

TELEFÓNICA DEL PERU S.A.A.

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2024, AND 2023

TELEFÓNICA DEL PERÚ S.A.A.

FINANCIAL STATEMENTS 31 DECEMBER 2024 AND DECEMBER 31, 2023

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REPORT OF THE INDEPENDENT AUDITORS

To the Shareholders and Directors of
Telefónica del Perú S.A.A.

Opinion

We have audited the financial statements of Telefónica del Perú S.A.A. (herein the Company), which list the statement of financial position as of December 31, 2024, the statement of income and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, those financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, its results of operations, and its cash flows for the year that ended. This conforms with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The basis of opinion

We conducted our audit following the International Standards on Auditing (ISAs) approved for application in Peru by the Peruvian Board of Deans of Colleges of Public Accountants. Our responsibilities under those standards are described below in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

As independent consultants from the Company following the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) together with the ethical requirements that apply to our audit of the financial statements in Peru, we have fulfilled our other ethical responsibilities by those requirements and the IESBA Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis on material uncertainty related to going concern

We draw attention on the Note 1.2 of financial statements, which describe that the Company has incurred in a loss of S/3,391,594 thousand in the year ending on December 31, 2024 and up to that date, current liabilities exceed the current assets in S/3,381,611 thousand. These circumstances, along with other conditions described in Note 1.2, indicate that there is a material uncertainty that could create significant doubts on the Company's ability to continue as a going concern. Our opinion is unchanged in relation to this matter.

Key Audit concerns

Key audit concerns are issues that, in our professional judgment, are most significant during our current financial statement audit. Such issues have been addressed in the context of both our audit of the financial statements as a whole and in forming our opinion on the financial statements. Furthermore, we do not express a separate opinion on these matters. In addition to the material uncertainty related to the going concern, we have determined that the matters described below will be the key matters to be communicated in our report.

Key Audit concerns

As discussed in our audit

Revenue recognition (Revenue recognized but not yet invoiced)

The Company's revenues mainly come from the provision of telecommunications services in the mobile and fixed segments, sale of terminals, data and IT projects. Products and services can be sold separately or together in commercial bundles, each one assigned with an identifiable element based on the relationship of independent selling price of each individual component to the total price of the bundle, and recognized as the obligation is satisfied.

For those revenues which billing cycle don't coincide with the accounting closing, the Management requires the use of estimations to determine the amount to recognize for services rendered that are pending to be invoiced at the end of the fiscal year. These estimates are based on various sources of data and types of income processed by historical information and information systems and as of December 31, 2024 amounts to S/80,502 thousand.

We identified this area as a primary issue in our audit due to the complexity of the process Management uses to estimate recognized revenue pending invoicing, given the diversity of data sources, revenue types, and the number of systems that support the information. This, in turn, involves a high degree of judgement and effort in the design and conduct of our audit procedures (see notes 2.22, 7, 9, 26, and 27 to the financial statements).

We have conducted audit procedures with the participation of our specialists in information technology processes and systems about the revenue estimation recognition process, including the following:

- Understanding the process of revenue recognition, estimation, and testing the design and operational effectiveness of the key business controls and the general information technology (IT) over main systems involved in this process.
- Evaluation of the reasonableness of the criteria used by Management in estimating the recognized income pending invoicing and the accuracy of the data supporting the estimate.
- Detailed tests on the billing made after the end of each month and its consistency with the estimates made, using sampling techniques.
- Analytical test on the reasonableness of the estimates made at the end of the year.
- Disclosure assessments included in the financial statements by the applicable standards.

Key Audit concerns

As discussed in our audit

Evaluation of the impairment of the cash-generating unit (CGU)

As of December 31, 2024, the balance of Property, plant and Equipment and intangible assets items presented in the statement of financial position is S/4,776,656 thousand, which constitutes the cash-generating unit (defined as the Company that is organized by a single operational segment of rendering telecommunications services, located in a single geographic segment (Peru), see note 2.3)

To determine if there is an impairment in the cash-generating unit, the management conducted an impairment assessment of its value. An impairment loss is recognized when the carrying amount of an asset (or a group of assets that constitute a cash-generating unit) exceeds its recoverable amount, which is determined as the higher value between the fair asset value less costs to sell and the value in use. In this regard, in 2024 the Company recognized an impairment of S/1,215,571 thousand (penalizing the value of the goodwill and partially of the intangible assets).

