of the assets are considered prudent given the current circumstances; therefore no deviations in estimates are expected that could have a significant effect on the Company's financial statements as of September 30, 2023.

17 OTHER FINANCIAL LIABILITIES

(a) The breakdown of the item is presented below:

	<u>As of September 30, 2023</u>			<u>As of December 31, 2022</u>		
	<u>Current Portion</u>	<u>Non-current Portion</u>	<u>Total</u>	<u>Current Portion</u>	<u>Non-current Portion</u>	<u>Total</u>
	<u>S/000</u>	<u>S/000</u>	<u>S/000</u>	<u>S/000</u>	<u>S/000</u>	<u>S/000</u>
Bonds (17.1)	195,302	2,391,373	2,586,675	297,812	2,494,500	2,792,312
Short-term debt (17.2)	17,419	-	17,419	5,073	-	5,073
	<u>212,721</u>	<u>2,391,373</u>	<u>2,604,094</u>	<u>302,885</u>	<u>2,494,500</u>	<u>2,797,385</u>

(b) The movement of the other financial liabilities as at September 30, 2023 and December 31, 2022, is as follows:

	<u>Cash flow</u>				<u>Changes that do not produce cash flow</u>		
	<u>Opening balance</u>	<u>New loans</u>	<u>Loan Payment</u>	<u>Interest payment</u>	<u>Accrued interest</u>	<u>New debt</u>	<u>Final balance</u>
	<u>S/000</u>	<u>S/000</u>	<u>S/000</u>	<u>S/000</u>	<u>S/000</u>	<u>S/000</u>	<u>S/000</u>
2023							
Other financial liabilities	<u>2,797,385</u>	<u>-</u>	<u>(295,052)</u>	<u>(95,301)</u>	<u>149,160</u>	<u>47,902</u>	<u>2,604,094</u>
2022							
Other financial liabilities	<u>3,022,976</u>	<u>-</u>	<u>(295,283)</u>	<u>(196,328)</u>	<u>215,760</u>	<u>50,260</u>	<u>2,797,385</u>

17.1 Bonds -

(a) As at September 30, 2023 and December 31, 2022, the following bond issues remain in effect:

Program	Issue and series	Expiration Date	Authorized amount S/000	Used amount S/000	Total		Current portion		Non-current portion	
					As of 30 September	As of 31 December	As of 30 September	As of 31 December	As of 30 September	As of 31 December
					2023 S/000	2022 S/000	2023 S/000	2022 S/000	2023 S/000	2022 S/000
Fourth (*)	19th A	July, 2027	S/150,000	S/60,000	106,696	103,400	815	1,713	105,881	101,687
Fourth (*)	19th B	April, 2028	(**)	S/49,000	83,915	80,025	1,048	440	82,867	79,585
Fourth (*)	19th C	July, 2028	(**)	S/20,000	33,586	32,511	205	453	33,381	32,058
Fourth (*)	37th A	May, 2028	S/200,000	S/48,000	81,763	77,922	900	261	80,863	77,661
Sixth (f)	11th A	June, 2023	S/400,000	S/260,000	-	261,039	-	261,039	-	-
Sixth	11th B	April, 2024	(**)	S/120,000	123,593	121,732	123,593	1,732	-	120,000
Sixth	15th A	October 2024	S/135,000	S/135,000	138,392	136,545	3,392	1,545	135,000	135,000
Sixth	16th. A	April, 2025	S/400,000	S/105,120	107,684	106,239	2,564	1,119	105,120	105,120
Sixth	17th. A	May, 2030	S/250,000	S/60,000	76,248	72,673	874	285	75,374	72,388
First (f)	1st. A	October, 2026	S/200,000	S/80,000	82,632	81,179	2,632	1,179	80,000	80,000
First (g)	Int. issue	April, 2027	S/1,700,000	S/1,700,000	1,752,166	1,719,047	59,279	28,046	1,692,887	1,691,001
Total					2,586,675	2,792,312	195,302	297,812	2,391,373	2,494,500

(*) Annual interest rate with constant update value.

(**) The authorized amount is unique for the series (A, B, or C) of the same issue.

- (b) The bonds in soles in force as of September 30, 2023 and December 31, 2022, accrue a respective weighted average annual interest rate of 7.09% and 7.05% respectively. Additionally, the weighted average spread of the VAC bonds in force as of September 30, 2023 and December 31, 2022, is 3.21 %. Future interest payments amount to S/ 79,515,000 by 2023, S/ 160,458,000 by 2024, S/ 125,958,000 by 2025, S/ 81,650,000 by 2026, S/ 34,412,000 by 2027 and S/10,861,000 thereafter.
- (c) As of September 30, 2023 and December 31, 2022, the bonds issued according to their contractual conditions have the following maturities:

Maturity Year	<u>As of September 30, 2023</u>			<u>As of December 31, 2022</u>		
	<u>Interest</u>	<u>Principal</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
	<u>S/000</u>	<u>S/000</u>	<u>S/000</u>	<u>S/000</u>	<u>S/000</u>	<u>S/000</u>
2023	75,302	-	75,302	37,812	260,000	297,812
2024	-	255,000	255,000	-	255,000	255,000
2025	-	671,730	671,730	-	671,730	671,730
2026	-	646,610	646,610	-	646,610	646,610
2027	-	665,548	665,548	-	659,468	659,468
2028	-	197,111	197,111	-	189,304	189,304
2029 onwards	-	75,374	75,374	-	72,388	72,388
Total	<u>75,302</u>	<u>2,511,373</u>	<u>2,586,675</u>	<u>37,812</u>	<u>2,754,500</u>	<u>2,792,312</u>

- The resources raised in the bond issue were used to finance working capital, restructuring liabilities, making investments, among others. These bonds are guaranteed with the equity of Telefónica del Perú SAA.
- The amount authorized for the issuance of bonds is up to US\$1,650,000,000, in circulation or its equivalent in national currency, which was extended by the General Shareholders' Meeting of March 29, 2022, of Telefónica del Perú SA, until December 31, 2027.

Furthermore, within the same term, it may issue short-term instruments up to an amount of US \$550,000,000 outstanding with a maximum limit of US \$2,000,000,000 as a whole.

- In June 2016, the issue of Corporate Bonds maturing in June 2023, and for an amount of S/260,000,000 at an issue price at par and a fixed nominal annual interest rate of 6.66%, was finalized. The foregoing was undertaken in order to assume the expenses associated with the Company's participation in the public tender for Block C of the 700 Band. (See note 14(b)(iii)).
- In April 2019, the issuance of an International Bond maturing in April 2027 was finalized for an amount of S/ 1,700,000,000, at a nominal fixed annual interest rate of 7.38%. The resources raised in the placement will be used for the execution of investment projects in capital goods, the re-profiling of some debt operations and other corporate uses. Furthermore, this bond has a covenant not to carry out asset sales operations with subsequent leasing greater than 20% of the consolidated net assets, which are calculated as total consolidated assets excluding capital gain, trademarks, patents and rights, and licenses (without administrative concessions), net of current liabilities. The Company has been complying with this covenant.

17.2 Short-Term Debt -

(a) The breakdown of the item is presented below:

	<u>Currency of origin</u>	<u>As of 30 September 2023 S/000</u>	<u>As of 31 December 2022 S/000</u>
Ministry of Transport and Communications (b)	S/	17,419	4,569
Phoenix Tower International Peru SAC (c)	S/	-	504
		<u>17,419</u>	<u>5,073</u>
Debt Composition			
Principal		<u>17,419</u>	<u>5,073</u>
		<u>17,419</u>	<u>5,073</u>

(b) Splitting of the mobile royalty for the period 2023, with monthly maturities until January 2024.

(c) As of September 30, 2023 and December 31, 2022, the Company recognized revenues of S/504,000 and S/6,219,000, respectively, as established in the agreement entered into with Phoenix Tower International Peru S.A. In December 2021, the Company sold 42 towers and 19 properties to Phoenix Tower International Peru SAC for S/56,139,000 by means of a contract. The Company has recognized an income of S/49,416,000 since the purchaser has the obligation to return 10% and 2 premises according to the contract clauses.

18 FINANCIAL LEASE LIABILITIES

(a) The breakdown of the item is presented below:

	<u>As of September 30, 2023</u>		<u>As of December 31, 2022</u>	
	<u>Foreign currency US\$000</u>	<u>Equivalent in national currency S/000</u>	<u>Foreign currency US\$000</u>	<u>Equivalent in national currency S/000</u>
Financial Lease liability in foreign currency	101,152	384,074	111,098	424,394
Financial lease liability in national currency	-	<u>828,663</u>	-	<u>904,981</u>
		1,212,737		1,329,375
Less - non-current portion		<u>(802,818)</u>		<u>(928,289)</u>
Current portion		<u>409,919</u>		<u>401,086</u>

(b) Future payments under leases as at September 30, 2023 and December 31, 2022, are as follows:

	<u>As of 30 September 2023 S/000</u>	<u>As of 31 December 2022 S/000</u>
2023	243,797	447,488
2024	276,990	241,419
2025	249,662	217,591

2026	191,645	180,243
2027	165,360	162,971
2028	142,657	142,415
2029 onwards	<u>129,666</u>	<u>125,859</u>
	<u>1,399,777</u>	<u>1,517,986</u>

- (c) The current average annual rate of lease liabilities in soles as of September 30, 2023 is 7.04% and in dollars is 3.11% (5.63% and in dollars is 3.58% as of December 31, 2022).
- (d) As of September 30, 2023, the Company also registered non-monetary additions of right-of-use assets for S/ 57,897,000 (S/150,984,000 for the year ended December 31, 2021); lease payments including capital and interest amortization amounted to S/ 178,267,000 and S/53,338,000, respectively (S/ 212,916,000 and S/63,707,000 for the year ended December 31, 2022); and accrued interests of S/52,702,000 for the nine-month period ended September 30, 2023 (S/45,319,000 for the nine-month period ended September 30, 2022), which are detailed in the financial expenses section.

19 TRADE ACCOUNTS PAYABLE

- (a) The breakdown of the item is presented below:

	As of 30 September 2023 <u>S/000</u>	As of 31 December 2022 <u>S/000</u>
Domestic suppliers (c)	621,507	948,520
Accrual of obligations to be invoiced	517,265	628,296
Related companies, note 23(d)	360,057	318,855
Foreign suppliers	95,996	109,384
Contractor guarantee deposits	<u>2,329</u>	<u>3,179</u>
	<u>1,597,154</u>	<u>2,008,234</u>

- (b) Commercial accounts payable are denominated in soles, US dollars, and euros, do not accrue interest, have current maturities, are normally paid in an average period of 60 days, and no guarantees have been granted.
- (c) Domestic suppliers, as of September 30, 2023 and December 31, 2022, represented S/636,479,000, and S/318,176,000 respectively in accounts payable that are under assignment of collection rights with Investment Funds, in which TFP SAC (a Company affiliate) provides the management services required for suppliers to access such transactions. The aforementioned collection rights transfer transactions have not involved a change in the trade terms agreed with the suppliers and the Company. As such, their classification as trade accounts payable is maintained.
- (d) The book values of the commercial accounts are considered equal to their fair values due to their short-term nature.

20 OTHER ACCOUNTS PAYABLE

(a) The breakdown of the item is presented below:

	As of 30 September 2023	As of 31 December 2022
	S/000	S/000
Remuneration and vacations (b)	114,212	151,974
Taxes payable, note 24(h)	30,164	60,975
Security deposits	11,558	13,684
Dividends and returns payable to shareholders	2,681	2,696
Employee participation, note 24(e)	417	417
Derivative financial instruments, 8(d)	-	18,838
Other	<u>12,682</u>	<u>6,449</u>
	171,714	255,033
Less - non-current portion (b)	(<u>22,741</u>)	(<u>29,709</u>)
Current portion	<u>148,973</u>	<u>225,324</u>
Financial liabilities classified as other accounts payable	26,921	41,667
Non-financial liabilities classified as other accounts payable	<u>144,793</u>	<u>213,366</u>
	<u>171,714</u>	<u>255,033</u>

(b) During 2022, in accordance with the Program implemented in 2021, the Company released 58 employees and 22 executives through the early retirement program launched in 2021 which totaled S/17,259,000 and S/8,939,000, respectively, charged to the provision executed in said period.

21 OTHER PROVISIONS

(a) The breakdown of the item is presented below:

	As of 30 September 2023	As of 31 December 2022
	S/000	S/000
Litigation and risks, (c) and note 33(b)	767,139	836,506
Tower decommissioning, note 2.19	38,115	72,600
Other (d)	<u>25,636</u>	<u>25,849</u>
	830,890	934,955
Less - non-current portion	(<u>414,903</u>)	(<u>323,873</u>)
Current portion	<u>415,987</u>	<u>611,082</u>

(b) Item movement is detailed below:

	Litigation and Risks	Decommissioning	Others	Total
	S/000	S/000	S/000	S/000
Balances as of January 1, 2022	563,717	53,545	33,965	651,227
Additions	522,994	21,585	4,053	548,632
Disposals	(23,589)	(2,530)	(12,169)	(38,288)
Payments	(226,616)	-	-	(226,616)
As of December 31, 2022	836,506	72,600	25,849	934,955
Additions	122,502	-	-	122,502
Disposals	(136,352)	(34,485)	(213)	(171,050)
Payments	(55,517)	-	-	(55,517)
As of September 30, 2023	767,139	38,115	25,636	830,890

c) Includes, mainly, various provisions made by the Company in accordance with the practice described in note 2.19, based on its best estimates of the disbursement that would be required to settle obligations at the date of the statement of financial position. The additions in 2023 correspond mainly to risks from regulatory contributions.

Management and its internal and external legal advisors consider that the provisions recorded are sufficient to cover the risks that affect the Company's business as as of September 30, 2023 and December 31, 2022, as described in note 33(b).

(d) As of September 30, 2023 and December 31, 2022, "Other" includes a provision for reinforcement of towers as a result of towers sold in previous years.

22 DEFERRED INCOME

(a) The breakdown of the item is presented below:

	As of 30 September 2023	As of 31 December 2022
	S/000	S/000
Grants, (b) and notes 2.21 and 8(c)	48,006	60,471
Intégrame	532	893
Other	10,004	14,096
	58,542	75,460
Less - non-current portion	(41,342)	(48,479)
Current portion	17,200	26,981

(b) Deferred revenue from grants mainly includes:

- Lambayeque Project: corresponds to the contract signed on May 27, 2015, between the Company and the Peruvian State (represented by the National Telecommunications Program - PRONATEL), for the non-reimbursable financing of the Project "Integral Broadband Connectivity for Development of Social Activity in the Northern Part of the Country."

The balance for this project as of September 30, 2023 and December 31, 2022 amounts to approximately S/46,525,000 and S/58,649,000, respectively. The Lambayeque project includes the construction of a transportation network for US \$11,613,000. The investment term was extended until 2027.

- Selva [Jungle] Project: corresponds to the contract signed on February 18, 2011, between the Company and the Peruvian State (represented by PRONATEL), for the non-reimbursable financing of the Project "Integration of Rural Areas and Places of Preferential Social Interest to the Mobile Service Network - Selva." The balance for this project amounts to approximately S/1,481,000 and S/1,822,000 as of September 30, 2023 and December 31, 2022, respectively.

The Company has the obligation to use such financing at its own risk for the design, acquisition of equipment, installation, commissioning, operation and maintenance of a system that will allow the provision of public telecommunications services in beneficiary localities, complying with the conditions foreseen in the technical specifications presented in the financing contract.

<u>Project</u>	<u>Lambayeque</u>	<u>Selva</u>
Investment period	14 months	12 months
Period of operation	120 months	50 months
End of contract	Continue with the obligations stipulated in respective concession contracts	
Amount	US\$47,626,000	US\$14,718,000

For the six-month period ended September 30, 2023 and 2022, the Company accrued income of S/8,227,000 and S/10,008,000 respectively. These are presented in the caption "Other operating income and expenses" of the consolidated income statement. See note 30(a).

23 TRANSACTIONS WITH RELATED ENTITIES

- (a) During the three-month periods ended September 30, 2023 and 2022, the most significant transactions carried out by the Company with related entities were the following:

	<u>As of 30 September 2023 S/000</u>	<u>As of 30 September 2022 S/000</u>
Revenues with related companies for:		
Rural Traffic Services		
- Internet para Todos SAC	15,812	18,280
Expenses with related companies for:		
Rural Traffic Services		
- Internet para Todos SAC	(99,188)	(85,823)
Trademark use fee, note 28(a)		
- Telefónica, SA (b)	(74,173)	(85,294)
Internet linking and fiber optic services		
- Telxius Cable Perú SAC	(64,572)	(63,023)
Systems Service		
- Telefónica Global Technology SAU		
Transfer of management capacity, note 28(a)	(17,761)	(29,894)
- Telefónica Hispanoamérica SA (c)	(19,318)	(18,142)

- (b) The Company has a contract with Telefónica, SA, whereby it pays a trademark fee equivalent to 1.6% of monthly income, excluding operations with related companies, unless the previous year had a negative balance when deducting depreciation, amortization, and CAPEX for that year from the operating income.
- (c) The Company maintains management capacity transfer agreements with Telefónica Hispanoamérica SA

(d) As of September 30, 2023 and December 31, 2022, the Company maintained the following trade balances with related entities:

	As of September 30, 2023		As of December 31, 2022	
	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
	S/000	S/000	S/000	S/000
Related:				
Telefónica Hispanoamérica S.A.	27,548	44,053	16,736	25,226
Internet para Todos S.A.C.	11,801	21,360	9,077	26,971
Media Networks Latin América S.A.C.	11,266	23,044	11,309	18,714
Telefónica Global Solutions S.L.	10,721	16,829	10,392	17,348
Telxius Cable Perú S.A.C.	8,139	23,835	7,056	30,339
Telefónica Global Solutions Perú S.A.C.	7,430	17,015	5,489	14,095
Telefónica Cybersecurity & Cloud Tech Perú S.A.C.	6,122	57,652	3,709	87,843
Telefónica, S.A.	2,141	77,718	1,849	33,192
Telefónica Ingeniería de Seguridad S.A. Sucursal del Perú	1,956	4,896	1,849	8,956
Fundación de Telefónica del Perú	1,410	-	1,509	-
Telefónica Digital España S.L.	798	34,025	2,872	26,927
Telefónica Data USA	479	-	481	207
Telefónica Compras Electrónicas	-	6,973	-	5,336
Telefónica Gestión de Tecnología S.A.U.	-	5,952	-	2,342
Other	<u>38,161</u>	<u>26,705</u>	<u>19,903</u>	<u>21,359</u>
Trade accounts receivable and payable related (See notes 7(a) and 19(a))	<u>.127,972</u>	<u>360,057</u>	<u>92,231</u>	<u>318,855</u>

- (e) As of September 30, 2023 and December 31, 2022, the Company maintained loans payable to Telefónica Hispanoamérica S.A. of S/707,252,000 and S/380,821,000, respectively (S/ 684,381,000 of principal and S/ 22,871,000 of accrued interest as of September 30, 2023 and S/377,000,000 of principal and S/3,821,000 of accrued interest as of December 31, 2022) with current maturity. These loans accrued an average interest rate of 9.41% and 8.27%, respectively. These funds were used mainly to comply with tax obligations related to the various proceedings in which the Group is involved, as described in Note 33(b). At the Board meeting held on February 10, 2023, a loan from Telefónica Hispanoamérica, S.A. of up to S/1,000,000,000 was approved. This amount was disbursed in full during 2023 and such disbursements were partially capitalized by agreement of that same Board of Directors and, together with the loans received in 2022 and the accrued interest, the capitalization of PEN 700,000,000 was also authorized (see Note 25).
- (f) As of September 30, 2023 and December 31, 2022, the Company had other accounts payable to Telefónica S.A. for an amount of approximately S/6,735,000 and S/10,236,000, respectively, corresponding to the fair value of the share options granted by the Parent company in Spain to certain executives of the Company, who may exercise their rights until 2025 at the latest. See Note 2.25.