The Company has established the recoverable amount of the cash-generating unit based on its corresponding value in use. To determine the value in use, the Management uses projected cash flows based on the strategic plans approved by the local Board of Directors. The projections of the cash flows elaborated by the management require high grade of judgement in estimating key assumptions such as the EBITA margin (Earnings before Interests, Taxes, Depreciation and Amortization), market share, discount rate, and the perpetual growth rate, which would be significantly affected by the future trends in the economy, competitive, regulatory and technological environment in which the Company operates. The sensitivity to variations in key assumptions is detailed in note 14.

We have audited, with the assistance of our valuation experts, the process performed by management to determine the recoverable amount of the cash-generating unit, including the following:

- Understanding the process, evaluation and testing the design and the operational effectiveness of the key controls about the impairment assessment process to determine the recoverable amount of the cash-generating unit.
- Verification of the consistency of the data used in the calculation of the recoverable value with the strategic plans approved by the local Board of Directors
- Evaluation of the suitability of the discount rate and the growth rate by our valuation experts
- Analysis of budgetary compliance.
- Valuation of the key assumptions used to determine the recoverable value, for which we have conducted key assumptions testing based on market and sector information.
- Sensitivity analysis on key assumptions.
- Disclosure assessments included in the financial statements by the applicable standards.

Key Audit concerns

As discussed in our audit

This is a key main matter in our audit due to the significant judgments made by the management in the estimation of the key assumptions that support the recoverable amounts of the cash-generating unit, which in turn required a high level of judgement, use of experts and effort from the auditor in evaluating these assumptions.

Provision for tax litigation contingencies

The recognized amount as provisions for contingencies of short-term fiscal litigations is S/2,473,150 thousands (note 34 (b) and 24 (f)) as of December 31, 2024, which includes S/1,052,353 thousands pending settlement by tax administration, related to litigations for which management considers the loss to be probable and the amount of the loss has been reliably estimated.

Management does not recognize a provision when, after evaluating the available information, it concludes that a loss is not likely to be incurred in pending litigation. The Company discloses in notes 34(b) and 24(f) of the financial statements the contingencies in which there is no probable risk of loss, but there remains a possible risk that such loss may eventually occur, and in case of contingencies related to tax income, when it is considered probable that the tax authority accepts the uncertain tax treatment.

This is a primary issue in our audit because of the significant judgments made by Management to determine the amount and likelihood that litigation will result in a loss. The foregoing has required a high degree of auditor judgment and effort to evaluate Management's judgments in estimating losses from tax litigation.

We have conducted audit procedures with the participation of our tax experts, on the process established by the Company to identify and evaluate litigation and claim actions, including:

- Understanding the process, evaluation and testing the design and the operational effectiveness of the key controls about the identification and process and contingencies registration.
- Obtaining and evaluating response letters to the information requests about the likelihood of the litigation from the internal and external auditors Company works with.
- Evaluating the reasonableness of the estimate made by Management on whether an unfavorable outcome for a given matter may be possible or probable, is reasonably estimated, and the effect that this result could have on the other processes undertaken by the Company.
- Disclosure assessments included in the financial statements by the applicable standards.

Other information

Management is responsible for the other information. This information comprises the annual report required by the Superintendency of the Securities Market- SSM, which is not an integral part of the financial statements or our auditors' report and is expected to be available after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any kind of assurance or conclusion on that other information.

Concerning the financial statement audit, our responsibility is to read said information when available to us and, in doing so, consider whether there is a material inconsistency between the other information and the financial statements, or our knowledge obtained in the audit; or the other information appears to be materially misstated for any other reason.

When we read and consider the annual report, if we conclude that it may contain a material misstatement, we are required to communicate it to the Company's Corporate Governance.

Management and Corporate Governance officers' responsibilities for the financial statements.

Management is responsible for the preparation and fair presentation of these financial statements to IFRS as issued by the IASB as well as the internal control that management determines to be relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the financial statements, management is responsible for assessing the Company's ability to continue operating by disclosing, as applicable, concerns related to continuing operations and by using accrual basis accounting, unless management intends to liquidate the Company or cease operations or has no other realistic alternative.

Those charged with the Company's Corporate Governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of financial statements

The auditor's objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the auditor's opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted by ISAs approved for application in Peru will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users make on the basis of these financial statements.

As part of an audit by ISAs approved for application in Peru, the auditor exercises professional judgment and maintains professional skepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than not detecting a material misstatement due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control.
- Evaluates the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the proper use of the going concern accounting principle by the Management and, based on the evidence obtained, as to whether or not a material uncertainty exists related to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. If the auditor concludes that material uncertainty exists, the auditor is required to either draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluates the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The auditor communicates with the Company's Corporate Governance regarding, among other matters, the planned scope and timing of the audit procedures and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

The auditor also provides the Company's Corporate Governance Officers with a statement that has complied with applicable ethical requirements regarding independence and has communicated with them about all relationships and other matters that may reasonably affect the auditor's independence and, where applicable, the measures taken to eliminate the threats or safeguards in place.

From the matters communicated to the Company's Corporate Governance, the auditor is required to list those matters that were of most significance in the audit of the current period's financial statements and are, accordingly, the Key Audit Matters. The auditor describes such matters in the report unless applicable laws and regulations prohibit their public disclosure or when, in extremely unusual circumstances, the auditor determines that such matters should not be communicated in the report because the adverse consequences of doing so may reasonably be expected to outweigh the public interest benefits of such communication.

Lima, Peru

February 14, 2025

Endorsed by

----- (partner)

Hernán Aparicio P.
Certified Public Accountants
Registration No.20944

TELEFONICA DEL PERÚ S.A.A.

STATEMENT OF THE FINANCIAL POSITION

ASSET

	Note	As of December 31,	
		2024	2023
		S/000	S/000
CURRENT ASSETS			
Cash and cash equivalents	6	434,020	520,844
Trade accounts receivable, net	7	568,394	632,233
Contract assets	9	34,716	37,268
Other accounts receivable, net	8	126,783	81,684
Accounts receivable from related parties/entities	23(h)	-	3,072
Inventories	10	146,375	241,136
Other Non-Financial Assets	11	687,382	575,761
Income tax assets	24(f)	536,413	162,845
		2,534,083	2,254,843
Non-current assets held for sale	13(c)	-	398,418
Total Current Assets		2,534,083	2,653,261
NON-CURRENT ASSETS			
Trade accounts receivable, net	7	-	509
Contract assets	9	1,365	1,743
Other accounts receivable, net	8	51,614	63,200
Investments in Associates	12	224,646	224,573
Property, Plant, and Equipment, Net	13	3,637,818	3,726,489
Intangible Assets Other than Capital Gain, Net	14	1,138,838	1,617,836
Rights-of-Use Assets	15	721,487	868,962
Deferred tax assets, net	24	358,600	510,600
Income tax assets, non-current	24(f)	315,401	315,401
Capital Gains	16	-	959,137
Other Non-Financial Assets	11	411,475	415,472
Total Non-Current Assets		6,861,244	8,703,922
TOTAL ASSETS		9,395,327	11,357,183

LIABILITY AND EQUITY

	Note	As of December 31,	
		2024	2023
		S/000	S/000
CURRENT LIABILITIES			
Other financial liabilities	17	753,055	297,632
Financial Lease Liabilities	18	392,973	416,660
Trade accounts payable	19	1,897,660	1,737,678
Contract liabilities	9	88,942	109,493
Other accounts payable	20	183,861	191,852
Other accounts payable to related entities	23(e) y (g)	6,524	733,226
Other provisions	21 and 34	419,714	462,468
Deferred Income	22	24,219	26,214
Income tax liabilities	24(f) and 34	2,148,746	2,706,896
Total Current Liabilities		5,915,694	6,682,119
NON-CURRENT LIABILITIES			
Other financial liabilities	17	1,612,916	2,255,252
Financial Lease Liabilities	18	625,227	791,856
Contract liabilities	9	16,145	26,385
Other accounts payable	20	21,328	22,238
Other accounts payable to related entities	23(e) y (g)	63,746	877
Other provisions	21 and 34	451,066	421,150
Deferred Income	22	21,658	28,490
Income tax liabilities	24(f) and 34	188,183	48,724
Total non-current liabilities		3,000,269	3,594,972
Total Liabilities		8,915,963	10,277,091
EQUITY			
Issued Capital	25	830,610	2,638,274
Issue premiums		-	168,675
Accumulated results		(349,522)	(1,724,078)
Other equity reserves		(1,724)	(2,779)
Total equity		479,364	1,080,092
TOTAL EQUITY AND LIABILITIES		9,395,327	11,357,183

The accompanying notes on pages 13 to 136 are part of the financial statements.