(g) Loans to Staff -

The Company grants loans to its staff and officers for terms of up to 24 months. The interest rates applied are generally below the interest rates existing in the market; however, the other loan terms are substantially the same as those of the market. The balance of the loans to employees was approximately S/11,525,000 and S/11,993,000 as of September 30, 2023 and December 31, 2022, respectively. The loans are reported in the item "Other accounts receivable, net" of the statement of financial position. See note 8(a).

(h) Remuneration to the Board of Directors and members of Key Management -

Remuneration received by directors and key management personnel amounted to approximately S/19,180,000 for the nine-month period ended September 30, 2023 (approximately S/18,602,000 for the nine-month period ended September 30, 2022), including short-term benefits, compensation for time of service and others.

- (i) As of September 30, 2023, the Group maintains current accounts in Telfisa Global, BV, for an amount of US\$5,959,000 equivalent to S/22,585,000 which are presented under the heading "Cash and cash equivalents." (As of December 31, 2022, the Company held current accounts in Telfisa Global, BV, for an amount of US\$7,620,000, equivalent to S/29,017,000, respectively).

Terms and Conditions of Transactions with Related Parties -

Sales and purchases with related parties are made under market conditions equivalent to those applied to transactions between independent parties. As of September 30, 2023 and December 31, 2022, the Company had not recorded any estimate for doubtful accounts in relation to the balances owed by the related parties. This evaluation is performed annually by examining the commercial position of the related party and the market in which it operates.

In the opinion of Management, accounts receivable and payable classified as current as of September 30, 2023 and December 31, 2022, will be collected and paid in the short term.

24 TAX SITUATION

(a) Deferred Taxes -

The movement of the item is as follows:

	As of 1 January 2022 S/000	Credit (Charge) to profit/loss statement S/000	Credit (charge) to another comprehensive statement S/000	Credit (charge) to the status of financial statement S/000	As of 31 December 2022 S/000	Credit (Charge) to profit/loss statement S/000	Credit (charge) to another comprehensive statement S/000	As of 30 September 2023 S/000
Deferred Assets / (Liabilities)								
Depreciation	356,866	(23,551)	-	-	333,315	(18,742)	-	314,573
Estimate for doubtful accounts	371,715	(41,271)	-	-	330,444	(14,596)	-	315,848
Provision for miscellaneous contingencies	33,528	(1,094)	-	-	32,434	(696)	-	31,738
VAC bonds	31,860	5,423	-	-	37,283	4,341	-	41,624
Staff expenses	73,918	(30,544)	-	-	43,374	(10,947)	-	32,427
Provision for decommissioning of equipment	(6,223)	27,640	-	-	21,417	(8,306)	-	13,111
Others	27,821	17,830	-	-	45,651	12,326	-	57,977
Lambayeque Project Grant	43,040	(7,970)	-	-	35,070	(2,452)	-	32,618
Expenditure with non-residents	51,056	4,860	-	-	55,916	3,258	-	59,174
Deterioration of inventories and property, plant and equipment	4,206	(748)	-	-	3,458	14,576	-	18,034
Deferred income from sale of towers	574	(348)	-	-	226	-	-	226
Financial lease	(6,800)	6,505	-	-	(295)	(18)	-	(313)
Other deferred income	33	3,825	-	-	3,858	-	-	3,858
Payroll Capitalization for Plant Construction	(175)	-	-	-	(175)	-	-	(175)
Financial instruments	2,224	148	(1,842)	-	530	-	(469)	61
Amortization of software licenses	13,465	(6,771)	-	-	6,694	4,122	-	10,816
Allocation of Price Paid by fixed asset	(796)	796	-	-	-	-	-	-
Cost attributed to fixed asset	(12,345)	-	-	-	(12,345)	-	-	(12,345)
IFRS 15	(81,585)	(52,556)	-	-	(134,141)	(34,233)	-	(168,374)
IFRS 16	107,964	913	-	-	108,877	(4,388)	-	104,489
Administrative concession	(444,943)	45,975	-	-	(398,968)	34,480	-	(364,488)
Deferred costs and income-Deco	(132,278)	21,543	-	-	(110,735)	(1,418)	-	(112,153)
Income from connection fee	13,408	(6,234)	-	-	7,174	(5,341)	-	1,833
Capitalized financial costs	(3,395)	695	-	-	(2,700)	493	-	(2,207)
Tax loss	22,185	(13,264)	-	-	8,921	81,478	-	90,399
Total deferred assets/(liabilities), net	<u>465,323</u>	<u>(48,198)</u>	<u>(1,842)</u>	<u>-</u>	<u>415,283</u>	<u>53,937</u>	<u>(469)</u>	<u>468,751</u>

- (b) The deferred income tax is determined by its estimated reversal term as shown in the following detail:

	As of 30 September 2023	As of 31 December 2022
	S/000	S/000
Deferred Income Tax Assets:		
Expected reversal in the next 12 months	136,997	108,448
Expected reversal after 12 months	<u>331,754</u>	<u>306,835</u>
Total, deferred income tax	<u><u>468,751</u></u>	<u><u>415,283</u></u>

- (c) The expense shown for the income tax in the profit or loss statement, is composed as follows:

	As of 30 September 2023	As of 30 September 2022
	S/000	S/000
Current	(2,258)	92,075
Deferred	<u>(53,937)</u>	<u>12,527</u>
	<u><u>(56,195)</u></u>	<u><u>104,602</u></u>

- (d) The reconciliation of effective income tax rate with the tax rate was as follows:

	As of September 30 2023		As of September 30 2022	
	S/000	%	S/000	%
Results before Income tax	(388,657)	100.00	(408,401)	100.00
Income tax according to tax rate (income)	(114,654)	29.50	(120,478)	29.50
Tax impact:				
Interest on tax refund	(82,384)	21.20	-	-
Contingencies and taxes (non-deductible), notes 21 and 33(b)	12,683	(3.26)	125,570	(30.75)
Taxes from previous years	83,977	(21.61)	40,368	(9.88)
Excepted interests	5,414	(1.39)	-	-
Result in associated companies	(1,299)	0.33	2,388	(0.58)
Non-allowable expenses	15,717	(4.04)	17,351	(4.25)
Derivative instruments	9,604	(2.47)	22,042	(5.40)
Debt cancellation	5,995	(1.54)	-	-
Other, net	<u>8,752</u>	<u>(2.25)</u>	<u>17,361</u>	<u>(4.25)</u>
Tax (income) expenses	<u><u>(56,195)</u></u>	<u><u>14.47</u></u>	<u><u>104,602</u></u>	<u><u>(25.61)</u></u>

- (e) The Company is subject to the Peruvian tax regime. The income tax rate as of September 30, 2023 and December 31, 2022, is 29.50% on taxable income, after deducting the staff profit sharing that is calculated at a rate of 10% on the taxable profit.

Legal entities not domiciled in Peru and natural persons are subject to withholding of an additional tax on dividends received.

In accordance with Legislative Decree No. 1261, the withholding of an additional tax on dividends received as of 2017 is 5%, and whose distribution is made as of that date (until 2014, 4.1% and for the periods 2015 and 2016, 6.8%).

- (f) For purposes of the determination of income tax and general sales tax, the transfer prices of transactions with related entities and with companies resident in territories with low or no taxation must be supported by documentation and information on the valuation methods used, and the criteria considered for their determination. Based on the analysis of the Company's operations, Management and its legal advisors believe that, as a consequence of the application of these standards, no material contingencies will arise for the Company as of September 30, 2023 and December 31, 2022.

As of September 30, 2023, the Company recorded a tax related income of S/90,399,000 which, net of instalment payments, submission of claims against the National Superintendency of Customs and Tax Administration of Peru (SUNAT by its initials in Spanish) for S/108,628,000 and other provisions, resulted in a positive balance of S/142,530,000 (S/44,723,000 from income tax payable that, in its net effect of instalment payments, claims against SUNAT for S/108,628,000 and other provisions, resulted in a positive balance of S/304,705,000 as of December 31, 2022). The foregoing is thus presented as an asset. In 2023, the Company recognized an interest income of S/260,913,000 (see Note 31) related to the claims against SUNAT and, together with these, had offset them with the liability for income tax and general sales tax. Also, the Company paid S/456,825,000 related to income tax for the years 2000 and 2001. In October 2022, the Company paid under protest the income tax for the year 2014 determined by SUNAT which amounted to S/353,640,000. The Company filed an appeal before the Tax Court since it did not agree with such income tax determination. The Company believes, together with its external advisors, that it has solid evidence to support such appeal and recover S/315,401,000 from the payment executed. Consequently, the Company classified this amount to be recovered as an instalment payment of the tax for that year which will be resolved in the long term. In the year ended December 31, 2022, the Company recovered the tax loss of S/151,603,000 in addition to the tax loss generated in 2021 of S/181,844,000 which is expected to be recovered in the following years in accordance with the Management's plans described in Note 3.1 (ii).

As required by IFRIC 23, uncertainties in the treatment of income tax, the Company has provisions recorded as of September 30, 2023 for S/2,675,421,000 in current income tax and S/48,154,000 in current long-term income tax. (S/3,289,767,000 in current Income Tax and S/64,786,000 in long-term current Income Tax as of December 31, 2022).

During 2022, the Company recorded various provisions, as well as direct charges to the income statement of S/ 970,620,000 due to the revaluation and resolution of the diverse proceedings in which it is involved, as described in Note 33(b). The main effects of such provisions are as follows:

- (i) Modification of contingencies classification related to the provision for doubtful account due to the ruling of the Supreme Court for the years 2000 and 2001, which was resolved in 2022 and notified on January 17, 2023, whereby the years from 1998 to 2004 were revaluated and a provision of S/630,564,000 was recorded.
- (ii) Revaluation of contingencies related to Telefónica Móviles S.A.C. for the years from 2001 to 2005, which established a charge to the income statement of S/166,496,000 attributed to disallowances of financial charges and exchange difference.
- (iii) Tax Court issued a resolution for the year 2000 of Telefónica Móviles S.A.C. regarding the sale costs of the Nortel Plant and the exchange difference, whereby provision of S/63,086,000 was recorded.
- (iv) As described above, the Company paid in October 2022 under protest the intendency resolution issued by SUNAT related to the income tax for the year 2014 which amounted to

S/354,640,000. Based on this amount, various disallowances were revalued and classified as probable and S/38,239,000 was charged to the income statement.

The sworn declarations on the income tax and the general sales tax for the years 2017 to 2022 are pending inspection by the Peruvian Tax Authority. The tax authorities have the power to review and, if applicable, correct the taxes calculated by the Company.

The sworn declarations of the income tax and general sales tax of the Company's Subsidiaries are subject to verification by the Tax Administration.

These subsidiaries are:	<u>Period</u>
Servicios Globales de Telecomunicaciones SAC	2017 to December 2021 (*)
Telefónica Multimedia SAC	2017 to January 2018 (*)
Star Global Com SAC	2017 to January 2018 (*)

(*) Date on which these businesses were absorbed by the Company.

Due to the possible interpretations that the tax authorities may hand down on the current legal norms, and per the application of IFRIC 23, the Company has determined that no additional liabilities will result. Any eventual higher tax or additional payment that could result from the fiscal reviews will be applied to the results of the fiscal year in which it is determined. However, in the opinion of the Company's Management and its legal advisors, any possible additional tax settlement will not be significant for the financial statements as of September 30, 2023 and December 31, 2022.

- (g) As of September 30, 2023 and December 31, 2022, the item "Other accounts payable" includes other taxes for approximately S/30,164,000 and S/60,975,000 respectively.

In accordance with Supreme Decree No. 013-93-TCC, which approves the Single Ordered Text of the Telecommunications Law, and its Regulations, approved by Supreme Decree No. 020-2007-MTC, the Company, as a telecommunications service concessionaire, must pay the following rights and fees:

<u>Item</u>	<u>Beneficiary</u>	<u>%</u>	<u>Calculation basis</u>
Special right for the Program National Telecommunications (PRONATEL)	MTC	1.0	Income invoiced and received for services carriers and finals telephony.
Contributions for supervision services	OSIPTEL	0.5	Revenue invoiced and received by the various services of telecommunications.
Commercial operating fee for Service	MTC	0.5	Services subject to concession and/or authorization.

The amount recorded as an expense for these items amounts to approximately S/68,997,000 and S/79,548,000 for the nine-month periods ending September 30, 2023 and 2022, respectively, and are included in the item "General and administrative expenses" of the consolidated profit or loss statement. See note 28(a).

Likewise, the aforementioned instruments create an annual royalty for the use of radio-electric spectrum.

(h) Regulatory framework - Modifications to the Income Tax Law -

In 2022, certain tax provisions were published. The most significant points are detailed below:

- In 2022, Legislative Decree No. 1532 was issued, whereby the procedure for attribution of the subject without operational capacity status (SSCO by its initials in Spanish) applicable to all invoices issued as of March 20, 2022 was regulated. This status, which has been in force since January 1, 2023, designates those subjects that, although they are registered as issuers of invoices or complementary documents, do not have economic, financial, material resources, among others; or, they are not suitable to carry out the operations for which said documents are issued. The most significant effects derived from the classification as SSCO are detailed below:
 - SSCO may only electronically issue sales tickets and debit notes for a maximum period of 5 years and the physical receipts and complementary documents that it has issued will be invalid.
 - Operations carried out in cooperation with SSCO will not allow to exercise the right to tax credit or support costs or expenses for purposes of Income Tax (hereinafter, "IT").
- In addition, through Legislative Decree No. 1523, various provisions of the Tax Code were modified in order to optimize the regulation of powers granted to SUNAT, as well as the actions between this authority and taxpayers for adaptation to digital transformation. For instance, one modification regarding SUNAT's inspection faculty establishes that appearance and inspection may be conducted virtually.
- At the end of 2022, relevant regulations such as Law No. 31652 were issued. This law aims to establish, exceptionally and temporarily, specific depreciation regimes so that taxpayers can accelerate depreciation of certain assets, in order to promote private investment and provide greater liquidity in the current economic situation.
- Likewise, Law No. 31662 was enacted with the purpose of modifying and extending certain regulatory provisions. These provisions include the extension, until December 31, 2023, of the exemption from income tax (IT) for the sale of shares via the Lima Stock Exchange, by legal persons and undivided successions. Such exemption applies up to the first 100 Tax Units (UIT by its initials in Spanish) of the capital gain generated in each taxable year.

In addition to the above, it is worth highlighting the following control points to be considered by taxpayers:

- Partnership Agreements (PA): Regarding the income generated until December 31, 2022, within the framework of a PA, it is not appropriate to consider it as business income, since this income qualifies as dividends or another form of distribution of profits (Report No. 046-2022-SUNAT/7T0000).
- Export of services: Services provided by one company established locally to another company established abroad intended to facilitate the sale of the latter's products abroad to clients domiciled locally, which are paid based on a percentage of the amount effectively collected by the company established abroad for such sales (Report No. 052-2022-SUNAT/7T0000).
- Disposal of shares: In the event of a disposal of shares in which the price in whole or in part is established on the basis of a percentage of the future sale of the goods traded by the acquired

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company, the income derived from said disposal in whole or in part is considered accrued when said future sale occurs (Report No. 000028-2022-SUNAT/7T0000).

(a) Issued Capital -

As at September 30, 2023 and December 31, 2022, the capital issued by Telefónica del Perú SAA is represented by 4,187,736,652 and 3,344,363,158 common shares, respectively, fully subscribed and paid, at a nominal value of S/0.63 each one. See note 32.

At the General Shareholders' Meeting held on January 19, 2023, it was resolved to delegate to the Board of Directors the power to increase the share capital by the maximum amount of S/2,106,949,000, within a maximum period of five years, on the dates, amounts, terms, conditions and procedures established from time to time by the Board of Directors, without prior consultation with the General Shareholders' Meeting.

On February 10, 2023, the Board of Directors agreed to the partial capitalization of loans granted by its parent company which amounted to S/700,000,000, allocating S/531,325,000 to the issuance of 843,373,494 new registered Class B shares with a nominal value of S/0.63 each and the remainder sum to a share premium, see paragraph (b).

At the General Shareholders' Meeting held on August 25, 2022, a reduction of the share capital was agreed to cover losses up to S/800,000,000, thereby delegating to the Board of Directors the power to determine the amount and date of its execution.

The Board of Directors in the session of August 29, 2022 executed this agreement, reducing the share capital by S/769,203,000, which implied a decrease in the nominal value of the share from S/0.86 to S/0.63; this operation did not suppose any disbursement, nor returns to shareholders.

The capital structure issued as of September 30, 2023 and December 31, 2022, is composed of the following percentages of share classes:

	As of 30 September 2023	As of 31 December 2022
	<u>%</u>	<u>%</u>
Class B		
Telefónica Hispanoamérica, S.A.	99.153	98.939
Other minor shareholders	0.843	1.055
Class C	<u>0.004</u>	<u>0.006</u>
	<u>100.000</u>	<u>100.000</u>

Class "B" and "C" shares enjoy the same rights, privileges, and restrictions, except for the provisions of article 27 of the Company's statutes, related to the appointment of directors, who may not be less than five (5) nor more than nine (9) in number. The class "B" shares choose as many directors as required to complete the number of members set by the General Shareholders' Meeting for each term while bearing in mind the director that, where appropriate, has the task of designating the shareholders for class "C".

Furthermore, class "C" shares, which correspond to Telefónica del Perú SAA employees, elect one (1) director, provided that they have reached an equity ratio of not less than 3 percent of the subscribed capital. If they do not reach this percentage by the time of the election, one more director of class "B" will be elected, thus completing the required number of Board members.

(b) Issue premiums -

As a result of the capitalization of credits indicated in the previous paragraph, the remainder amount of S/168,675,000 was used to constitute a share premium.

In order to restore the equity balance, the General Shareholders' Meeting held on August 25, 2022 agreed to apply the unrestricted equity accounts to cover accumulated losses of S/679,754,000; S/77,899,000 was applied to the Share Premium item.