TELEFONICA DEL PERÚ S.A.A.

INCOME STATEMENT

	Note	For the period as of December 31,	
		2024	2023
		S/000	S/000
Income from ordinary activities			
Mobile business income	26	3,297,739	3,402,084
Fixed business income	27	2,722,291	3,074,251
Total income from ordinary activities		6,020,030	6,476,335
Operating Expenses			
General, administrative and sales	28	(3,904,411)	(3,779,525)
Cost of Sale of Equipment	10(b)	(1,022,807)	(1,034,581)
Depreciation	13(a)	(1,102,674)	(848,474)
Personnel	29	(644,182)	(609,670)
Amortization	14(a)	(278,995)	(288,182)
Depreciation of rights of use	15	(256,155)	(216,729)
Impairment of assets	30	(1,215,571)	(64,661)
Other operating income	31	42,304	78,937
Other Operating Expenses	31	(49,055)	(61,147)
(Loss) from operating activities		(2,411,516)	(347,697)
Financial income	32	40,242	288,049
Financial Expenses	32	(630,395)	(653,918)
Gain (loss) Exchange differences	32	7,631	(421)
Share in associates results		73	1,400
Result before income tax		(2,993,965)	(712,587)
Income tax	24(c)	(397,629)	99,099
Net Loss for the Year		(3,391,594)	(613,488)
Loss per basic and diluted share (in soles)	33(b)	(0.75289)	(0.16361)
Weighted average shares outstanding (in thousand of units)	33(a)	4,504,790	3,749,651

The accompanying notes on pages 13 to 136 are part of the financial statements.

TELEFONICA DEL PERÚ S.A.A.

COMPREHENSIVE INCOME STATEMENT

	Note	For the period as of	
		December 31,	
		2024	2023
		S/000	S/000
Net Loss for the Year		<u>(3,391,594)</u>	<u>(613,488)</u>
Components of other comprehensive income			
Valuation of hedging derivatives	25(c)	1,497	1,362
Effect on income tax	24(a)	<u>(442)</u>	<u>(402)</u>
Other comprehensive income		<u>1,055</u>	<u>960</u>
Total comprehensive income of the year, net of income tax		<u><u>(3,390,539)</u></u>	<u><u>(612,528)</u></u>

The accompanying notes on pages 13 to 136 are part of the financial statements.

TELEFONICA DEL PERÚ S.A.A.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIODS ENDED ON DECEMBER 31, 2024
AND DECEMBER 31, 2023**

	Capital Issued	Premiums on issuance	Other capital reserves	Accumulated Results	Other equity reserves	Total
	S/000	S/000	S/000	S/000	S/000	S/000
Balances as of January 1, 2023	2,106,949	-	-	(1,110,590)	(3,739)	992,620
Net Loss for the Year	-	-	-	(613,488)	-	(613,488)
Other comprehensive fiscal year income	-	-	-	-	960	960
Capitalization	531,325	168,675	-	-	-	700,000
Balance as of December 31, 2023	2,638,274	168,675	-	(1,724,078)	(2,779)	1,080,092
Net Loss for the Year	-	-	-	(3,391,594)	-	(3,391,594)
Other comprehensive fiscal year income	-	-	-	-	1,055	1,055
Expired dividends	-	-	2,674	-	-	2,674
Capitalization, (Note 25a)	594,755	2,192,382	-	-	-	2,787,137
Transfer to legal reserve	-	(2,019,444)	2,019,444	-	-	-
Transfer to Accumulated results	-	(341,613)	(2,022,118)	2,363,731	-	-
Capital Reduction, (Note 25a)	(2,402,419)	-	-	2,402,419	-	-
Balance as of December 31, 2024	830,610	-	-	(349,522)	(1,724)	479,364

The accompanying notes on pages 13 to 136 are part of the financial statements.