(c) Other Capital Reserves -

This is composed of the legal reserve, as provided by the General Corporation Law, for which it is required that a minimum of 10% of the distributable annual profit, net of income tax, be transferred to a legal reserve until it is equal to 20% of the capital. The legal reserve can offset losses or can be capitalized; in both cases, there is an obligation to replenish any funds used. The reserve also includes the dividends that the Company declares as prescribed. It also includes freely available reserves.

In order to restore the equity balance, the General Shareholders' Meeting held on August 25, 2022 agreed to apply the unrestricted equity accounts to cover accumulated losses of S/679,754,000, applying the full amount of the Legal Reserve of S/575,230,000, as well as the full amount of the Unrestricted Reserve, which amounted to S/26,625,000.

(d) Other Equity Reserves -

These correspond mainly to net profits and losses due to changes in the estimated market value of the derivative financial instruments of cash flow hedges. The change in value is initially reflected in equity, and subsequently affects the profit and loss statement as per how it is influenced by the underlying hedge. During the nine-month period ending September 30, 2023 and 2022, the unrealized gain generated by the valuation of hedging derivatives amounts to S/1,590,000 and S/8,309,000, respectively. The net gain of its tax effect amounts to S/1,121,000 (S/5,858,000 for the nine-month period ended September 30, 2022). See 20(c).

26 FIXED BUSINESS INCOME

(a) The table below presents the breakdown of this item:

	As of 30 September 2023	As of 30 September 2022
	S/000	S/000
Services	1,770,633	2,054,505
Data + IT	370,086	337,632
Wholesaler	129,376	127,726
Teams	19,950	25,775
Others	40,675	44,479
	<u>2,330,720</u>	<u>2,590,117</u>

(b) As of September 30, 2023, the Company had approximately 927,000 fixed and public telephone lines in service, 1,760,000 broadband service connections, and approximately 1,006,000 paid television accesses (1,235,000, 1,934,000, and 1,184,000, respectively as of December 31, 2022).

27 MOBILE BUSINESS INCOME

(a) The table below presents the breakdown of this item:

	As of 30 September 2023	As of 30 September 2022
	S/000	S/000
Postpaid	1,357,667	1,410,065
Terminals	668,927	717,874
Prepaid	348,085	418,072
Wholesaler	73,664	93,535
Other	97,373	132,782
	<u>2,545,716</u>	<u>2,772,328</u>

(b) As of September 30, 2023, the Company had approximately 4,702,000 postpaid mobile lines in service, as well as 4,987,000 prepaid mobile lines (4,574,000 and 6,176,000, respectively as of December 31, 2022).

28 GENERAL AND ADMINISTRATIVE EXPENSES

(a) The breakdown of the item is presented below:

	As of 30 September 2023	As of 30 September 2022
	S/000	S/000
Services provided by third parties (c)	2,260,383	2,549,720
Taxes and royalties (b)	115,922	130,765
Provision for doubtful accounts and for impairment of inventories, notes 7(c), 8(f), and 10(c), net of recoveries	350,839	311,863
Fee for brand use and transfer of management capacity, note 23(a)	93,491	103,436
Miscellaneous management charges	<u>21,248</u>	<u>21,018</u>
	<u><u>2,841,883</u></u>	<u><u>3,116,802</u></u>

(b) The item "Taxes and royalties" corresponds mainly to payments to OSIPTEL and MTC, note 24(h).

(c) Third-party services include:

	As of 30 September 2023	As of 30 September 2022
	S/000	S/000
Fees, commissions and services	1,050,065	1,120,955
Maintenance and repair	279,823	306,458
Television signals and circuits	261,300	471,219
Interconnection and correspondent expenses	152,649	168,284
Basic services	133,036	119,651
Capacity services	91,152	110,615
Advertising	47,915	54,513
Transport and storage	37,840	38,294
Rentals	32,864	37,368
Roaming expenses	15,267	16,536
Other	<u>158,472</u>	<u>105,827</u>
	<u><u>2,260,383</u></u>	<u><u>2,549,720</u></u>

29 STAFF EXPENSES

(a) The breakdown of the item is presented below:

	As of 30 September 2023	As of 30 September 2022
	<u>S/000</u>	<u>S/000</u>
Remuneration	402,689	388,039
Social security and welfare	48,148	43,895
Compensation for service time	30,597	28,156
Employee participation	32	-
Other staff costs	15,213	11,043
Payroll capitalization for plant construction	(45,592)	(42,980)
	<u>451,087</u>	<u>428,153</u>

(b) The Company has 3,658 employees as of September 30, 2023 (3,684 as of December 31, 2022).

30 OTHER OPERATING INCOME AND EXPENSES

(a) The breakdown of the item is presented below:

	As of 30 September 2023	As of 30 September 2022
	<u>S/000</u>	<u>S/000</u>
Other Operating Income		
Gain on asset disposal (c), (d), and (e)	25,571	57,995
Compensations (d)	14,599	-
Government grants, notes 8(d) and 22(b)	8,227	10,008
Other	<u>3,393</u>	<u>12,247</u>
	<u>51,790</u>	<u>80,250</u>
Other Operating Expenses		
Other provisions (b)	(31,920)	(32,796)
Other	<u>(4,927)</u>	<u>(11,663)</u>
	<u>(36,847)</u>	<u>(44,459)</u>

(b) The other provisions (See note 21) correspond to those made by the Company in accordance with the practice described in Note 2.19, based on its best estimate of the disbursement that will be required to settle the obligations at the date of the statement of financial position.

(c) As of September 30, 2023 and 2022, asset sales produced a net profit, whose composition is detailed below:

	As of 30 September 2023	As of 30 September 2022
	<u>S/000</u>	<u>S/000</u>

Net Income from Disposal of Assets (e)

Income from sale of assets	26,695	86,429
Net cost of assets sold	(<u>1,124</u>)	(<u>28,434</u>)
	<u>25,571</u>	<u>57,995</u>

- (d) In the second quarter, the Group received a letter from the insurance company Rimac to acknowledge insurance for material damages and income loss as a consequence of “El Niño Costero” phenomenon. The amount totaled to US\$4,000,000 (S/14,599,000); and in June a sum of US\$1,000,000 (S/3,691,000) was collected.

31 INCOME AND FINANCIAL EXPENSES

The table below presents the breakdown of this item:

	As of 30 September 2023	As of 30 September 2022
	S/000	S/000
Financial Income		
Tax refund interests, see note 24(f)	279,244	-
Interest on time deposits	5,084	8,662
Interest on accounts receivable	1,466	4,358
Other	-	<u>1</u>
	<u>285,794</u>	<u>13,021</u>
Financial Expenses		
Interest on contingencies, see note 33 (b)	(183,847)	(83,437)
Interest on bonds and commercial papers	(147,279)	(168,037)
Lease interest	(52,702)	(45,319)
Interest on other debts	(2,385)	(2,594)
Loss from financial instruments due to interest rate hedging	(34,393)	(33,857)
Other	(<u>35,887</u>)	(<u>50,458</u>)
	<u>(456,493)</u>	<u>(383,702)</u>
Net Exchange Differences		
Net gain from net exchange differences	2	11,566
Net loss from exchange differences related to derivative financial instruments	(<u>3,644</u>)	(<u>20,970</u>)
	<u>(3,642)</u>	<u>(9,404)</u>

32 LOSS PER SHARE

- (a) Earnings per basic and diluted share is calculated by dividing the net profit of the corresponding period to common shareholders by the weighted average of the number of ordinary shares outstanding at the date of the statement of financial position:

	<u>Shares in circulation</u>	<u>Days of validity during period</u>	<u>Weighted average of shares</u>
Fiscal year: 2022			
Balance as of January 1, 2022	<u>3,344,363,158</u>	270	<u>3,344,363,158</u>
Balance as of September 30, 2022	<u>3,344,363,158</u>		<u>3,344,363,158</u>
Financial year: 2023			
Balance as of January 1, 2022	3,344,363,158	270	3,344,363,158
Additions, see note 25	<u>843,373,494</u>	83	<u>259,259,259</u>
Balance as of September 30, 2022	<u>4,187,736,652</u>		<u>3,603,622,417</u>

- (b) The calculation of the loss per basic and diluted share of the controlling shareholding for the periods of nine months ending September 30, 2023 and 2022, is presented below:

<u>As of September 30, 2023</u>			<u>As of September 30, 2022</u>		
<u>Loss (numerator) S/000</u>	<u>Number of shares (denominator)</u>	<u>Loss per share S/000</u>	<u>loss (numerator) S/000</u>	<u>Number of shares (denominator)</u>	<u>Profit per share S/000</u>
(<u>332,462,000</u>)	<u>3,603,622,417</u>	(<u>0.092258</u>)	(<u>513,003,000</u>)	<u>3,344,363,158</u>	(<u>0.153393</u>)

33 COMMITMENTS AND CONTINGENCIES

- (a) Commitments -

Letters of Guarantee -

The Company maintains letters of guarantee obtained for its normal commercial activity and guarantees for the different processes of awarding bids in spectrum concessions with third parties, and administrative appeal processes against the Tax Administration. As of September 30, 2023, these letters of guarantee amount to approximately S/1,748,109,000 and US\$83,425,000 (S/1,889,412,000 and US\$87,640,000 as of December 31, 2022).

Operating Lease Commitments - Company as Lessee -

The Company, as a lessee, has signed contracts with third parties. The contracts related mainly to leases of infrastructure, circuits, and spaces. The Company has lease commitments, including for a duration of up to 10 years. See notes 2.24, 15, and 18.

The future minimum payments, as per non-cancelable operating leases, as of September 30, 2023 and December 31, 2022, are as follows (these correspond to leases of less than one year and low-value amounts that are not recognized as part of the implementation of IFRS 16):

<u>As of 30 September 2023 S/000</u>	<u>As of 31 December 2022 S/000</u>
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Less than one year	1,806	7,223
Between one year and less than 3 years	<u>13,185</u>	<u>13,185</u>
	<u>14,991</u>	<u>20,408</u>

(b) Contingencies -

In the normal course of its operations, the Group has been subject to various tax, civil, labor, administrative, regulatory, and customs claims, which are recorded and disclosed in accordance with International Financial Reporting Standards. See note 2.19.

In relation to tax processes, as of September 30, 2023, as set out in notes 2.19 and 2.20, the Company has recorded the provisions required for cases considered probable and that are mainly judicialized, leaving as possible contingencies an amount of S/625,284,000 (S/560,061,000 as of December 31, 2022). Management and its legal advisors consider that the provisions made are reasonable based on the information available to the Company.

The National Superintendence of Customs and Tax Administration (SUNAT), in the course of the audit activity corresponding to the years 1998 to 2010 and, 2012, has notified the Company of resolutions related to: (I) Income Tax, (II) General Sales Tax, and (III) Withholdings of Income Tax of non-residents.

In some proceedings, the Company has taken the decision to challenge certain decisions of the SUNAT and the Tax Court (TC). In other proceedings, the Company has proceeded to pay the amounts adjudicated on by the competent authorities; and, finally, there are other processes in which it has been SUNAT that has challenged the TC decisions that were favorable to the Company. Below, the detail of the main processes in tax matters:

I. Regarding disputes related to the Income Tax of Telefónica del Perú:

(a) Fiscal year 1998 -

Specific objections are discussed for concepts related to Internal Public Telephones ("IPT"), Doubtful Collections Provision ("DCP"), and Exchange Rate Difference.

In the administrative field, on July 21, 2011, the Tax Court through the Tax Court Resolution (TCR) No. 11450-5-2011 issued a pronouncement on the balance in favor of the Company for the 1998 fiscal year, for a sum of S/137,706,421.

SUNAT, in compliance with the aforementioned TCR dated October 3, 2011, notified the Company of Intendancy Resolution (IR) No. 0150150001023, for an amount of S/ 69,386,327 in favor of the Company.

The Company filed an appeal regarding the balance in favor determined by SUNAT, which was resolved by the TC (TCR No. 974-5-2012) in the following terms: (1) revoked the objection to S/252,989,493 for exchange difference considering that this is an accounting result to which the principle of causality is not applicable; (2) ordered SUNAT to evaluate the effect of the exchange gains with respect to the confirmed amounts in order to obtain a net result; (3) ordered SUNAT to carry out a new determination of the DCP to the extent that there are cases that have not been validated by it that are valid collection procedures; and (4) guaranteed that the "under door" notifications can be considered as collection procedures.

In compliance with this resolution, SUNAT issued, in November 2012, IR No. 0150150001152 which determined a favorable balance for the 1998 financial year of S/137,706,421, thereby ending the administrative stage.

For its part, the Company calculated a balance in favor amounting to S/291,000,000.

Considering the difference in the amount of the balance in favor determined by the Company against that determined by SUNAT, in October 2011 the Company made a legal challenge to TCR No. 11450-5-2011 requesting partial nullity for the matters for which SUNAT upheld the objections to: (i) DCP; and (ii) receipts for leases of Internal Public Telephones (IPT).

On March 22, 2013, the Company was notified with the first instance ruling that in part upheld the Company's claim based on the challenges to: (i) DCP and (ii) IPT, which was subsequently partially upheld in the Superior Chamber. An appeal was filed against the second instance judgment, by virtue of which the Supreme Court (i) ordered that the High Court issue a new ruling regarding DCP, and (ii) definitively and favorably upheld the objection to the TPI for the Company, thereby concluding this matter.

On July 31, 2019, the Company was notified with the new judgment of the Superior Court that declared the DCP's appeal founded; however, only with respect to the telephone billing. On August 16, 2022, the Oral Report was held in the Supreme Court. On January 18, 2023, the supreme resolution declaring the claim regarding the DCP as unfounded was notified. On May 8, 2023, the file was referred to the first instance. On June 7, 2023, the Court ordered and officiated the National Superintendency of Customs and Tax (SUNAT) to comply with the rulings of the Supreme Court. On June 12, 2023, we submitted a clarification letter requesting the Court to require the TC to comply with the judgment instead of directly sending compliance to SUNAT. On June 22, 2023, the Court declared our request for clarification inadmissible. In response to the court's orders, on June 12, 2023, SUNAT filed the Compliance Rules and on July 10, 2023, it completed its mandate. On July 10, 2023, the court granted us a period of three working days to rule on the document submitted by SUNAT. However, on June 28, 2023 – considering that the Compliance IR was notified directly to us by SUNAT prior to the transfer of the court – we filed a written ruling on the Compliance IR issued by SUNAT. On July 25, 2023, SUNAT requested the re-direct of the

administrative resolution. On July 26, 2023 we requested the rejection of SUNAT's request for redirection. On August 18, 2023, we were informed about the rejection by the Tax Court of the complaint we filed at the administrative headquarters.

It should be noted that the Company, in the judicial proceedings, obtained a precautionary measure regarding the objections to IPT and DCP, for which it had to deliver judicially the respective bank guarantee letter issued for 60% of the alleged tax debt. On January 24, 2023, the renewal of the letter of guarantee corresponding to the period 2023-2024 was presented. On January 27, 2023, SUNAT requested the execution of the surety letter for the result obtained in the Supreme Court. Regarding the precautionary index, on January 24, 2023, we renewed the updated letters of guarantee for the period of 2023-2024 and on January 27, 2023, SUNAT requested the cancellation of the precautionary measure and, consequently, also the execution of the letters of guarantee presented. On February 13, 2023, we opposed SUNAT's request and on April 17, 2023, the Court informed the parties of the request for the execution of the letters of guarantee. On February 13, 2023, we opposed SUNAT's request, and on April 17, 2023, the Court informed the parties of the request for the execution of letters of guarantee as well as the opposition, giving us a three-business-day period to express our views. On June 6, 2023, the Court ordered SUNAT to the determination of the debt (prior to the execution of the letters of guarantee) considering the Supreme Court's decision. On June 9, 2023, SUNAT appealed the resolution that conditioned the execution of the letters of guarantee to the determination of the debt. On June 22, 2023, the court (i) ordered that the debt be considered as established in the amount calculated by SUNAT in the report it submitted, and (ii) informed us of the report prepared by SUNAT determining the debt (without excluding late payment interest applied outside the legal term to resolve the case). On June 28, 2023, we questioned SUNAT's report. On August 7, 2023, the Superior Court took over the process. On August 31, 2023, the Superior Court rejected SUNAT's appeal and confirmed the resolution conditioning the execution of the letters of guarantee to the determination of the debt (considering MAXCO). On September 27, 2023, the case was sent to the Court of origin to determine the tax debt and proceed with the execution.

Since the process was unfavorably resolved, the contingency was classified as probable.

Against the supreme ruling issued in this case, on March 1, 2023, we filed a petition for amparo (protection), by which we requested the nullity of the supreme ruling notified on January 18, 2023 be declared. On September 6, 2023, the single hearing was held.

In the opinion of Management, based on the opinion of its legal advisors, the rating of the contingency for this action is remote.

For its part, SUNAT, (i) filed a lawsuit with the purpose of also questioning TCR No. 11450-5-2011, but in terms of revoking the objection to the account of exceptional expenses. In the last instance, on April 24, 2019, the Supreme Court upheld declaring the claim as upheld. On November 11, 2019, SUNAT, in execution of that ordered by the Supreme Court, gave notification of IR No. 0150160000145 that (i) corrected the balance in favor of the Income Tax for the 1998 financial year, and (ii) filed a lawsuit against TCR No. 974-5-2012, as it decided to revoke the objections to exchange difference of various accounts. The claim was declared unfounded in the first instance and upheld by the Superior Chamber on March 21, 2016. By means of the resolution of March 31, 2021, the Supreme Court declared SUNAT's lawsuit unfounded and, consequently, on May 19, 2021, the definite conclusion and filing of the process was ordered in this regard. Proceedings concluded.

Against what was decided by the Supreme Court regarding point (ii) above, SUNAT, on October 18, 2021 filed a request for amparo in order to declare the nullity of the supreme resolution in favor of the Company and, consequently, requested that the Supreme Court issued a new ruling, but, this time, in favor of SUNAT. SUNTAT claims the alleged violation of its

right to equality, legal certainty, and prohibition of arbitrariness and motivation. On January 7, 2022, the Court considered the Company's lawsuit answered and declared the absence of the Judicial Power and the Ministry of Economic Affairs and Finance (MEF), while the scheduling of the single hearing is still pending.

Management believes, based on the opinions of its external legal advisors, the contingency qualifies as remote.

On the other hand, on June 16, 2023, we were notified with SUNAT'S compliance resolution, which was appealed within the deadline. To date, it is still pending to be addressed. In Management's opinion, based on the opinion of its external legal advisors, the contingency is classified as remote.

(b) Fiscal Year 1999 -

Via TCR No.16603-4-2010, notified on December 23, 2010, the administrative procedure for the 1999 fiscal year was terminated. According to the TC, the elapsing of the 1999 financial year prevented a new determination from being carried out by SUNAT (ex officio), so the balance set by the Company in the 1999 fiscal year was that to be taken into account.

Subsequently, on April 4, 2012, the Company requested the declaration of limitation of the fiscal year in question. Said request was declared admissible by means of Intendancy Resolution No.011-020-0000323/SUNAT.

(c) Fiscal years 2000 and 2001 -

On December 29, 2010, TCR No. 17044-8-2010 (clarified by TCR No. 1853-8-2011) was notified, which upheld the IR issued by SUNAT regarding the objections to Financial Charges (FC), DCP, IPT, Overheads (costs of fixed assets deducted extra-accounting as an expense) and Simple Re-organization between the Company and Telefónica Móviles. The total amount that SUNAT intended to collect amounted to S/2,379,000,000, which is composed as follows: (i) S/478,000,000 for tax; (ii) S/179,000,000 for fines, and (iii) S/1,722,000,000 for interest.

Against the TCR, on March 21, 2011 the Company filed an administrative claim against SUNAT and the TC regarding the aforementioned objections, as well as against the interest corresponding to the payments on account for the year 2000.

In the first and second instance, the claim regarding the objection to IPTs was upheld. Secondly, the Company's appeal regarding the objections of (i) Simple Re-organization (ii) Overheads (iii) Financial Charges was declared unfounded.

In the case of the objection to the DCP, the High Court validated the collection management carried out by the Company, though only regarding the telephone billing insofar as that the indication of the outstanding debt is recorded, while dismissing the rest of the collection procedures carried out. Finally, the Court ordered that all bills be reviewed again.

The parties appealed against the decision of the High Court. The Supreme Court ruled in favor of SUNAT regarding the objections to Overheads, FC, and Simple Reorganization and, in favor of the Company insofar as the objection to the IPT. With regard to the objection to the PCD, the Supreme Court ordered the second instance to issue a new judgment. On July 29, 2020, the High Court issued a new judgment, declaring the objection to the DCP as unfounded; Against this decision a new appeal was filed. On January 18, 2023, the supreme resolution declaring the claim unfounded with respect to DCP's objection was notified. On June 9, 2023, the court ordered SUNAT to comply with the supreme resolutions. SUNAT submitted its brief in which it "complies" with the order of the Judiciary. On July 2, 2023, we submitted a document to the Court informing that SUNAT did not comply with the Supreme

Court's orders or with the rulings of the Constitutional Court in the amparo proceeding resolved in our favor. On July 10, 2023, the court granted SUNAT a transfer. On July 17, 2023, SUNAT submitted a redirection document by which it intended that the Court rule on the appeal that we filed, in administrative venue, for the Tax Court to resolve the objections we made to the Compliance Resolution issued by SUNAT. On July 20, 2023, we requested the rejection of SUNAT's redirection since the issues we are questioning are not the subject matter of this proceeding and should be resolved by the Tax Court. On August 22, 2023, the Court rejected SUNAT's redirection request. On August 25, 2023 we requested the clarification of the rejection of SUNAT's redirection in the aspect of what will be subject to execution, the ex officio nullity of the resolution and, subordinately, we filed an appeal in the aspect where the execution order is considered to have been complied with. On September 8, 2023, our request for suspension of debt collection was declared inadmissible, our nullity was transferred to SUNAT and the appeal was suspended until the nullity is resolved. On September 12, 2023, SUNAT absolved to the transfer. On September 14, 2023, we requested the consolidation of records and appealed the inadmissibility of the suspension. On September 29, 2023, our nullity claim was declared unfounded, and our appeal was granted without suspensive effect. On October 4, 2023, we appealed the rejection of our consolidation request, granted on October 5, 2023.

During the aforementioned proceedings, the Company obtained a partial precautionary measure, pursuant to which the suspension of the effects of the disputed resolutions was ordered regarding the following appeals: (1) FC, (2) DCP, and (3) IPT. For these purposes, the corresponding Bank Surety Letter was updated for the 2022-2023 period, for the amount of S/788,185,150 and was offered and delivered as an injunction bond. On January 26, 2023, SUNAT requested the execution of the letters of guarantee and on February 10, 2023, we filed a challenge to that request. On March 12, 2023, we filed the updated letters of guarantee to 2023 and requested SUNAT to update the tax debt. Finally, on April 17, 2023, the Court brought the submissions to the attention of the parties and indicated that (i) the debt be recognized in the amounts stated by SUNAT in its update report for the renewal of the letters of guarantee, (ii) the execution of the letters of guarantee is conditioned to the issuance of the liquidation of the debt through the compliance resolution. On May 22, 2023 we filed an appeal against the aforementioned resolution with respect to point (i) while SUNAT filed an appeal with respect to point (ii). On June 8, 2023, our appeal was granted without suspensive effect while SUNAT's appeal was granted on June 26, 2023. On August 17, 2023, SUNAT's appeal was rejected and the resolution that ordered to wait for the resolution of the main case was confirmed. On July 31, 2023, the Court declared the resolution of debt liquidation and updating of the Letter of Guarantee null and void. On August 4, 2023 we filed a clarification of the resolution and on August 10, 2023 our request for clarification was denied. On September 11, 2023 the Court ordered the execution of the counter-guarantee and to use the letters of guarantee for the cancellation of the tax debt. On September 13, 2023 we requested the Court to refrain from delivering the letters of guarantee to SUNAT and on September 14, 2023 we filed an appeal against the resolution ordering the execution of the counter-guarantee. On September 29, 2023, the Court granted our appeal without suspensive effect and, rejecting our request for abstention, ordered the delivery of the letters of guarantee to SUNAT for October 3, 2023. On October 2, 2023 we filed a brief of opposition to the delivery of the letters of guarantee because the debt was not determined excluding the TPI and the default interest. Likewise, we were informed of the content of the resolution issued in the process in which the non-application of interest for the 2000-2001 period was discussed. On October 3, 2023, SUNAT filed an appeal against the resolutions that ordered the execution and delivery of the letters of guarantee because they were expired and, consequently, it was unenforceable the same that were granted. On the same day, the Court rejected the official letter sent by the court in charge of the execution of the judgment regarding the non-application of interest for the period 2000-2001.

In the third quarter of 2019, the Company reassessed its contingencies in light of the ruling issued by the Supreme Court and, as a result, changed the rating from remote to probable with respect to the CF, Simple Reorganization and Overhead repairs. The same occurred with the PCD objection. With respect to the IPT objection, the rating was maintained as remote, to the extent that it was resolved in favorable terms for the Company.

Against the ruling detailed in the previous proceedings, on February 28, 2023, we filed a petition for amparo, by which we requested the nullity of the supreme ruling notified on January 18, 2023. A hearing was set for September 4, 2023

In the opinion of Management, based on the opinion of its legal advisors, the rating of the contingency for this action is remote.

In execution of the provisions of TCR No. 17044-8-2010, SUNAT (i) determined an alleged tax debt of S/2,379,451,375. SUNAT conditioned the admissibility of the appeal filed by the Company to the payment of S/1,627,950,109 (reduced by SUNAT to S/619,814,185 by virtue of the precautionary measure obtained). The Company filed a complaint and paid, under protest, the sum of S/134,353,008 that was coercively required. On January 27, 2012, the TC declared that there was no debt coercively enforceable and demanded through enforcement the payment of S/150,842,142 linked to the fine for Income Tax (Profit) for the year 2000. Again, the Company paid the amount under protest and lodged a complaint that was resolved favorably for the Company by means of TCR No.18209-1-2013.

On February 24, 2014, SUNAT through Coercive Resolution (CR) No. 0110070101757 annulled the coercive collection procedure, but without pronouncing on the payment made by the Company. On April 23, 2014, the Company requested the return of S/134,353,008 (paid in January 2012) and S/150,842,142 (paid in November and December 2013). SUNAT's Audit Management declared the Company's requests inadmissible and, the TC, upon resolving the appeal, ordered SUNAT, at the time of making the final settlement, to determine whether the return of the amounts paid is appropriate.

Regarding the carry-over of the balance in favor for the year 1999 applicable to the periods 2000 and 2001, the TC (i) upheld that resolved in the first instance by SUNAT and, consequently, considered the correction of the carry-over of the obligation of the tax periods that were prescribed as valid, and (ii) supported the Company's request by which it stated that SUNAT could not make a settlement until the file of payments on account for the year 2000 was resolved, as well as the files for the refund of payments made by coercive collection, as these are a component of the tax assessment.

Regarding point (i), the Company filed a contentious administrative claim requesting that it be declared null and void insofar as the points that uphold the objections: (i.1) balance in favor of previous years and, (i.2) sale of the Nortel analog network. On March 23, 2015, in the first instance, the claim was declared unfounded, and upheld by the Superior Chamber. On May 25, 2021, the Supreme Court declared the lawsuit unfounded. Proceedings concluded.

The Company, considering the result in the Supreme Court, reassessed its contingencies so the qualification of this process varied from remote to probable. Said variation was made in the second quarter of 2021.

On May 12, 2014, SUNAT filed an administrative lawsuit against point (ii). This claim was declared inadmissible in the first and second instances. However, the Supreme Court upheld the cassation appeal filed by SUNAT and ordered the judge of first instance to re-qualify the application, which was admitted for processing. On December 14, 2021, the first instance judgment declared the SUNAT lawsuit unfounded, and was upheld by the Superior Chamber. On November 2, 2022, the cassation appeal filed by SUNAT was declared admissible. On June 22, 2023, the Oral Report was held at the Supreme Court.

In the opinion of Management, based on the opinion of its external legal advisors, the contingency for this case is remote.

Subsequently, we were notified the resolution of the intendancy that reliquidates the income tax, which was challenged and resolved by the TCR N°08924-9-2022.

Subsequently, between June 19 and 21, 2023 we have been notified with the compliance resolutions corresponding to these years, which were challenged within the legal term and to date, are pending to be addressed.

(d) Amparo action derived from the Income Tax for the fiscal years 2000 and 2001:

On July 3, 2013, the Company filed an application for amparo, by which it requested that Article 33 of the Tax Code, which regulates the default interest on unpaid taxes, be declared inapplicable.

SUNAT, by means of IR No. 0150190000041, thus ordered to continue the collection of the thirteen (13) Determination Resolutions (DRs) and eleven (11) MRs, for the sum of S/2,163,333,920 (updated as of April 1, 2013). This amount includes 73 percent interest and capitalized interest (under the application of Article 33 of the Tax Code) of which a percentage corresponds to interest accrued within the legal term and other interest accrued in the time lapse in excess of the adjudication's legal term.

On February 22, 2021, the Constitutional Court ruled the claim founded and consequently ordered SUNAT to recalculate the interests outside the legal term and that both the tax administration and the Tax Court had to resolve the challenges presented by the Company. On May 22, 2023, we requested the Court to order SUNAT to comply with the judgment. On June 7, 2023, SUNAT was notified of the Court's request to comply with the requirement to determine the debt in accordance with the Constitutional Court's ruling. On July 4, 2023, we filed a document stating that SUNAT has failed to comply with the Constitutional Court's ruling in relation to the 2000-2001 Income Tax notified by SUNAT. On July 27, 2023, SUNAT requested the resubmission of the Company's administrative appeal. On August 2, 2023, the Constitutional Court transferred SUNAT's request to us. On August 18, 2023, we pronounced ourselves on SUNAT's errors in issuing the Compliance Resolution and on August 31, 2023, we requested the rejection of the redirection as well as the suspension of the execution of the process until our administrative appeal is resolved. On September 29, 2023, the Constitutional Court (i) rejected SUNAT's request for reinstatement, (ii) rejected our request for a stay of execution, and (iii) ordered SUNAT to properly comply with the liquidation of the debt, deducting the interest in excess of the legal term incurred in the claim stage. Likewise, the 22nd Court was notified in order to avoid contradictory pronouncements.

Against the judgment of the Constitutional Court, on November 9, 2021, we were notified with an application for amparo, initiated by the TC. On November 22, 2021, we responded to the lawsuit. On September 6, 2022, the single hearing was held and on September 26, 2022, the TC's claim was declared inadmissible. On November 29, 2022, the appeals of the TC and SUNAT were raised to the Supreme Court, with the scheduling of the hearing for the merits of the case pending.

In the opinion of Management, based on the opinion of its external legal advisors, the contingency for this case is remote.

Against the same Constitutional Court ruling, on May 20, 2022, we were notified with the inadmissibility of the lawsuit filed by SUNAT. On August 23, 2022, the case hearing was held and on November 16, the nullity of the first-instance resolution was declared, judging that the lawsuit filed by SUNAT was inadmissible and ordered that the lawsuit be qualified

again. The lawsuit was admitted and on June 28, 2023 we filed a plea of lis pendens and answered the lawsuit.

In Management's opinion, based on the opinion of its external legal advisors, the qualification of the contingency of this process is remote.

(e) Payments on Account of 2000 fiscal year -

The TC, through TCR No.17133-8-2010, notified on December 30, 2010 (clarified by TCR No. 16430-8-2011) ended the administrative procedure corresponding to the payments on account of the Income Tax for the year 2000.

SUNAT, on November 17, 2011, notified IR No.0150150001039 by virtue of which an alleged tax debt was quantified at S/678,541,069. The Company, filing an appeal against the IR and SUNAT to concede, demanded a payment of S/189,297,341.

By means of TCR No. 06671-11-2012, extended by TCR No.08037-11-2012, the TC (1) upheld that SUNAT re-settle the fine resolutions as long as they had not been revoked; (2) ordered SUNAT to carry out the determination of the debit balance, modifying the balance in favor declared by the Company in 1999, and thus ignoring the effects of the lapsing.

The Tax Court, in resolving the clarification presented by the Company, pointed out that (1) the fines imposed by SUNAT were not rendered null and void; and (2) the Company is entitled to invoke the elapsing of the 1999 financial year in the event that SUNAT modifies the determination of the tax debt corresponding to said financial year. However, it did not express an opinion on the power to amend the balance in favor.

However, the Company was notified with TCR No. 02569-11-2015, by which it is resolved that SUNAT is entitled to modify the balance in favor of the 1999 financial year despite it having lapsed. Subsequently, the TC ordered to suspend the administrative proceedings by virtue of the precautionary measure obtained by the Company in court, and to which we will refer in the following paragraphs.

On June 8, 2015, the Company filed an administrative lawsuit against SUNAT and the TC, requesting the nullity of the TCR, which adjudged that SUNAT is entitled to modify the balance in favor of the Income Tax (IT) of the 1999 financial year that must be applied for payments on account of the income tax for the year 2000.

In the first instance, the claim was declared unfounded, but it was revoked by the High Court. On June 6, 2022, the supreme resolution declaring the Company's claim unfounded was notified. SUNAT requested the court of first instance to revoke the precautionary measure and, as a consequence, the execution of the letter of bank guarantee offered and delivered for a sum of S/45,948,058. On June 16, 2022, the Company objected to the SUNAT's request and, the court granted SUNAT a period to rule on the Company's objection. The Resolution of July 5, 2022, ordered the execution of the surety letter, and on July 13, 2022, ordered the delivery of the surety letter to SUNAT. Proceedings concluded.

In the second quarter of 2021, taking into consideration that resolved by the Supreme Court detailed in point (c), and based on the opinion of its internal and external legal advisors, the Company determined to amend the classification of the contingency from remote to probable.

In compliance with the Supreme Court's ruling in the administrative litigation proceedings detailed in point 4 above, the Tax Court issued TCR No. 05707-9-2022. Against said TCR, on November 30, 2022, the Company filed an administrative litigation lawsuit insofar as to validate the calculation of default interest for the periods in which SUNAT exceeded the legal deadlines in resolving the claims, appealing and issuing compliance resolutions

regarding to the payments on account of the Income Tax for the 2002 fiscal year filed by the Company.

Furthermore, the Intendancy resolution that reliquidated the tax debt for advance payments for the 2000 fiscal year was notified. This resolution was contested and resolved through TCR No. 08115-9-2022.

In this case, we are challenging the application of interest arising from the 2000 advance payments. On March 8, 2023, the lawsuit was declared unfounded, and on March 14, 2023, an appeal was filed. On June 6, 2023, the second-instance hearing took place. On June 26, 2023, the second-instance verdict was issued, declaring the nullity of the first-instance resolution and consequently instructing the Court to process the lawsuit filed by Telefónica, considering the precedents set by the Tax Court. On September 7 and 9, 2023, written responses to the lawsuit were submitted, pending notification.

In the Management's opinion, based on the advice of its external legal advisors, the classification of the contingency in this process is considered remote.

(f) Amparo action derived from the Payments to Income Tax Account 2000 and 2001:

On July 3, 2013, the Company filed an application for amparo in which it requested the Court to declare non-application to the specific case of article 33 of the Tax Code that regulates the default interest of unpaid taxes. Through the amparo, the Company questioned the interest accrued during the time that the TC and SUNAT exceeded the deadlines for resolving the Company's appeal.

SUNAT thus, by means of IR No. 015150001202, ordered to continue collecting the eight (08) DRs and two (02) Fine Resolutions (FRs) for an amount of S/657,405,312 which includes 91% interest and capitalized interest (by virtue of the application of article 33 of the Tax Code).

In the first instance, the claim was declared partially founded and, subsequently, the Superior Chamber declared it inadmissible. The Company filed a constitutional complaint with the Constitutional Court. On December 13, 2021, the Constitutional Court declared the lawsuit inadmissible, a decision against which an appeal for nullity was filed, which was subsequently declared inadmissible. Proceedings concluded. Since there was no substantive ruling on the interest matter, we have contested it judicially as detailed in preceding point (e).

In the first quarter of 2022, Management believes, based on the opinion of its internal and external legal advisors, the classification of the contingency of these proceedings is probable.

As the Constitutional Court did not rule on the merits of the dispute, we questioned the default interest applied outside the legal term through a contentious-administrative claim, the same as detailed in point (e) above.

(g) 2002 Fiscal year -

TCR No. 04831-9-2012: (1) revoked the objection related to the exchange difference considering that this is an accounting result to which the principle of causality does not apply; (2) revoked the objection related to financial interests and ordered that SUNAT carry out a new review of the documentation that supports the Cash Flow Statement, as well as of the reports of third parties presented by the Company; (3) partially upheld the objection to DCP, since it considered that the Company was obliged to present the information that supports the entire DCP even though SUNAT only required a sample; and (4) recognized only the collection management for termination notifications as valid, thus ordering SUNAT to carry out a new review. It should be noted that, unlike that resolved in the file for the years 2000 and 2001, the Tax Court does not recognize that the PCD that was modified in 2001;

However, in 2002 it can be deducted for being greater than 12 months. Likewise, the TC confirmed the objections related to non-business TPI expenses, unsecured credit notes, among others. Later, the compliance resolution was notified, and it was challenged within the established timeframe.

On August 3, 2012 the Company filed a contentious-administrative claim against TCR No. 04831-9-2012 insofar as it upholds the objections to: (1) DCP; (2) undocumented expenses - submarine cable; (3) expenses unrelated to the business - judicial deposits; (4) deductions requested by the Company, and (5) IPT. On November 12, 2018, the judgment declaring the claim partially founded was served, and on July 5, 2019, the Company was served with the judgment of the High Court declaring the objections unfounded. Finally, it upheld the ruling of first instance regarding the non-validation of the procedure for calculating the interest used by SUNAT between December 25, 2016 and March 15, 2017. On May 11, 2020, the cassation appeals filed by the parties were declared admissible. On August 16, 2022, the Oral Report was held in the Supreme Court. On January 18, 2023, the majority supreme resolution of the Supreme Court upheld the Company's cassation in part, insofar as the TPI objection, while dismissing the objections of expenses without supporting documentation, expenses unrelated to the business, DCP, and deductions requested. Furthermore, it upheld the actions regarding default interest and capitalization of interest. On March 16, 2023, the Court ordered SUNAT and the TC to comply with the supreme ruling and, consequently, the TC to issue a new resolution for SUNAT to repay the debt. On June 14, 2023, the Court granted SUNAT's request for an extension, and SUNAT complied with the Supreme Court's orders. The process is concluded.