TELEFONICA DEL PERU S.A.A.

FINANCIAL STATEMENTS NOTES AS OF DECEMBER 31, 2024, AND 2023

1 GENERAL INFORMATION

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, and paid television services. 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.

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.

1.2 Ongoing business and working capital –

The Company generated a loss of S/3,391,594 in 2024. Also, as of December 31, 2024, current liabilities exceed current assets by S/3,381,611, mainly due to the high competitiveness of the telecommunications sector and the materialization of the tax contingencies mentioned in note 34 (b), which have impacted the results and consequently the equity structure of the Company, affecting the fulfillment of its commercial and financial objectives. As indicated in note 16, financial flows have been revalued, generating the recording of an impairment of assets of S/1,215,571, as well as the recording of a provision for impairment of tax assets for S/598,439, note 24(f).

In order to improve the Company's financial situation, Telefónica Hispanoamérica, S.A., its main shareholder, has made two loans for S/2,070,000 in 2024. The first one for S/771,000 was disbursed between April and May, and the second one for S/1,299,000 was disbursed between July and October, as described in note 23(e). Also, Telefónica Hispanoamérica S.A. agreed to several actions in order to maintain the equity balance such as the capitalization of loans for S/2,787,137 (after withholding the non-domiciled income tax on accrued interest), which included the balance of the loan received in 2023 for S/717,692 and the subsequent reduction of its capital stock by S/2,402,419 to partially absorb the accumulated losses. As of December 31, 2024, a balance of S/61,735 is outstanding with respect to the loans received in 2024.

In 2025, the Company will have to cope with: (i) financial maturities for an amount of S/1,146,000 which is composed by the maturity of bonds for S/706,000, long-term debt for S/22,000, short-term debt for S/25,000 and leases for S/393,000; (ii) the eventual coercive collection of relevant tax controversies for more than S/1,000,000, related to the 2000-2001 periods and others; and, (iii) operating deficit. In order to meet all these needs, the Company is seeking different sources of financing.

Among the alternatives under analysis are: (i) financing from the majority shareholder for S/1,549,000,000 approved at the Board of Directors' meeting of February 14, 2025, exclusively to meet operating needs by February 2026, according to the conditions detailed in note 35 and (ii) a liability restructuring process under the insolvency framework.

As for the operating deficit, it is expected to be a transitional deficit to the extent that management expects to reverse this situation in the medium term through: i) revenue growth with the progress of the transformation of the fixed internet network to fiber optics, considering that it has a solid participation in fixed service products; ii) the complete modernization of the mobile network that will allow an improvement in services and an increase in the Company's market share; and iii) a structured plan of efficiencies, of which ii) and iii) were initiated in 2024.

1.3 Approval of Financial Statements -

The financial statements as of December 31, 2023 were approved by the General Shareholders Meeting held on March 25, 2024. The financial statements as of December 31, 2024 were approved by the Board of Directors on February 14, 2025. Then, they will be presented to the General Shareholders meeting for their final approval. The Company's management believes that the financial statements for the year ended on December 31, 2024, which were prepared in accordance with International Financial Reporting Standards, will be approved by the shareholders without modifications.

1.4 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 December 31, 2024, and 2023, the main concession contracts that are maintained are the following:

<u>Services</u>	<u>Location</u>	<u>Resolution Ministerial</u>	<u>Term</u>	<u>Start</u>	<u>Expiration</u>
Fixed and LD	Lima, Callao and Provinces	DS 11-94-TCC	20 years+renewed term	1994	2027 (*)
Mobiles	Lima and Callao	373-91-TC/15.17	20 years + renewed term	1991	2030
Mobiles	Provinces	055-92-TC/15.17	20 years + renewed term	1992	2030
Mobiles	Lima and Callao	440-91-TC/15.17	20 years + renewed term	1991	2030
Mobiles	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 evaluation by the MTC. The additional period to be renewed would be added to such expiration.

(**) 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 guaranteed letters with various banking entities.

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

b) Rate regulation System

The rates for the local and long-distance fixed telephony service are adjusted quarterly based on service baskets according to a formula of price 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.