In the opinion of Management, based on the opinion of its legal advisors, the rating of the contingency for the TPI appeal is remote.

In view of the Supreme Court's ruling, the qualification of the contingency related to the objections of expenses without supporting documentation, expenses unrelated to the business, DCP, deductions requested has varied to probable.

II. Value-Add Tax (VAT) for years 1998 to 2002 for Telefónica del Perú

The Company has been notified with the IR issued by SUNAT regarding the VAT for the years 1998, 1999, 2000, and 2001. The Company made the payment corresponding to the SUNAT determination, except for the case related to the General Sales Tax of 2001 (in which the Tax Court ruled in favor of the Company). Regarding the VAT for 2002, by means of Tax Court Resolution No. 04831-9-2012, the Tax Court upheld the objections submitted for this matter.

III. Withholdings from the Income Tax of non-residents of Telefónica del Perú:

The Company has been notified with DR and FR issued by SUNAT regarding withholdings from the years 1999 to 2004, corresponding to income of non-domiciled companies operating a satellite. SUNAT considers such income as income from Peruvian sources.

As a result, the TC revoked the resolutions issued by the SUNAT that declared the claims presented by the Company unfounded and, rendered them null and void. Against this ruling, SUNAT challenged the TCRs in court through five contentious claims for the years 1999 - 2000 (combined in a single process), 2001, 2002, 2003, and 2004.

The five processes initiated by SUNAT concluded unfavorably for the Company. However, as the resolutions issued by the Supreme Court violated the constitutional rights of the Company, five amparo proceedings were initiated to challenge said resolutions, which are explained in the following paragraphs. Furthermore, against the resolutions issued by the TC in compliance with the supreme resolutions, the Company initiated contentious administrative proceedings.

(a) 2002 Fiscal Year -

On October 6, 2020, the first instance judgment declared the amparo claim filed by the Company as unfounded, as it considered that constitutional rights had not been violated. On October 9, 2020, an appeal was filed. On June 27, 2022, the Superior Chamber scheduled the hearing of the case with an oral hearing, held on July 14, 2022. The Superior Court declared the lawsuit unfounded. Therefore, on January 4, 2023, the Company filed an appeal for constitutional tort. To date, an oral report is pending to be scheduled before the Constitutional Court.

In the course of the proceedings, the Company requested a precautionary measure aimed at suspending the effects of the supreme resolution on the administrative litigation proceedings SUNAT initiated. However, the validity of the precautionary measure is currently under discussion in the High Court. To guarantee the cautionary measure, the Company presented a surety letter for S/9,500,000, corresponding to 2022-2023.

Management believes, based on the opinions of both its internal and external legal advisors, the contingency qualifies as possible.

(b) 2004 Fiscal Year-

In this case, the Supreme Court followed the same criterion as in 2002 and, consequently, ruled in favor of SUNAT. Qualifying the provision of satellite capacity as a service provided in Peruvian territory and therefore, the Court argued it was appropriate that the supplier paid the tax and the Company withholds it. On August 16, 2019, the compliance TCR was notified, against which the Company filed an administrative litigation process since it considered that the TC failed to pronounce on what was ordered by the Supreme Court. On September 28, 2022, the Oral Hearing was carried out, and on March 3, 2023, we were notified with the judgment that declared the lawsuit unfounded. On March 13, 2023, an appeal was filed. On May 23, 2023, the oral report was presented in the Superior Court. On July 21, 2023, the second-instance judgement was issued, confirming the judgement that declared the lawsuit unfounded. On August 8, 2023, both parties filed a cassation appeal. Currently, the scheduling of the qualification of admissibility hearing is pending.

Without prejudice to the judicial questioning, on October 9, 2019, the Company made a payment of S/24,864,916.

On October 29, 2019, the Company appealed IR No. 0150600000143 which was issued as a result of the TCR compliance. The TC declared the appeal unfounded. Consequently, on July 6, 2021, the Company filed a second lawsuit against the new compliance TCR insofar as that it provides for the suspension of interests in applying article 33 of the Tax Code and its clarification insofar as it establishes that the application of interest is not suspended for the period of the judicial process to which SUNAT took us. On May 17, 2022, the oral hearing took place. In the first instance, the court declared the claim unfounded. Against this resolution, we filed an appeal, which was declared unfounded by means of a resolution notified on November 11, 2022. On November 18, 2022, we filed an appeal against the second instance judgment. On May 3, 2023 our appeal was declared admissible. On August 29, 2023 the oral report was held in the Supreme Court. To date, the discharge of the supreme execution is pending.

Finally, in view of the fact that the supreme resolution contained vices that affect its constitutional rights, the Company initiated an amparo action. On September 10, 2019, the oral report was carried out in the first instance, declaring the lawsuit unfounded. On December 6, 2022, the appeal was granted. On March 27, 2023, the file was sent to the Second Constitutional Chamber of the Superior Court. On August 1, 2023, the oral report in the second instance was held. To date, the issuance of the sentence is pending.

Management believes, based on the opinions of both its internal and external legal advisors, the contingency qualifies as possible.

(c) 2003 Fiscal Year-

On June 3, 2019, the Company was notified with the compliance TCR pursuant to the Supreme Court's ruling. Against the aforementioned TCR, on June 24, 2019, the Company initiated an administrative contentious judicial action, alleging that the TC failed to pronounce itself in the terms of the provisions of the Supreme Court, and consequently did not make judgment on two arguments presented by the Company via administrative settlement, thus contravening the right to due administrative procedure. On November 11, 2021, the oral hearing was held in the first instance. On January 24, 2023, the judgment of first instance declaring the Company's claim unfounded was notified. On January 30, 2023, the appeal was filed. On May 18, 2023 the oral report in the second instance was held. On June 7, 2023 the judgment declaring the lawsuit unfounded was notified. On June 14, 2023 we filed a cassation appeal. As of this date, the hearing on the qualification of the proceeding is pending, scheduled for October 10, 2023.

As a result of the issuance of the compliance TCR, on July 9, 2019, the Company made a payment of S/11,212,971 considering the default interest at that date for fines.

In view of the fact that the supreme resolution contained vices that affect the constitutional rights of the Company, an amparo proceeding was initiated. Unlike the other two processes initiated by the Company in the periods 2002 and 2004, said proceeding incorporates and furthered the arguments on the application of Legislative Decree No. 1120 and Supreme Decree No. 22-2017-MTC. On November 9, 2020, the Company filed an appeal against the first-instance judgment that declared the lawsuit unfounded. On April 7, 2022, the oral report was carried out before the High Court. The Superior Chamber declared the Company's claim inadmissible and, on May 13, 2022, the Company filed a constitutional complaint against the aforementioned judgment. On May 30, 2022, the file entered the Constitutional Court. The oral report was held on June 28, 2023. To date, the issuance of the sentence is pending.

Management believes, based on the opinions of its external legal advisors, the contingency qualifies as possible.

(d) 1999 and 2000 Fiscal Years -

On November 14, 2019, the TC issued the compliance TCR, against which, on February 5, 2020, the Company initiated an administrative litigation judicial procedure. On April 28, 2020, the response to the lawsuit filed by SUNAT and the TC was notified. On December 29, 2021, the oral report was carried out in the first instance. On June 1, 2022, the Company's claim was declared unfounded. On June 8, 2022, the Company filed an appeal against the aforementioned judgment and the scheduling of the hearing of the case in second instance is still pending.

As a result of the issuance of the compliance TCR, on November 26, 2019, the Company paid the sum of S/187,614,698 corresponding to the 1999 financial year, while for the 2000 financial year the sum of S/30,913,192 was paid.

In parallel, in view of the fact that the supreme resolution contained vices that affect its constitutional rights, the Company initiated an amparo action. On November 16, 2021, the oral hearing was held in the first instance and on July 19, 2022, the lawsuit was declared unfounded. We filed an appeal and on December 7, 2022. It was admitted and is currently awaiting the scheduling of an oral hearing.

Management believes, based on the opinions of its external legal advisors, the contingency qualifies as possible.

(e) 2001 Fiscal Year -

Against the TCR, issued in compliance with the Supreme Court's ruling, the Company filed an administrative litigation lawsuit. On July 29, 2020, the objection to res judicata and the response of the SUNAT were notified, as well as the response of the TC. On October 25, 2021, the oral hearing was carried out in the first instance, which declared the lawsuit partially founded. On April 18, 2023, the second instance hearing was held, and on May 9, 2023, the judgment declaring the claim unfounded was notified. On May 15, 2023, we filed a cassation appeal. On May 23, 2023, the appeal was submitted to the Supreme Court. As of now, the scheduling of hearing for the proceeding is pending.

As a result of the issuance of the compliance TCR, on March 6, 2020, the Company paid S/12,982,365, considering the default interest at that date.

In parallel, in view of the fact that the supreme resolution contained vices that affect its constitutional rights, the Company initiated an amparo action. On May 13, 2021, the oral hearing was held in the first instance and on July 4, 2022, the lawsuit was declared unfounded. On August 31, 2022, we filed an appeal. On September 6, 2023 the case was heard in the second instance and on September 11, 2023, the Supreme Court revoked the first instance and declared it inadmissible. The filing of the constitutional tort appeal is pending.

Management believes, based on the opinions of its external legal advisors, the contingency qualifies as possible.

IV. Income Tax and VAT for the years 2003 to 2010 and 2012 for Telefónica del Perú

In the administrative field, between 2008 and 2017, SUNAT resolved the claims filed by the Company for the years 2003 to 2010 and 2012. As we disagreed with the SUNAT ruling, we filed appeals for each of the fiscal years.

(a) 2005 Fiscal Year -

Regarding the VAT for the year 2005, on January 9, 2018, the TC ordered SUNAT to carry out a new settlement. Likewise, for the 2004 fiscal year, a decision was notified on November 14, 2018, with the new settlement pending. In both cases, the Tax Court decided to withdraw various objections and noted that it must take into account that resolved in the income tax files. Thus, the issuance of a compliance resolution is pending.

Management believes, based on the opinions of external legal advisors, the qualification of the contingency of both files should be probable.

(b) Income tax and VAT for the 2003 Fiscal Year -

Regarding Income Tax and Value-Added Tax for the 2003 fiscal year, on January 25, 2019, Tax Court Resolution No. 10820-4-2018 was communicated, ordering SUNAT to carry out a new settlement after revoking the following objections: i) excess depreciation for difference in computable cost, ii) amortization of training and maintenance, iii) expenses without reliable substantiating documentation, iv) Income Tax and VAT on unsecured credit notes, v) documents that do not support expenses, vi) DCP, vii) collection of interest and fines. On February 2, 2019, the administrative litigation filed by the Company was admitted for processing. In the first instance, the claim was declared unfounded and thus the Company

filed an appeal. On September 2, 2022, the Superior Court declared the appeal filed by the Company unfounded and consequently, the judgment of first instance insofar as the DCP and other objections was upheld. With regard to the questioning of default interest, the judgment of first instance was declared null and void. On February 24, 2023, the Court received that of the Superior Chamber. On September 17, 2022, the Company filed a cassation appeal, which was declared admissible. By resolution of September 19, 2022, the Supreme Court decided to reserve the cassation appeal until the court (first instance) issues a new resolution regarding the capitalization of late interest, since the Superior Court declared the nullity of this aspect of the first instance sentence. To date, a new first instance judgment is pending the issuance of a new ruling regarding the capitalization of interest in arrears.

According to Management's judgement and based on the opinion of its legal advisors, the contingency related to the DCP objection has been classified as probable. As for the other objections, they have been classified as possible.

On the other hand, on April 14, 2019, we were notified with an administrative litigation lawsuit filed by SUNAT against the same TCR No. 10820-4-2018, but insofar as the objections adjudged in favor of the Company via administrative settlement: i) expenses for unsupported compensation, ii) DCP, iii) amortization of unsubstantiated intangibles, iv) modification of the coefficient. On June 11, 2020, the claim was declared partially founded regarding the claims for expenses for unsubstantiated compensation and amortization of intangibles; Furthermore, the claim was declared unfounded in relation to the DCP claims and modification of the coefficient. On December 31, 2020, the hearing judgment declared SUNAT's claim founded only insofar as the objection to compensation without reliable substantiation was notified, declaring the DCP (sampling) and amortization of intangibles unfounded and favorable for the Company. The appeals of both parties were declared admissible. On January 19, 2023, the oral hearing was held in the Supreme Court. On March 9, 2023, we were notified with the supreme ruling that declared the cassation appeals of the Company and the Tax Court as unfounded, and upheld that of SUNAT, and consequently, the objection to the DCP groundless. On March 15, 2023, we filed an appeal for nullity of the supreme ruling insofar as the DCP as it was based on a wrong fact. On March 27, 2023, SUNAT acquitted our request for nullity. On April 4, 2023, the request for nullity filed by TDP was declared inadmissible; the supreme ruling that declared the appeal filed by the TC unfounded was declared null and void, reserving the ruling on the objection of DCP regarding the use of the sample mechanism; they ordered the Superior Court to complete the omissions incurred in the judgment of hearing with respect to said objection. On May 8, 2023, the oral report was held before the Superior Court with respect to the objection of modification of the coefficient. On June 6, 2023 the second instance ruling was notified, which clarified the DCP's point regarding the use of the sample mechanism and confirmed the result issued against us, and declared SUNAT's claim unfounded regarding the objection of modification of the coefficient. On June 14, 2023, we filed a cassation appeal against the decision of the Superior Court. Pending qualification of the merits of the cassation appeal.

The Company, based on the opinion of its legal advisors, believes that the contingency with respect to the unsubstantiated indemnity expense assessment is probable. With respect to the other claims, it is remote.

On March 1, 2023, a lawsuit was filed against the decision of the Supreme Court regarding the administrative contentious process initiated by SUNAT, detailed in the previous point, in order to declare the nullity of the supreme resolution that resolved against the Company the DCP assessment (questioning the use of the sampling mechanism for the extrapolation of the result of the assessment). On May 5, 2023 the lawsuit was admitted and a single hearing was scheduled for September 22, 2023. On June 15, 2023, SUNAT was notified of

the response and the defense of lack of standing to act filed by SUNAT. On September 22, 2023 the single hearing was held. To date, the issuance of the judgment is pending.

In the opinion of management, based on the opinions of its external legal advisors, the contingency is classified as remote.

On May 17, 2023 we were notified of the amparo lawsuit filed by SUNAT against the same Supreme Court ruling, and on May 31, 2023 we filed a plea of lack of standing to act and answered the lawsuit. On June 23, 2023 the exception of lack of standing to act that we filed was declared unfounded, however the claim filed by SUNAT was declared inadmissible. On August 22, 2023 SUNAT filed an appeal and on August 25, 2023 the appeal was granted with suspensive effect.

(c) 2010 Fiscal Year VAT -

Regarding the VAT for the 2010 fiscal year, on June 27, 2019, the Company filed an administrative litigation claim requesting the nullity of TCR No. 1858-1-2019 which upheld IR No. 0150140013079 which declares the claim made against RD Nos. 012-003-0072541 to 012-003-0072552 and FR Nos. 012-002-0028443 to 012-002-0028454, related to the VAT from January to December 2010, and for the commission of the infraction typified by clause 1 of art. 178 of the Tax Code. On June 27, 2019, the lawsuit was filed and subsequently admitted. The oral report was conducted on April 21, 2021. To date, the first instance judgment is pending.

Management believes, based on the opinions of its external legal advisors, the contingency qualifies as remote with respect to the fines. With respect to the statute of limitations claim, the contingency is probable; and with respect to the recreational over expenditure claim, it is possible.

(d) Income Tax for the 2009 fiscal year -

Regarding the Income Tax for the 2009 fiscal year, on January 16, 2020, the Company initiated an administrative contentious judicial process by means of which it requests the nullity of the TCR No. 7453-4-2019 insofar as the objections to (i) the lapsing of the term of the start of the collection power, and (ii) excess of recreational expenses. On May 23, 2022, the Company was notified with SUNAT's response. On June 2, 2022, the date for the hearing of the case was set for July 20, 2022. On July 26, 2022, the judgment declaring the claim unfounded was confirmed and, on August 9, 2022, the Company filed an appeal for cassation, which was subsequently declared inadmissible. Process concluded.

Based on the Supreme Court ruling, the Company, together with its external legal counsel, re-evaluated the contingency and amended it to probable.

In execution of TCR No. 7453-4-2019, the Company was notified with the coercive resolution which demanded an amount of S/144,962, which was paid on November 6, 2019. Since the Company did not agree with that ordered by SUNAT, on January 20, 2020, an appeal was filed, which TCR No. 04088-4-2020 resolved upholding the SUNAT provisions.

Additionally, on August 6, 2020, the Company was notified with DR and FR for the months of March, July, August, September, November, and December. It should be noted that TCR No. 07453-4-2019 declared the values for said periods null and void.

In view of this, on September 3, 2020, the Company filed a claim against the values mentioned in the preceding paragraph, regarding the objection to the tax credit for imports from tax havens.

Then, on November 17, 2020, we were notified with Intendancy Resolution No. 0150150002575, by means of which the provisions of the TCR No. 04088-4-2020 are complied with.

In view of this, on December 4, 2020, we made a payment of S/ 1,932,798 corresponding to the Determination Resolutions and Fine Resolutions for the periods of the months of March, July to September, November, and December.

In the opinion of Management, based on the opinion of its external legal advisors, the contingency for this case is remote.

(e) 2004 Fiscal Year Income Tax -

Regarding the 2004 fiscal year, on November 9, 2021, the Company filed an administrative litigation claim requesting the nullity of the TCR No. 06587-9-2021 (and the TCR No. 7846-9-202 that rejected the request for clarification and extension) to the extent that it upheld the objections to: (i) rental expenses not substantiated by payment vouchers that support their deduction, (ii) expenses for financial interests with related companies, (iii) FC, (iv) DCP, only to the extent that the TC maintained this objection to the universal subject of sampling, (v) excess depreciation for difference in the computable cost, and: (vi) amortization of activated maintenance expenses. The lawsuit also encompasses the questioning of the collection of default interest: a) during the periods of excess in the terms of attention of our claims and appeals, b) capitalization of default interest, which is prohibited in accordance with the precedents issued by the TC, and; c) the procedure for calculating default interest between December 25, 2006 and March 15, 2007. On September 13, 2022, the oral hearing was carried out in the first instance. The issuance of the judgment is still pending. On March 17, 2023, the Court indicated that the binding precedent MAXCO (on non-application of default interest for the delay in resolving the challenges presented to SUNAT and the TC levels) shall be applied, and thus requested the parties to inform (i) whether SUNAT and the Tax Court have applied default interest after the legal deadline to resolve the challenge appeals that we presented, and (ii) the current state of the tax debt. On March 27, 2023, the Company filed the compliance brief and SUNAT submitted an additional deadline to comply with the order, which has been granted. On May 18, 2023, the court notified us with SUNAT's compliance letter with respect to SUNAT's request and on June 15, 2023 we were notified of the first instance judgment that declared the claim unfounded in all its aspects with the exception of the objection of PCD with respect to the preliminary injunction as a collection mechanism. On June 21, 2023 SUNAT filed an appeal with respect to the objection of PCD with respect to the precautionary collection mechanism and on June 22, 2023 we filed an appeal with respect to the objections that were unfavorable to us. On August 31, 2023 the Superior Chamber revoked the first instance judgment and consequently declared the Company's claim on the statute of limitations for the collection of the tax debt as it considered that the Tax Court exceeded the term to resolve the appeal; therefore, the discussion of the merits regarding the objections is without effect. On September 22, 2023 the appeal filed by SUNAT was granted.

In Management's opinion, based on the opinion of its legal advisors, with respect to the PCD assessment, the rating was reevaluated to probable, and with respect to the statute of limitations assessment, it was also changed to probable. With respect to the IPT, amortization of maintenance expenses and default interest, the contingency is remote. Regarding the repairs, the contingency is possible.

Against the same TCR No. 06587-9-2021, on December 17, 2021, the Company was notified with a SUNAT lawsuit by means of which it requests the nullity insofar as that it decided to declare the TC resolutions null and void as rejecting the PCD was not the subject of the sample. On September 8, 2022, the oral hearing was carried out in the first instance. On May 16, 2023 the first instance judgment declaring SUNAT's claim unfounded was notified.

On May 19, 2023 SUNAT filed an appeal and on June 26, 2023 the appeal was granted. On July 25, 2023 the oral report in the second instance was held. On August 31, 2023 the Superior Court declared the first instance ruling null and void and ordered the judge to issue a new ruling.

The Company, based on the opinion of its legal advisors, qualified the contingency as remote with respect to all objections.

Regarding the same tax period, on December 17, 2021, the Company filed an administrative lawsuit requesting the nullity of TCR No. 7509-4-2021 to the extent that it confirmed the objections made by SUNAT: (i) depreciation and amortization of the cost of unsubstantiated assets of 2002; (ii) retail package commission - Account 632004; (iii) expenses of previous years invoiced by Beltsouth (company related to the Company); (iv) loss in exchange difference - Account 676001; (v) charges to income accounts for unsubstantiated credit notes; (vi) salaries abroad; (vii) deduction in the Income Tax of the 2004 period for objected expenses; (viii) default interest. An oral report in first instance is scheduled for June 25, 2024.

The Company, based on the opinion of its legal advisors, classified the contingency as remote with respect to the repairs of foreign salaries, late payment interest, prior years' expenses and loss on exchange difference. With respect to the other items, the contingency is possible.

In compliance with the resolution detailed in the previous point, TCR No. 02348-4-2022 was issued, against which, on July 18, 2022, we filed a new administrative litigation lawsuit. By means of this we are challenging the compliance TCR insofar as that it (i) incorrectly determines the amount to be paid for the reception of the Incentive Regime (including the payment of default interest); (ii) updates the debt by applying the Consumer Price Index for a non-corresponding period; (iii) violates due process and includes an undue cause, by incorporating defects of non-existent cause. On July 19, 2022, the lawsuit was admitted for processing and on August 17, 2022, SUNAT presented its response. On April 13, 2023, the oral hearing was heard in the first instance. The ruling is still pending.

Management believes, based on the opinions of its external legal advisors, the contingency qualifies as remote for all objections.

(f) 2005 Fiscal Year Income Tax -

Regarding the 2005 fiscal year, on March 21, 2022, a lawsuit was filed requesting the nullity of TCR No. 10121-3-2021 regarding the 2005 RI, in which the elapsing of the power to demand payment was rejected. Likewise, IR No. 0150140009894 was revoked, which was favorable in 26 objections, obtaining an unfavorable final result in financial charges, DCP, reversal of provisions, among others. On May 15, 2019, the lawsuit was admitted for processing. SUNAT responded to the claim. An oral report in first instance is scheduled for November 28, 2023.

In the opinion of the Management, based on the opinion of its legal advisors, the qualification of the contingency for the DCP objection changed to probable, by virtue of the result downloaded from the files consultation system of the Supreme Court for the cassation appeals filed in the processes that are discussed in the TCR. Nos. 17044-8-2010 (2000-2001) and 11450-5-2011 (1998) as well as the statute of limitations. With respect to the financial burden assessment, the contingency changes to possible. The contingency for the other objections remains at remote.

Regarding the same period, on April 20, 2022, we were notified with a SUNAT lawsuit by means of which it requests the nullity of TCR No. 10121-3-2021 in the extreme that (i) it decided to declare the DR and FR null with respect to the objection to DCP that was not the subject of the sample verified by SUNAT during the audit procedure (ii) it revoked the IR with respect to the objections to: expenses accrued in previous years - Accounts 665110, tax amortization not accepted since it had not substantiated the price paid of the intangible, nor the application of credit for payments on account for the year. On May 4, 2022, the Company filed a response. On June 15, 2023 the oral report in the first instance was held, pending the issuance of the sentence.

Management believes, based on the opinions of both its legal advisors, the contingency qualifies as remote.

(g) 2006 Fiscal Year Income Tax -

Regarding the 2006 fiscal year, on September 14, 2022, we filed an administrative lawsuit against TCR No. 04079-2-2022 regarding the following unfavorable objections: (i) Expenses that do not comply with the principle of causality (Expenses recorded in Account 669910); (ii) Unsubstantiated expenses; (iii) TPI; (iv) Expenses for financial interests with related companies; (v) Amortization of unaccepted intangibles (For maintenance expenses and training expenses that do not qualify as assets); (vi) Unaccepted depreciation for not substantiating part of the computable cost of fixed assets that have occurred (related to Financial Charges); (vii) Determination Resolutions; (viii) Fine Resolutions; (x) Default interest and its capitalization; and (xi) Statute of Limitations. On October 20, 2022, the lawsuit was admitted for processing. To date, the scheduling of the first-instance oral report is still pending.

In the opinion of the Management, based on the opinion of its legal advisors, the contingency for objections to statute of limitations, expenses that do not comply with causality and unsubstantiated expenses qualifies as possible. With respect to the other objections, the contingency remains remote.

For its part, SUNAT challenged the same TCR insofar as it revokes the Intendancy Resolution on the objections of (i) amortization of intangibles not accepted because it had not substantiated the paid price of the intangible, (ii) modification of the coefficient of payments on account, (iii) fine resolutions, and (iv) the request for the return of excess payments. On October 31, 2022, the Company responded to the lawsuit. To date, the scheduling of the first-instance oral report is still pending.

The Company, based on the opinion of its legal advisors, qualified the contingency as remote for all objections.

(h) 2007 Fiscal Year Income Tax -

Regarding the 2007 fiscal year, on October 11, 2022, we were notified with a lawsuit from SUNAT by means of which it challenges TCR No. 04357-9-2022 insofar as it revokes the Intendancy Resolution on the objections of (i) amortization of intangibles unaccepted since it has not substantiated the price paid for the intangible; (ii) modification of the coefficient of payments on account, (iii) fine resolutions, and (iv) the request for the return of excess payments. On October 31, 2022, the Company responded to the lawsuit. To date, the scheduling of the first-instance oral report is still pending.

In management's opinion, based on the opinion of its legal advisors, the contingency with respect to the statute-of-limitations assessment was considered probable and the recalculation of payments on account was considered possible. With respect to the other objections, the contingency is remote.

(i) 2008 Fiscal Year Income Tax:

Regarding the 2008 period, on November 2, 2022, the Company filed an administrative litigation lawsuit against TCR No. 05258-1-2022 insofar as the objections to (i) statute of limitations, (ii) TPI, (iii) connection fee, (iv) payments on account, (v) tax credit for excess recreational expenses. On November 3, 2022, the lawsuit was admitted and on November 22, 2022, the claim was considered as having been responded to. To date, the scheduling of the oral hearing is still pending.

In the opinion of the Management, based on the opinion of its legal advisors, the contingency for the objection of income unduly considered as deferred and IPT is viewed as remote. With respect to the statute of limitations claim, the contingency varies to probable. With respect to the other objections, the contingency is remote.

Regarding the same period, on November 22, 2022, the Company was notified with a lawsuit filed by SUNAT against the same TCR in terms of the objections to (i) the modification of the coefficient of payments on account of IT January-December 2008, and (ii) the balance in favor of the previous compensable year. On December 6, 2022, the Company responded to the lawsuit, and for which the scheduling of the oral report is still pending.

In Management's opinion, based on the opinion of its legal advisors, it classified the contingency as possible with respect to the correction of the coefficient modification. The contingency is remote with respect to the correction of the balance in favor of the prior year.

V. Income Tax and VAT of Telefónica Móviles for the years 2000 to 2012:

As a result of the audits of Telefónica Móviles from 2000 to 2009, SUNAT has issued several resolutions for alleged omissions of income tax, income tax withholdings of non-domiciled persons, withholdings of fifth category income tax and VAT, in the latter case, until the year 2012.

In the cases in which Telefónica Móviles obtained unfavorable results in administrative proceedings, it filed appeals and, in other cases, it proceeded to pay the assessments received. Details of these processes are explained in the following paragraphs.

(a) Income tax for the year 2000

At the administrative level, on March 30, 2007, SUNAT issued the IR resolving the claim filed by Telefónica Móviles for the year 2000. Since it did not agree with the resolution, an appeal was filed before the TC.

In July 2020, the TC notified the TCR N°2275-5-2020 by which it declared null and void SUNAT's objection regarding the Nortel Analog Network. Despite this declaration of nullity, on August 3, 2020 SUNAT notified the IR without complying with the TC's order. Therefore, on August 24, 2020 a new appeal was filed, which is pending resolution at the TC.

On February 7, 2013, the TC notified the TCR N°20274-9-2012, by which (i) resolved unfavorably to the Company's interests, the following repairs: CF, PCD, Overhead, Expenses re-invoiced by TDP, Cellular Sales Commission; and, Voluntary Retirement Program (ii) revoked the objections related to unaccepted depreciations for fixed assets transferred in the patrimonial block, and loss due to exchange difference (iii) declared the nullity of the objections related to: Interconnection expenses, management fee; and, PCD regarding the months of February to June, August and October to December.

Against the last TCR, the Company filed an administrative litigation lawsuit, requesting the nullity of the objections resolved unfavorably for the Company: (i) DCP, (ii) Simple re-organization, (iii) Nortel Analog Network (regarding which the TC suspended the issuance of a ruling under the criminal proceeding related to the objection) (iv) FC, and (v) Overhead. In the first and second instance, the claim was declared unfounded. On July 4, 2019, the Supreme Court declared the second-instance judgment null and void regarding the objections of Nortel Analog Network, Simple Reorganization and PCD, and consequently ordered the High Chamber to issue a new judgment. Regarding the objections to Financial Charges and Overheads, the Supreme Court has adjudicated in favor of SUNAT. On September 30, 2019, the High Court issued the new judgment declaring the objection to unaccepted depreciations and PCD unfounded, the objection of withdrawal of assets of a majority shareholder (Nortel Analogical Network) as inadmissible. Against said judgment, on October 21, 2019, the parties filed a cassation appeal, which were declared admissible. On September 13, 2022, the oral hearing was held in the Supreme Court. On January 18, 2023, notification was received of the supreme resolution which (i) declared the nullity of the judgment of the Superior Court regarding the objection of unaccepted depreciations (ii) declared the objection to the DCP as being unfounded. On April 18, 2023, the oral report in the second instance was held regarding the objection of unaccepted depreciation and on April 27, 2023, the first instance ruling was declared null and void in this regard. An oral report in the first instance was scheduled for September 12, 2023, which was left without effect due to the fact that SUNAT filed a brief on September 8, 2023 requesting the conclusion of the proceeding due to lack of subject matter. On October 5, 2023, SUNAT's request was declared inadmissible and the hearing was rescheduled for November 30, 2023.

As the objections to the TC and Overheads have been resolved unfavorably for the Company, the contingency was amended to probable in the second quarter of 2019.

In view of the Supreme Court's ruling regarding the objection to unaccepted depreciations, the contingency rating remains remote, while the contingency for the objection to DCP has varied to probable.

In compliance with the same TCR, on September 16, 2022, we filed an administrative litigation lawsuit against TCR No. 03615-5-2022, which pertains to the 2000 fiscal year. This resolution favors the interests of the Company insofar as the objection to Red Nortel; however, we challenge the following objections (i) DCP, (ii) difference in exchange, (iii) unaccepted depreciations, (iv) default interest and its capitalization. The lawsuit was admitted on October 10, 2022. On November 29, 2022, the replies of SUNAT and the Tax Court were notified. On July 10, 23 the court notified us with the resolution that dispensed with the evidentiary hearing. To date, the oral report in the first instance is pending, scheduled for March 14, 2024.

The Company, based on the opinion of its legal advisers, has revalued the contingency rating regarding the objection to DCP and changed it to probable, pursuant to the outcome of the appeals filed against TCR Nos. 17044-8-2010 (2000-2001) and 11450-5-2011 (1998). With respect to the late payment of interest, the contingency is remote. The contingency related to the remaining objections is maintained as possible.

(b) Income Tax and VAT for the 2001 fiscal year:

As part of the administrative procedure, on October 22, 2007, SUNAT issued the IR resolving the claim filed by Telefónica Móviles. Since it did not agree with the resolution, an appeal was filed before the TC.

On January 20, 2017, the TC notified the Company the TCR N°11549-2-2016, whereby it resolved unfavorably the objections of (i) Managementmanagement fee; and, (ii) amortization of intangibles. Likewise, it ordered a new review of part of the PCD and of the exchange

difference loss, pending a new pronouncement by SUNAT. On August 18, 2020, the IR was notified that complied with the order of the TC, a resolution that was appealed by the Company on September 8, 2020.

Likewise, the Company appealed the IR N°0150150002773 that declared the refund requests filed for the overpayments unfounded.

On April 19, 2017, the Company filed an administrative litigation lawsuit against TCR No. 11549-2-2016. On December 6, 2021, the judgment that declared the lawsuit in all its facets unfounded was notified, which was appealed on December 14, 2021. On April 5, 2022, the case was heard at a second instance. On January 19, 2023, the finding revoking the judgment of the first instance was issued insofar as that declared the lawsuit groundless regarding the objections to DCP, payments on account, and calculation of default interest, and thereby upholding the same. Likewise, it declares the lawsuit unfounded in the other instances. Against this judgment, the parties filed a cassation appeal. On March 27, 2023, the Superior Court rejected the cassation appeal that we filed in application of the full cassation proceeding that provided that the appeals filed against decisions issued in the first and second instance in the same sense (double conformity) must be declared inadmissible. In view of this situation, we filed a complaint appeal against the decision that rejected the cassation. On June 26, 2023 the internal hearing of the complaint was held in the Supreme Court. On July 10, 2023, we were notified with the resolution that declared the complaint appeal well-founded. On September 23, 2023, the hearing was held to determine the merits of the appeal.

The Company, based on the opinion of its legal advisors, and considering the result of TCR No. 17044-8-2010, TCR No. 17133-8-2010, and TCR No. 01853-8-2011 in the second quarter of 2019, the contingency rating of the proceedings was modified to probable, insofar as that ruled upon by the Supreme Court in the administrative litigation proceedings for the 2000-2001 fiscal year for TDP, and the 2000 fiscal year of TM regarding the objections to Overheads and Carveout. It also rated as probable the objections of cost depreciation and undue depreciation.

The Company, based on the opinion of its legal advisors, has re-evaluated the contingency rating for the DCP objection and amended it to probable by virtue of the result downloaded from the file consultation system of the Supreme Court for cassation appeals filed in the proceedings that are discussed in TCR Nos. 17044-8-2010 (2000-2001) and 11450-5-2011 (1998). Regarding the other objections, the contingency rating is kept as remote.

Regarding the same TCR, SUNAT filed an administrative litigation claim challenging the objections to (i) expenses without causation and (ii) expenses assumed by third parties. On April 9, 2019, the first-instance ruling was communicated, stating that the Tax Court Resolution was partially justified and partially invalid. The Tax Court was thus ordered to issue a new resolution, confirming Intendancy Resolution No. 0150140006682 insofar as to the objections to various expenses transferred by its related party for those that do not prove causality (a deduction referring to the payments undertaken) and for third-party taxes assumed by the taxpayer. On March 3, 2020, the second-instance judgment was notified, which upheld SUNAT's claim. On May 19, 2020, the Company filed a cassation appeal against the aforementioned judgment, and which was declared admissible. On October 11, 2022, the oral hearing was carried out in the Supreme Court and on December 13, 2022, the supreme resolution notified that SUNAT's lawsuit was upheld. On March 13, 2023, the Court informed the parties of the TCR issued in compliance with the provisions of the Supreme Court. On April 5, 2023, the Court considered the mandate fulfilled and ordered the termination of the proceedings. As the case is now concluded, it will no longer be included in the next report.

Based on the opinion of its legal advisors and the result obtained, the Company changed the contingency rating to probable for all objections.

In compliance with the TCR discussed, the Tax Court issued TCR No. 6015-4-2022. Against said TCR, on December 13, 2022, we filed an administrative litigation lawsuit as it validated the calculation of default interest for the periods in which SUNAT exceeded the legal deadlines. SUNAT had to resolve our claims, appeal, as well as to issue the compliance resolution. On January 13, 2023, SUNAT and the Ministry of Economic Affairs and Finance (MEF) were deemed to have answered the claim. An oral report has been scheduled for March 22, 2024.

On the other hand, the compliance resolutions were notified, which have been challenged through appeals. The Tax Court has resolved to annul the aforementioned resolutions. Therefore, a new compliance resolution is pending to be issued by SUNAT.

The Company, based on the opinion of its legal advisors, qualified the contingency as remote for all objections.

(c) Income tax and VAT for the 2002 Fiscal Year -

Within the framework of the administrative procedure, on January 23 2008, SUNAT issued the IR, thereby resolving the claim filed by Telefónica Moviles. As we disagreed with the decision, an appeal was submitted before the Tax Court.

In this regard, on September 15, 2017, TCR No. 12003-8-2016 was notified which withdrew the objections to: (i) management fee; and, (ii) amortization of intangibles; declared the partial nullity of the objection to the DCP, and ordered a new review of the objection related to financial interests (carveout).

Against the aforementioned TCR, on December 15, 2017, the Company filed an administrative litigation claim regarding the unfavorable objections. On October 24, 2019, the oral hearing was carried out in the first instance. The judgement is still pending.

In the opinion of the Management, based on the opinion of its legal advisors, the contingency of the DCP objection is classified as probable, and possible regarding the other objections.