OSIPTEL sets the productivity factor for three-year periods, specifying 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 tariff adjustments corresponding to the September – November, December – February and March – May quarters of each year would be equal to inflation (no tariff adjustments will be made). Likewise, for the tariff adjustment corresponding to the June-August quarter, a Reference Factor equivalent to -2.95% is considered. In that case, only if the annual variation of the CPI is greater or less than the absolute value of the Reference Factor +/- 1%, the respective tariff adjustment will be made.

Furthermore, by means of Resolution No. 044-2011-CD/OSIPTEL, OSIPTEL approved a new rate system, the establishment of the rates for local landline-mobile calls corresponding to the concessionary companies of the Landline Telephony Service. By means of Resolution No. 160-2011-CD/OSIPTEL, an adjustment to the fixed-mobile rate is made each time the charge of mobile interconnection is adjusted. The current rate was approved by Resolution of the Board of Directors N°00155-2024-CD/OSIPTEL, which adjusts the maximum rate for Telefónica del Perú S.A.A.A., setting it at S/0.0004 per second without VAT. Said tariff came into effect on June 22, 2024.

2 DETAIL OF MAIN ACCOUNTING POLICIES

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

2.1 Basis for preparation -

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter "IASB") and effective as of December 31, 2024 and 2023, respectively.

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, based on the accounting records maintained by the Group, except for derivative financial instruments and the options about shares given to workers included in the other accounts payable to related entities 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 up 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 regulations, modifications and interpretations

a) New regulations and modifications in force since January 1, 2024 adopted by the Company -

The regulatory changes of mandatory application for the 2024 financial statements considered by the Company for the preparation of these financial statements are as follows:

- Disclosures: Supplier Financing Arrangements - Amendments to IAS 7 and IFRS 7

Supplier financing arrangements are those that an entity enters into with a counterparty (a financial or other entity), whereby the counterparty assumes payment of the entity's trade payables and the entity is obliged to repay these debts at a later date. With these amendments, entities that have these types of transactions must provide information about the agreements that allow investors to assess their impact on the entity's liabilities, cash flows and exposure to liquidity risk. The information to be disclosed includes the following:

- a. Description of the terms and conditions of the arrangements;
- b. The carrying amounts of the financial liabilities that form part of these agreements and the items in which such liabilities are presented;
- c. The carrying amount of the financial liabilities referred to in (b) related to suppliers that have already received payment from the financing entity;
- d. The range of payment due dates for both financial liabilities that are part of these agreements and those comparable trade payables that are not part of these agreements;
- e. The changes in the carrying amounts of financial liabilities in (b) that have not represented cash movements; and
- f. Access to facilities of this type and the concentration of liquidity risk with entities with which such agreements are signed.

Entities should aggregate the information they provide on these supplier financing arrangements. However, they must disaggregate information when the terms and conditions are different, as well as disclose explanatory information when the range of payment due dates is extensive and disclose the type and effect of non-cash changes that are necessary for comparability between periods.

In the first year of application of this amendment, entities are permitted not to present comparative information and are not required to disclose specific opening balances. Also, in the first year of application, the required disclosures only apply to the annual financial statements and not to the interim financial statements.

The Company already classified supplier financing as part of its other financial liabilities. However, the related disclosures are included in note 17.2.

- Amendment to IFRS 16 - Sale and Leaseback Sales.

The amendments specify that, in measuring the lease liability subsequent to the sale-leaseback transaction, the seller-lessee should determine “lease payments” and “revised lease payments” in a manner that does not result in the seller-lessee recognizing any amount of gain or loss related to the right-of-use it retains. This amendment particularly affects sale-leaseback transactions where the lease payments incorporate variable payments that are not index or rate dependent.

This new standard has not had a relevant impact for the Company because it does not have sale and leaseback contracts”.

- Amendments to IAS 1- Classification of Liabilities as Current or Non-current.

Certain amendments to IAS 1, 'Presentation of Financial Statements' (IAS 1) from 2020 and 2022 clarify that liabilities should be classified as current or non-current depending on the rights existing at the date of the financial statements. It is established that the classification should not be affected by the entity's expectations or by events occurring after the date of the financial statements, for example, receiving a waiver from a financial entity following the breach of contractual commitments (covenants).