On December 2, 2020, the Company was notified with IR No. 0150150002588, through which SUNAT, in alleged compliance with TCR No. 12003-8-2016, re-settled the Income Tax, the payments on account from January to December 2002, and the VAT for the periods of February, May, and September to December 2002, as well as the fine resolutions. The Company appealed the IR, which is now pending resolution by the TC.

Furthermore, related to the tax period of 2002, the Company filed an application for amparo seeking to stop calculating interest that exceeds the legal deadlines that the administration has for resolving the objections to and fines of the Income Tax for 2002. The judgment of first instance declared the lawsuit partially founded and, in second instance, the lawsuit was declared inadmissible and null and void. Against the decision of the Superior Court, the Company filed a constitutional complaint before the Constitutional Court, which to date is pending a ruling.

Management, based on the opinion of its external legal advisors, and the latest results obtained in the Constitutional Court, amended the rating to probable.

SUNAT also judicially challenged TCR No. 12003-8-2016 regarding the objections that were resolved in favor of the Company. In the first instance, the claim was upheld and thus the Company filed an appeal. On May 13, 2022, the oral hearing was carried out in the second instance where SUNAT's claim was upheld. On September 26, 2022, we filed an appeal for cassation, which was declared inadmissible on March 28, 2023. On May 9, 2023, the Court, in compliance with the ruling, sent the file to the Tax Court for the issuance of a new RFT. On June 9, 2023, at the request of the Tax Court, an additional period of 15 days was

granted for the issuance of a new TCR. On July 10, 2023 we were notified with the resolution that put us on notice of the compliance TCR. To date, the process is concluded. In administrative proceedings, the compliance resolution was issued, which was challenged within the legal term. To date, it is pending to be attended.

The Company, based on the opinion of its legal advisors, has re-evaluated the contingency rating for the DCP objection and amended it to probable by virtue of the result downloaded from the file consultation system of the Supreme Court for cassation appeals filed in the proceedings that are discussed in TCR Nos. 17044-8-2010 (2000-2001) and 11450-5-2011 (1998). Likewise, the Company has done the same for third-party tax relief assumed by the taxpayer. As for the rest of the objections, the contingency rating is possible.

On October 24, 2018, SUNAT legally challenged TCR No. 05108-1-2018 by means of which the request for a reimbursement of S\35,000,000 filed by the TDP was declared inadmissible. On December 24, 2019, the Company was notified with the judgment of first instance that declared SUNAT's claim founded, however, in second instance the claim was declared inadmissible. Therefore, SUNAT filed a cassation appeal. On November 23, 2022, the supreme resolution that declared SUNAT's cassation appeal unfounded was notified. Proceedings concluded.

Due to the result obtained in the Supreme Court, the Company, based on the opinion of its external legal advisors, changed the qualification of the contingency to remote.

On December 13, 2017, the Company filed a lawsuit for amparo by means of which it requested that interest that exceeds the legal deadlines that the administration has to resolve the objections and fines of the IT and VAT of the 2002 fiscal year not be calculated any further. The judgment of first instance declared the lawsuit partially founded and, in second instance, the lawsuit was declared inadmissible and null and void. Against the decision of the Superior Court, the Company filed a constitutional complaint before the Constitutional Court, which to date is pending a ruling.

On May 15, 2023, SUNAT filed an amparo lawsuit against the Supreme Court's decision regarding the administrative contentious process (linked to TCR N°12003-8-2016) initiated by SUNAT, in order to declare the nullity of the supreme resolution that ruled against the Company. The single hearing has been scheduled for October 16, 2023.

In Management's opinion, based on the opinion of its external legal advisors, the contingency is classified as remote.

(d) 2004 Fiscal Year Income Tax and VAT -

Within the framework of the administrative procedure, on August 29, 2009, SUNAT issued the IT resolving the claim filed by Telefónica Móviles for the 2004 fiscal year Income Tax and VAT. As the Company disagreed with the decision, an appeal was submitted before the Tax Court.

On January 29, 2018, the TC notified TCR No. 10997-1-2017, by means of which (i) the DCP claim was declared null and void by the party that was not subject to SUNAT's review, (ii) the objection to interest on debt with the Company was revoked, so that a new review of the evidence was carried out, (iii) the objection to amortization of intangibles was revoked, and (iv) the TC ordered that SUNAT recognize the requested deductions, if applicable and upheld for other matters. Currently, the issuance of the IT that complies with the provisions of the TC is pending.

Regarding the objections that were upheld unfavorably for Company interests: i) DCP, ii) expenses recorded by credit line granting contracts Account 671110, iii) depreciation of cost of assets, and (iv) modification of the coefficient of the payments on account, on April 27, 2018, an administrative litigation lawsuit was filed. In the first instance, the claim was

declared: (i) unfounded regarding objections to the DCP, expenses recorded by contract for the granting of credit line Account 671110, depreciation of the cost of assets and calculation of default interest between December 25, 2006 and March 15, 2007, and (ii) inadmissible insofar as the objection to modifying the coefficient of payments on account.

The High Court declared the complaint regarding the objection to the DCP to be founded, only insofar as the telephone bills. Against the decision of second instance, the parties filed cassation appeals. On September 13, 2022, the oral hearing was held in the Supreme Court. On January 18, 2023, a supreme ruling declared the Company's lawsuit regarding DCP, expenses for credit line contracts, cost depreciation, default interest between December 25, 2006 and March 15, 2007, and modification of the coefficient of payments on account as all being groundless. To date, the process has been concluded.

The Company, based on the opinion of its legal advisors, has re-evaluated the contingency rating for the DCP objection and amended it to probable by virtue of the result downloaded from the file consultation system of the Supreme Court for cassation appeals filed in the proceedings that are discussed in TCR No. 17044-8-2010 (2000-2001) and No.11450-5-2011 (1998).

Additionally, on February 14, 2020, the Company was notified with TCR No. 10982-9-2019, by means of which the objection to financial expenses by credit line granting contract is maintained, while the objection to financial expenses for loan contract was ordered to be resolved per the terms of TCR No. 10997-1-2017, as cited above.

As a result of the foregoing, on February 27, 2020, the Company was notified with Coercive Execution Resolution No. 01100-0059983, which required the Company to pay S/3,052,111, which was paid on March 4, 2020.

After the payment made by the Company, on October 1, 2020, SUNAT notified the Company with IR No. 0150140015607, and in alleged compliance with TCR No. 10982-9-2019, declared the appeal filed by Telefónica Móviles against FR No. 012-002-0015547 as unfounded, issued by the alleged commission of the offense typified in numeral 1 of article 178 of the Tax Code regarding the VAT for the period of June 2004.

Since the Company disagrees with that resolved in the IT, on October 21, 2020, the Company filed an appeal, which was resolved by TCR No. 03230-9-2021, declaring it unfounded.

In relation to the last TCR No. 03230-9-2021, on March 12, 2020, the Company was notified with an administrative litigation lawsuit filed by SUNAT which disputes the partial nullity of the TCR insofar as SUNAT decided to revoke IT No. 0150140009010 in relation to the objection to the tax credit for "Financial expenses due to mutual contract" (Carveout) in the DR and related FR. Both the TC and the Company responded to the SUNAT claim, while the Company filed an exception for non-exhaustion of the administrative means. On August 12, 2021, the Court upheld the exception of the Company filed on the failure to exhaust the administrative means and, consequently, ordered the closure of the procedure. Process concluded.

On April 23, 2018, SUNAT made a legal challenge to Tax Court Resolution No. 10997-1-2017, questioning the following modifications: i) DCP (as they were not sampled) (S/9,603,804), ii) Expenses recorded by mutual contract Account 671110 - TDP debt interest (S/ 717,765) (interest on debt transferred by TDP using the Carveout method) (S/22,273,212), and iii) Modification of the coefficient of payments on account of Income Tax for January and February 2004. On March 8, 2019, notification was made of the ruling of first instance that deemed the claim filed by SUNAT as invalid. On July 27, 2019, the judgment upheld the SUNAT claim based only on the objection to the Carve Out, and unfounded regarding the objections to the DCP and coefficient modification. Against the judgment, the parties filed cassation appeals, which was finally resolved as follows: (i) favorably for the objection to

the modification coefficient, (ii) unfavorably for Carve Out (orders the TC to rule on the causality and not on loans and assets), and (iii) for DCP, declared the nullity of the decision issued by the Superior Court. On May 13, 2022, the case was heard in the second instance. On October 6, 2022, the ruling was notified with the following result: two votes upholding the judgment of first instance; that is, the lawsuit by SUNAT regarding the DCP is declared unfounded; and one vote because the objection to the DCP is declared unfounded. On October 14, 2022, the final decision hearing was held. On December 14, 2022, a second instance judgment declared SUNAT's claim unfounded insofar as DCP objection (in which the dispute refers to the sample, which was not verified by SUNAT during the audit procedure). SUNAT filed an appeal against the second instance judgment, which was rejected on March 16, 2023. Against this decision, SUNAT lodged an appeal in order to be granted the cassation appeal that they raised, which was declared founded. On October 4, 2023, the proceeding qualification hearing was held.

The Company, on the basis of the opinion of its legal advisors, qualified the contingency for the DCP objection (insofar that they were not sampled) as remote. The objection to Carve Out is rated as probable, while the contingency for the objection to the coefficient modification is remote.

For the same tax period (2004), the Company initiated an amparo action on the inapplicability of the interest that exceeds the legal deadlines that the administration has to resolve the objections and fines on the Income Tax. On January 10, 2020, the Company received notification of the judgment of first instance that declared the lawsuit filed by the Company partially founded, stating that there is a violation of the reasonable period. On April 26, 2021, High Court upheld the exception of non-exhaustion of the administrative means presented by SUNAT. Consequently, the lawsuit was inadmissible and all actions were null and void. On May 10, 2021, the Company filed a constitutional complaint for the Constitutional Court to rule on the Company's lawsuit. On December 28, 2021, Chamber 1 of the Constitutional Court resolved to declare the Company's lawsuit as inadmissible. The Company filed an appeal for annulment against the decision of Chamber 1 of the Constitutional Court, which was declared inadmissible. To date, the process is concluded.

The Company, based on the opinion of its legal advisors, qualified the contingency as probable.

VI. Income Tax and VAT of Telefónica Móviles for the 2003 to 2010 Fiscal Years:

As a result of the audits on Telefónica Móviles for the years 2000 to 2010, SUNAT issued various resolutions for alleged Income Tax omissions, withholdings of the Income Tax of non-residents, withholdings of the Income Tax of the fifth category and VAT, in the latter case, until the year 2007. In some cases, Telefónica Móviles filed appeals and, in other cases, proceeded to pay the tax calculations received, which are explained below.

(a) Income tax and VAT for the 2003 Fiscal Year -

Regarding the Income Tax for the 2003 fiscal year, on October 30, 2010, Telefónica Móviles filed a lawsuit requesting the nullity of TCR No. 5018-1-2019 in relation to the following objections: (i) for maintenance and repair of equipment and booths - Account 634003, (ii) the objection to Account 635001 "Rental of office properties", (iii) Objection to the depreciation and/or amortization of assets, (iv) Rejection of challenge to the carry-over loss, (v) Rejection of recognition of the payments made against the IT of VAT - February and March 2003, (vi) Undue calculation of default interest, (vii) Objections to the expense accounts 621002, and (viii) Non-application of interest for justified delay. The court of first instance declared the Company's claim as unfounded. The Supreme Court, following the oral report made on June 10, 2021, declared the judgment of first instance null and void, and ordered that the court of first instance issue a new judgment. On September 26, 2023, the oral report was held in the first instance. To date, the issuance of the sentence is pending.

Management, based on the opinion of its legal advisors, classified the contingency as probable with respect to the objections to maintenance and to salaries from abroad. Regarding the objections to rental expenses, the contingency was qualified as remote, while the objections to depreciation of assets and carry-over of losses were qualified as possible. The contingency remains remote for the remaining objections.

Additionally, on April 4, 2022, the Company received notification of TCR No. 2097-1-2022 that recalculates and complies with the TCR No. 5018-1-2019, which contains: (i) the incorrect ruling on the lapsing of the tax debt, noting that it is not lapsed, (ii) the undue rounding of the amounts of the arrears interest update, as the tax regulations do not contemplate the same, (iii) the validity of the Compliance IR, which violates the right to the due motivation of the administrative resolutions, with respect to the debt update procedure, and (iv) the serious defects of motivation incurred by the TCR. Subsequently, on July 4, 2022, a contentious-administrative lawsuit was filed regarding the objections detailed above, and which was admitted. An oral report has been scheduled for January 29, 2024.

An TCR N°0132-5-2023 was issued at the administrative level, and subsequently, the compliance resolution was issued. To date, the corresponding appeal is pending.

In Management's opinion, based on the opinion of its legal advisors, it qualified the statute of limitations contingency as probable. With respect to the other objections, the contingency is possible.

Furthermore, regarding the Income Tax and VAT for the 2003 fiscal year, on February 7, 2020, the Company challenged TCR No. 6575-10-2019 judicially, questioning the objections to: (i) depreciation of the cost of assets and assets without documentary support, (ii) DCP, (iii) loss of difference in exchange, (iv) fines linked to those objections, and (v) default interest that were resolved against the Company in the first instance. On June 10, 2021, the oral report was carried out in second instance. On March 22, 2022, the appeal filed by the Company was granted. The High Court declared the judgement of first instance null and void and ordered a new judgement to be issued. On March 24, 2023 we complied with documents submission required by the Court to the parties in response to the MAXCO precedent (inapplication of interest outside the legal term to resolve by SUNAT and the Tax Court). On May 2, 2023 SUNAT complied with the court order. To date, the court has not yet ruled on the documents presented by the parties and issued a ruling.

The Company, based on the opinion of its legal advisors, classified the contingency as probable with respect to the interest adjustment on the transferred debt and with respect to the adjustment of the modification of the ratio to possible. With respect to the other claims, the contingency is remote.

Furthermore, on January 10, 2020, we were notified of a SUNAT claim questioning the objections discussed on the VAT for the 2003 fiscal year: (i) Management fee, (ii) Expenses for management services and business management consultation, (iii) Intangibles deducted and not paid for the 2003 period, (iv) DCP, (v) Financial expenses recorded in Accounts 637110 and 671110; (vi) Loss of exchange difference from forward contract and mutual contract, (vii) Recovery of DCP, (viii) Modification of the coefficient applicable to payments on account, (ix) Objection to the tax credit for management expenses and business management consultation, (x) Objection to the tax credit for reimbursement of interest expenses, ruled on by the Tax Court in TCR No. 6575-10-2019. On January 24, 2020, we submitted our response to the lawsuit. The court of first instance declared SUNAT's claim as founded. The High Court declared the judgement of first instance null and void and ordered a new judgement to be issued. On November 17, 2022, the oral hearing was held in the first instance. On March 17, 2023, the Court indicated that the binding precedent issued by the Constitutional Court MAXCO case (on non-application of interest for the delay in resolving) will be applied, and requested the parties to inform (i) whether SUNAT and the

Tax Court have applied default interest after the expiration of the legal term to resolve administrative appeals, and (ii) the current state of the tax debt. On March 24, 2023 we complied with documents submission required by the Court to the parties in response to the MAXCO precedent (inapplication of interest outside the legal term to resolve by SUNAT and Tax Court). On May 2, 2023 SUNAT complied with the court order. To date, the court is still pending to rule on the documents submitted by the parties and issue a ruling.

The Company, based on the opinion of its legal advisors, has re-evaluated the contingency rating for the DCP objection and amended it to probable by virtue of the result downloaded from the file consultation system of the Supreme Court for cassation appeals filed in the proceedings that are discussed in TCR Nos. 17044-8-2010 (2000-2001) and 11450-5-2011 (1998); Similarly with respect to the statute of limitations. Regarding the rest of the objections, the contingency is maintained as remote.

Subsequently, on March 2, 2021, the Company received notification of IR No. 0150150002700 by means of which SUNAT allegedly complies with TCR No. 6575-10-2019. However, the Company, in disagreeing with the SUNAT provisions, on March 23, 2021, filed an appeal, which is pending resolution.

(b) 2010 Fiscal Year Value-Added Tax -

Regarding the VAT for the 2010 fiscal year, on December 23, 2010, the Company challenged TCR No.7639-9-2010, by which the following objections were resolved unfavorably: (i) lapsing of the term of commencement of the collection power of DR Nos. 012-003-0076597 to 012-003-0076608 and FR No.012-002-0029133, and (ii) excess recreational expenses that are not deductible according to Income Tax rules. On October 1, 2021, the oral report was heard in the first instance. The ruling is still pending.

In Management's opinion, based on the opinion of its legal advisors, the contingency varies as probable with respect to the statute of limitations. With respect to the overexpenditure assessment, the contingency is possible. With respect to the assessment of fines, the contingency is remote.

(c) 2009 Fiscal Year Income Tax -

On February 27, 2020, the Company received notification of TCR No. 12147-4-2019, by means of which the TC withdrew the following objections: (i) expenses accrued in the year invoiced and/or received extemporaneously, (ii) roaming services supported by payment vouchers received extemporaneously, and (iii) deduction not accepted for operations not accrued according to the IAS, while the TC maintained the following objections: (i) unsubstantiated credit notes linked to the El Pacífico Peruano - Suiza Cia - others, (ii) expenses for ITF that does not comply with the principle of causality, and, in addition, (iii) incidence of objections made to Telefónica Móviles for depreciation of fixed assets. The Company, in not agreeing with that resolved by the TC, on May 27, 2020 filed an administrative litigation lawsuit. On September 9, 2021, the oral submission was heard. On January 5, 2023, the judgment of first instance was notified, declaring the claim partially founded regarding the objection to ITF Expenses that does not comply with the principle of causality, and unfounded insofar as the other objections. On January 12, 2023, an appeal was filed. On April 11, 2023, the hearing of the case was held, and is pending the issuance of the second instance ruling. On June 22, 2023 we were notified of the second instance judgment declaring the claim unfounded. On July 7, 2023, we filed an appeal in cassation, and the merits of the appeal are pending qualification.

In Management's opinion, based on the opinion of its legal advisors, it qualified the contingency as possible with respect to the credit note objections, modification for income and modification of the coefficient. With respect to the ITF expense assessment, the

contingency is remote. With respect to the asset depreciation assessment, the contingency is remote.

(d) 2004 Fiscal Year Income Tax -

Regarding the Income Tax for the 2004 year, on May 24, 2020, the Company filed an administrative litigation claim requesting the partial nullity of the TCR No. 10982-9-2019 insofar as that it decided to revoke IR No. 0150140009010 in relation to: (i) inadmissibility of the review appeals Nos. 012-003-0019178 and 012-003-0019180; (ii) tax credit linked to the expenses recorded by a credit line contract (with a base of S/51,072); and (iii) default interest; which were unfavorable to Company interests. On October 28, a judgment declaring the lawsuit for default interest founded and the tax credit as groundless was notified. On June 9, 2022, the Supreme Court declared the cassation appeals filed by both parties to be admissible. On April 27, 2023 the oral report before the Supreme Court was held. On August 28, 2023, the Company was notified of the Supreme Court decision declaring the appeal filed by the Company to be well-founded.