The covenants of loan contracts should not affect the classification of the liability as current or non-current at the date of the financial statements, if the entity is required to comply with the covenants after the date of the financial statements. However, if the entity is required to comply with any covenant at or before the date of the financial statements, it is required to be considered for classification as current or non-current, even if compliance with the covenant is only assessed at a date subsequent to the date of the financial statements.

These amendments require disclosures when an entity classifies a liability as non-current, and that liability is subject to covenants with which the entity must comply within 12 months after the date of the financial statements. These disclosures include:

- The carrying amount of the liability;
- Information about the covenants (including their nature and when the entity is obliged to comply with them); and
- Facts and circumstances, if any, that indicate that the entity may have difficulty in complying with the covenants.

These changes should be applied retrospectively, with certain special transitional rules for entities that have early adopted the 2020 amendments with respect to the classification of liabilities as current or non-current.

This new standard has had no relevant impact for the Company because it maintains loans subject to compliance with covenants; but it has not had any breaches of contractual conditions.

b) New standards, amendments to standards, and interpretations that will be in force for the financial statements for annual periods beginning on or after January 1, 2025 and that have not been adopted in advance -

Certain regulations and modifications to regulations have been published that are mandatory for the year 2025 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 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture.
- IFRS 18: "Presentation and Disclosure in Financial Statements", which will replace International Accounting Standard (IAS) 1: "Presentation of Financial Statements", effective globally since 2001.
- Amendments to IAS 21 - Lack of interchangeability.

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 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 significantly 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 different to those segments that operate in other economic environments. The Group is organized into a single operational segment for the provision of telecommunications services located in a single geographic segment (Peru), as the Group makes strategic commercial, financial, purchasing, and investment decisions focused on the client, and that furthermore center on a convergent offer (several aggregated telecommunications services). Thus, it is not applicable to present information on a segment basis.

2.4 Translation of foreign currency -

The Company has determined that its functional and presentation currency is the Sol. Transactions in foreign currency are 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 consolidated 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 in 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, except for those exchange differences in foreign currency transactions with cash flow hedges. These are directly recorded in the equity until the disposal of the same, at which time it is 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 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.

2.6 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 de-recognition -

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 Group 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 de-recognition 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 consolidated 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 the purpose of 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 FVOCI, when the asset is de-recognized, 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 FVOCI 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 FVOCI. 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.

2.7 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, the 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 pricing 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, 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 income statement.

As of December 31, 2024 and 2023, the Company had forwards operations contracted to hedge the exchange rate risk in the purchase of assets associated with the disbursement of projects.

2.8 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 (mobile phones, modems, pay television decoders, and fixed telephone equipment) and are valued at average cost. The cost includes the reclassification of the equity of any profit or loss in the hedges of qualified cash flows related to the purchases of stock but excludes the costs of loans. 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 client contract period. As such, handsets are recorded in the profit or loss when they are delivered for sale to the final customers (signal activation). See Note 2.22. 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 handsets, 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.

2.9 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 2.12. 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 removal and decommissioning 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 2.18). 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 2.18 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.

Similarly, 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:

Description	Years
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 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 de-recognized 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 de-recognition (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.

2.10 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 2.12.

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:

Description	Years
Administrative concessions	According to the term of the concessions. See Note 1.4(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 de-recognition 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 de-recognized.

2.11 Capital Gains --

Capital gains (note 16) represented an excess of the cost of business acquisition over the Company's interest in the fair value of the respective net assets of acquired businesses. This was written off in September 2024. It was stated at cost less accumulated permanent impairment losses, see note 2.12; the latter were determined since impairment tests were carried out by the Company for each period presented, to determine whether the carrying value is fully recoverable.

2.12 Impairment of Long-Term Assets -

The net book value of the property, plant, and equipment 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 to sell) 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 on capital gains impairment is made each presented period. 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 gains 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, which are estimated from the continuous use of an asset and its disposal at the end of its useful life. In 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 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 carrying amount 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.

2.13 Investments in Associates -

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 percent 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.

2.14 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.

2.15 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. Paid fees are recognized as transaction costs of financial obligations insofar as it is likely that part or all financing will be realized. In this case, the rate is postponed until the financing occurs. To the extent that there is no evidence that part or all financing is likely not to be realized, the rate is capitalized as a prepayment for obtaining financing services and amortized over the period of the facility to which it relates.