Management, based on the opinion of its legal advisors, classified the contingency as probable for the objection to financial expenses for the credit line contract, and possible for the objection to admissibility of the determination resolutions. With respect to the other objections, the contingency remains remote.

Regarding the same year, the TC notified the Company of TCR No. 02663-1-2020 by means of which: (i) it declared the appeal filed regarding the application regarding elapsing as unfounded, and (ii) it upheld the IR insofar as the objection to the tax credit for excess recreational expenses. On October 22, 2020, the Company filed an administrative lawsuit against the aforementioned TCR. On August 24, 2022, the oral report was heard in the first instance. On April 18, 2023 the Court requested SUNAT to submit a report on the default interest, in application of the MAXCO precedent. On June 20, 2023 SUNAT submitted the compliance. To date, the issuance of the first instance judgment is pending.

Management, based on the opinion of its legal advisors, classified the contingency for the objection of depreciation of the cost of assets as probable and possible insofar as the objection to the determination resolutions. With respect to the other objections, the contingency remains remote.

(e) 2005 Fiscal Year Income Tax -

On October 16, 2020, the Company filed a lawsuit against the declaration of nullity of TCR No. 01849-1-2020, which resolved the following objections unfavorably to Company interests: (i) expenses for unaccepted depreciation related to the cost of works in progress and other fixed assets transferred by the Company, (ii) DCP that was not the subject of the sample analyzed by SUNAT, (iii) interconnection expenses originating from calls with prepaid cards 147, and (iv) payments on account. On October 16, 2020, the Company filed an administrative lawsuit. On May 28, 2021, SUNAT responded to the lawsuit. The oral hearing was carried out in the first instance on June 23, 2022, which is currently pending the issuance of a judgment.

The Company, based on the opinion of its legal advisors, rated the contingency as probable for the objection to the statute of limitations and possible for the objection to excess recreational expenses. With respect to the other objections, the contingency remains remote.

Regarding TCR No. 01849-1-2020, SUNAT filed an administrative litigation lawsuit regarding the objection of DCP that was not the subject of the sample. On October 1, 2021, the oral submission was carried out in the first instance. The judgement is still pending. The Company, based on the opinion of its legal advisors, qualified the contingency as remote.

(f) 2002 Fiscal Year Income Tax -

On October 6, 2021, the Company filed an administrative lawsuit against TCR No. 5586-4-2021 insofar as it dismissed the objections to: (i) expenses for "Depreciation and undue amortization" for allegedly not having credited the value of the cost; (ii) expenses for payments for commission services of sales of telephones, refunds and related reclassifications, included under the expense "Retail Package Commission"; (iii) expenses for payments for miscellaneous services, refunds, and related reclassifications, included under the expense "Services provided by third parties - deduction for INTERCON"; (iv) maintenance and repair of equipment and cabins; and (v) miscellaneous local fees, local and other expirations, fixed monthly charge, requested deductions, VAT for expenses that do not comply with causality. On December 6, 2021, SUNAT answered the claim. On June 27, 2023, the oral report was held in first instance. Pending the issuance of a judgment.

Management, based on the opinion of its legal advisors, classified the contingency as remote for the objections to non-application of interest and to capitalization of interest. With respect to the statute of limitations, the contingency is probable. With regard to other objections, the contingency is rated as possible.

Furthermore, on March 28, 2022, the Company received notification of TCR No. 1863-4-2022 that recalculates and complies with TCR No. 5586-4-2021, which: (i) unduly applies the legal regime applicable to the acceptance of the incentive regime and incurs various errors in the calculation of the debt to be paid (uncontested debt), required as a condition for said acceptance, (ii) breaches the legal regime established for updating debts by applying the Consumer Price Index (CPI), and (iii) also incurs various defects of due process and motivation. In that sense, on June 28, 2022, a contentious-administrative claim was filed and SUNAT responded to the lawsuit. Currently, the oral hearing in the first instance has been scheduled for January 29, 2024.

The Management, based on the opinion of its legal advisors, qualified the contingency as remote for all objections.

(g) 2005 Fiscal Year Income Tax -

On November 30, 2021, the Company filed an administrative litigation lawsuit against TCR No. 7061-3-2021 that upheld the following objections: (i) interim payments; (ii) modification of the coefficient; (iii) recognition of payments made in excess; and (iv) Fine Resolutions. On December 20, 2021, the exception of non-exhaustion of administrative means filed by SUNAT was notified, which was declared unfounded. On September 15, 2022, the oral submission was heard in the first instance. A decision is still pending. On March 13, 2023, the Court requested SUNAT to report within 10 working days on the conduct or bad faith of the person under scrutiny for the application or not of the binding precedent issued (constitutional case MAXCO (on the non-application of excess interest), which was complied with. To date, the scheduling of the oral report in the first instance is pending.

Management, based on the opinion of its legal advisors, classified the contingency as remote for the objections of capitalization of interest and for default interest. With respect to the statute of limitations, the contingency is probable. With regard to other objections, the contingency is rated as possible.

With regard to the same TCR, SUNAT filed a complaint against the objections that were resolved unfavorably: (i) modification of the coefficients applied for the determination of the payments on account of the Income Tax from January to December 2005, and (ii) recognition of the overpayments made in the months of March to May 2005, applied against the Income Tax of 2005, as well as the related fines. On December 31, 2021, the Company responded to

the lawsuit. On October 13, 2022, the oral submission was heard in the first instance. The ruling is still pending.

Management, based on the opinion of its legal advisors, classified the contingency as remote for the objection to fine resolutions and as probable for the objection to the statute of limitations. Regarding the same fiscal year, 2005, on January 4, 2022, the Company filed an administrative lawsuit against TCR No. 8157-4-2021 regarding the following objections: (i) unaccepted depreciation expense referring to the cost of the assets (with registration date as of December 31, 2000) transferred by the Company and not substantiated by documents; and (ii) unaccepted tax depreciation expense referring to the cost of the assets not substantiated by documents, transferred by the Company. Additionally, requesting the declaration of the elapsing of the collection action in application of that resolved in the constitutional judgment of the case of Industrial Paramonga SAC. The Company also requested the non-application of default interest capitalized for the excessive period that it took the tax administration and the Tax Court to resolve. On May 31, 2022, SUNAT responded to the lawsuit. On October 11, 2022, the oral hearing was carried out in the first instance.

Management, based on the opinion of its legal advisors, classified the contingency for the statute of limitations objection as probable. In relation to the other objections, the contingency rating remains remote.

For its part, with respect to the same period, on February 4, 2022, the Company was notified with a SUNAT lawsuit by which it requests the nullity of TCR No. 08157-4-2021 corresponding to IT 2005 - TM, insofar as the decision to revoke IR No. 0150140009387 of November 30, 2020, as regards DR No. 012-003-0020174, regarding the objection to "Amortization of intangibles not accepted." On May 18, 2022, the exception of lack of legitimacy to act that we filed was declared unfounded. On May 24, 2022, the Company filed an appeal against the resolution that rejects the exception of lack of legitimacy to act. On March 6, 2023, the oral hearing was carried out in the first instance. The decision is still pending.

Management, based on the opinion of its legal advisors, classified the contingency for the objection to intangibles as remote and the objection to the statute of limitations objection as probable.

For its part, SUNAT filed an administrative claim against TCR No. 1097-4-2022 regarding the IT for the year 2006. On May 20, 2022, the lawsuit was answered and an exception was filed for lack of legitimacy to act actively by SUNAT insofar as the claim of full jurisdiction. On October 5, 2023, the oral report was held in first instance.

Management, based on the opinion of its legal advisors, classified the contingency for the objection to amortization of intangibles as remote and the objection to the carry-over loss of previous fiscal years as possible.

With regard to IT 2007, on November 22, 2022, the Company was notified with a contentious administrative claim from SUNAT, via which SUNAT requests the nullity of TCR N° 4443-1-2022 insofar as (i) deduction not accepted for amortization of intangibles discharged in 2005 whose cost has not been credited, (ii) calculation of the coefficient of payments on account of March-December 2007, (iii) balance in favor of the compensable previous year, (iv) statute of limitations. On December 6, 2022, we responded to the lawsuit. To date, the oral hearing is due to take place on March 22, 2024.

Management, based on the opinion of its legal advisors, classified the contingency for the objection to unaccepted deductions as remote. With respect to the statute of limitations, the contingency is probable. With regard to other objections, the contingency is rated as possible.

Regarding payments on account of IT 2009, on January 9, 2023 we were notified with a lawsuit from SUNAT by which it requests the nullity of TCR No. 06392-9-2022 which provides for

revoking the Intendancy Resolution insofar as the objection to modification of the coefficients of the payments on account of the Income Tax of January and February 2009, as well as their related fines. On January 31, we responded to the lawsuit, for which the scheduling of the oral hearing in the first instance is yet to occur.

The Company, based on the opinion of its legal advisors, qualified the contingency as possible for all objections.

Regarding payments on account of IC 2008, on January 9, 2023, we were notified with a lawsuit from SUNAT by which it requests the nullity of TCR No. 06867-9-2022 which provides for revoking the Intendancy Resolution insofar as the objection to modification of the coefficients of the payments on account of the Income Tax of January to December 2008, as well as their related fines. On January 31, we responded to the lawsuit. The oral submission is currently scheduled for October 10, 2023.

The Company, based on the opinion of its legal advisors, qualified the contingency as possible for all objections.

Regarding the Income Tax for the 2003 fiscal year, on April 3, 2023, we were notified with a lawsuit from SUNAT by which it requests the nullity of the TCR No. 08644-5-2022 corresponding to TM 2003 insofar as that it provides for revoking Intendancy Resolution (IR) No. 150150002700 of March 2, 2021, Determination Resolutions (DR) and Fine Resolutions (FR), linked to the Income Tax for the 2003 fiscal year, modification of the coefficient of its payments on account from January to December 2003, and its associated fines. On April 19, 2023, we responded to the lawsuit. To date, the oral report scheduled for December 19, 2023 is pending.

In the Company's opinion, based on the opinion of its legal advisors, it classified the contingency as possible with respect to all objections.

With respect to income tax for 2002, on April 19, 2023, the Company was notified of the lawsuit filed by SUNAT against TCR N°07839-8-2022, requesting its nullity with respect to the administrative resolutions and fine resolutions. On May 3, 2023 we answered the lawsuit. To date, the scheduling of the oral report in the first instance is pending.

In the Company's opinion, based on the opinion of its legal advisors, it qualified the contingency as possible with respect to all objections.

With regard to income tax for the 2004 fiscal year, on April 19, 2023 the complaint filed by SUNAT against the TCR N°09335-1-2022 was notified, requesting its nullity at the end of the administrative resolutions and resolutions of fine. On May 22, 2023 the complaint was notified and on June 5, 2023 we responded to the claim. To date, the scheduling of the oral report in the first instance is pending.

The Company, based on the opinion of its legal advisors, qualified the contingency as possible for all objections.

VII. Mobile Royalties:

On February 27, 2012, the Ministry of Transport and Communications (MTC) notified the Company of the settlement of the annual payment of the mobile royalties for the use of the radioelectric spectrum corresponding to that year per the General Scheme, arguing that the Special Regime, which Telefónica Móviles acquired at the time, was no longer applicable given its temporary nature.

As a consequence of the MTC's claim to apply the General Regime, the Company proceeded to:
(i) file a claim before the MTC arguing that the Special Regime was the one that legally

applied; and (ii) submit a complaint to INDECOPi, arguing that the calculation methodology contained in the General Regime constituted a bureaucratic barrier.

The appeals lodged by the Company for the years 2012, 2013, and 2014 before the MTC were dismissed. Consequently, the Company filed appeals before the Tax Court, which are pending determination. The MTC is reluctant to make the files available. Likewise, for the 2015 and 2016 fiscal years, the Company filed claims with the MTC, which concluded in an unfavorable manner, which is why we filed an administrative litigation claim.

The claim of bureaucratic barriers was decided on in the last administrative instance on February 19, 2016, declaring that the calculation methodology contained in the General Scheme constituted a bureaucratic barrier and therefore was inapplicable for Telefónica. This determination applies not only for the year 2012, but for subsequent fiscal years.

In the case of the mobile royalties corresponding to the years 2012, 2013, and 2014, the Company made the payments under protest according to the calculations formulated by the MTC. While the payments corresponding to the years 2015 and 2016 were not made as a precautionary measure was obtained in the procedure of bureaucratic barriers and, as a consequence of the definitive determination from INDECOPi, respectively.

However, on January 18, 2017, the Company received notification of the requirement formulated by the MTC for the payment of the royalties corresponding to the years 2015 and 2016, based on the existence of a precautionary measure ordering INDECOPi to suspend the effects of the ruling that declared that the calculation of the royalties as per the General Scheme constituted a bureaucratic barrier, specifying in the requirement that if the payment was not made within the term granted the respective coercive collection actions would proceed.

On January 27, 2017, the Company responded to the aforementioned requirement stating that (i) as at that date, it had not been notified of any precautionary measure; (ii) it had not been notified with any INDECOPi resolution that ordered the suspension of the effects of its determination; and (iii) pursuant to the provisions of Articles 136 and 115 of the Tax Code, Article 16, subparagraph e) of the Coercive Enforcement Procedure Act, and paragraph 28, article III4 of the Directive approved by Supreme Decree No. 036-2010-MTC, it was not possible to initiate any coercive collection action as the Company had submitted claims with the MTC for the years 2015 and 2016 within the established legal deadlines.

On 7 March, the coercive enforcer suspended the enforcement proceedings. However, in order to avoid a possible allegation by the Ministry that Telefónica would not be paying the royalties and thus starting a procedure to lose the concession, Telefónica proceeded to pay the 2015 and 2016 periods for the corresponding amounts of S/ 50,787,968 and S/ 52,107,136.

On September 24, 2020, the Supreme Court upheld the MTC's appeal for annulment, and consequently the judgment of the Superior Court was null and void. On February 3, 2021, a Superior Court judgment declared the claim as unfounded. On February 18, 2021, we learned that the MTC filed a cassation appeal (we have not yet been notified). On September 1, 2022, the oral submission was made in the Supreme Court and on December 28, 2022, the supreme resolution declaring the appeal of the MTC founded was notified and ordered that INDECOPi issue a new resolution in the procedure of bureaucratic barriers. On February 14, 2023, INDECOPi, in compliance with the resolution of the Supreme Court, decided to revoke the resolution of first instance, declaring the complaint of barriers as unfounded.

Against the supreme ruling detailed in the previous proceedings, on February 8, 2023, a petition for amparo was filed by requesting the nullity of the judgment. On March 21, 2023, the Superior Chamber admitted the lawsuit. On April 21, 2023, the judgment was issued declaring our claim inadmissible and dispensing with the hearing. On May 8, 2023 we filed

an appeal, which was granted on May 23, 2023. On June 20, 2023 the case file was submitted to the Supreme Court (second instance) for the appeal to be resolved.

In the opinion of the Management and based on the opinion of its external advisors, the qualification of this contingency was changed to possible.

VIII. Telefónica Multimedia Income Tax for Fiscal Years 2007, 2010, 2012, 2013, and 2014:

As a result of the audits on Telefónica Multimedia for the years 2007, 2010, 2012, 2013, and 2014, SUNAT issued various resolutions at the administrative level for alleged omissions of the IT of the aforementioned periods.

Since it disagreed with SUNAT's decision, Telefónica Multimedia filed an objection and, in other cases, proceeded to pay the tax calculations received.

(a) Income Tax for the 2012 Fiscal Year -

As for the 2012 fiscal year, on June 17, 2015, SUNAT issued DR Nos. 012-003-0059229 to 0059241 and FR Nos. 012-002-0025995 to 0025997. The main objection made by SUNAT corresponds to the expenses that are supported with documentation that were received after the submission of the sworn statement. Not agreeing with what was resolved in the DR and FR, Telefónica Multimedia filed an appeal which was declared unfounded.

In resolving the appeal filed by the Company, the TC: (i) voided the main objection, linked to the expenses that are substantiated by receipts received after the sworn statement, and (ii) the rest of the objections were confirmed.

On December 7, 2020, the Company filed a lawsuit. Both SUNAT and the Tax Court responded to the lawsuit. On March 28, 2023, the oral report was heard in the first instance. The decision is still pending.

Management, based on the opinion of its legal advisors, classified the contingency as possible with respect to the objection to payments on account. In relation to the other objections, the contingency remains remote.

Subsequently, within the same administrative procedure, on December 1, 2020, the Company received IR No. 0150150002586, issued in compliance with the TCR detailed in the previous paragraph. However, as the Company disagreed with SUNAT, an appeal was lodged with the TC. Consequently, on July 21, a payment amounting to S/8,745,678 was made.

Management believes, based on the opinions of both its internal and external legal advisors, the contingency qualifies as remote.

(b) Income Tax for the 2014 Fiscal Year -

Regarding the 2014 financial year, on April 24, 2019, the Company filed an administrative litigation claim challenging TCR No. 149-4-2019 by which IR No. 0150140014378 was upheld. The IR declared the claim made against payment orders No. 011-001-0123981 to 011-0123989 drawn for the payments on account of the Income Tax from January to July, October and December 2014 to be unfounded.

On November 2, 2020, the judgment of first instance declared our claim founded and consequently the TCR null. As such, the payment of late interest due to modification of the coefficient is not applicable. However, the Superior Court reversed the judgment of first instance and declared our claim unfounded. On January 12, 2021, we filed an appeal against said

judgment. On January 13, 2023, the Supreme Court ruled that the lawsuit was unfounded. Proceedings concluded.

In the opinion of Management, based on the opinion of its legal advisors, the rating of the contingency for this action is probable.

(c) Income Tax for the 2007 Fiscal Year -

On October 21, 2020, Telefónica Multimedia was notified with the lawsuit filed by SUNAT, requesting the nullity of the TCR No. 018491850-1-2020 by which questions the Tax Court Resolution on the objections for financial expense for execution of the surety letter and expenses for payment of metal promotion 2005-2006-2007. On January 13, 2022, the oral report was heard in the first instance. The ruling is still pending. On August 2, 2022, a judgment of first instance was notified that upheld the lawsuit. The same that was upheld by the Superior Chamber on October 28, 2022. On April 3, 2023, the appeal was declared inadmissible. Proceedings concluded.

Management believes, based on the opinions of both its internal and external legal advisors, the contingency qualifies as remote.

Furthermore, the Company has several legal (labor and administrative), regulatory, and customs lawsuits that are being undertaken by its external and internal legal advisors. As of September 30, 2023, as stated in note 2.19, the Company has recorded the necessary provisions for the cases considered probable, leaving as possible contingencies at an amount of S/845,902,000 (S/792,302,000 as of December 31, 2022). See note 21. Management and its legal advisors estimate that the individual outcome of the claims should not have a significant impact on the Company's financial statements.

34 SUBSEQUENT EVENTS

Between September 30, 2023 and the date of approval of the financial statements, there have been no significant subsequent events that in the opinion of Company management require any additional disclosure or any adjustment to the balances presented in the financial statements.