Financial obligations are eliminated from the consolidated statement of financial position when the obligation specified in the contract is de-recognized, 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.

2.16 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 the purpose of capitalizing financing costs are those whose preparation period exceeds eighteen months.

As at December 31, 2024 and 2023, the Company did not have assets in progress qualified for the purpose of capitalizing financing costs.

2.17 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 personnel, which is calculated based on 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.

2.18 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 expense.

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.

Withdrawal of assets -

The Company records the present value of the estimated costs of the legal and implicit obligations required to pay the costs of removal and decommissioning of equipment or the rehabilitation of the physical site where it is established in the period in which the obligation is incurred. The costs of withdrawal of assets 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 2.9). Cash flows are discounted at the pre-tax risk-free market rate that reflects the specific risks of the liability due to withdrawal of assets .

The accrual of the discount is recorded as an expense as time passes by and is recognized in the income statement as a financial expense. The estimated future costs for withdrawal of assets 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.

2.19 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 and 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 compute 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 that is related to items that are directly recognized in net equity. They are 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, 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 probable 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.

2.20 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 consistent manner 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.

2.21 Issued Capital -

Common shares are classified in equity.

2.22 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, cable television services and sale of devices. The products and services can be sold separately or jointly in bundled services.

Revenues from mobile and fixed segment services include:

Traffic (postpaid, prepaid and fixed) –

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 traffic consumed.

Connection and installation fees for fixed segment services-

Revenue from connection and installation fees, originating from when customers connect to the Company's network, is deferred and imputed to the income statement over the estimated average duration of a period for customer relationship, or the term of the contract. The related costs, except those ones related to the network expansion, are recognized in the income statement in the estimated average life of customer relationship

Periodic fees for the use of the network of the mobile and fixed segment service-

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

Wholesale interconnection revenues -

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.

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 various elements are analyzed periodically to determine the necessity to separate them 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 apply. 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 item 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.

Sale of Equipment -

Revenue from the sale of goods (mobile handset equipment), note 2.8, is recognized when the signal from the handsets is activated and transferred to the end customer.

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.

2.23 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 time period 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 has 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 time period, 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 time 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.

2.24 Share-Based Payment Transactions -

A group of Company employees received part of their compensation as per share-based payment plans, and according to which, said employees provided services and received equity instruments as consideration. In situations in which 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.

2.25 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.

2.26 Loss per Share -

Basic and diluted losses per share have been calculated based on the weighted average of the common shares outstanding as at the date of the financial position statement. As of December 31, 2024 and 2023, the Company does not maintain financial instruments that produce dilutive effects, so the loss per basic and diluted share is the same.

2.27 Fair Value Measurements -

The Company measures some of its financial instruments, such as other accounts receivable 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. Also, 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 other accounts payable, lease liabilities, accounts payable to related parties, and other financial liabilities. 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 accounts receivable, and accounts receivable from 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.

a) 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 excess liquidity.

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 various 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. 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 un-collectability. Additionally, partial and total service suspensions are imposed on users who have accounts receivable due in accordance with the policy described in Note 2.6 (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 2.6). 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 of December 31, 2024			
Not matured	429,539	22,572	452,111
Matured			
Up to 1 month	91,796	52,599	144,395
From 1 to 3 months	34,338	57,558	91,896
From 3 to 6 months	8,948	76,643	85,591
From 6 to 12 months	1,639	156,802	158,441
More than 12 months	2,134	6,105,924	6,108,058
Total	<u>568,394</u>	<u>6,472,098</u>	<u>7,040,492</u>
As of December 31, 2023			
Not matured	410,493	47,093	457,586
Matured			
Up to 1 month	108,401	56,550	164,951
From 1 to 3 months	54,908	62,355	117,263
From 3 to 6 months	25,495	98,848	124,343
From 6 to 12 months	30,452	247,904	278,356
More than 12 months	2,993	5,674,940	5,677,933
Total	<u>632,742</u>	<u>6,187,690</u>	<u>6,820,432</u>

Consequently, according to Management's opinion, there are no significant concentrations of credit risk as of December 31, 2024 and 2023.

As of December 31, 2024, the Company's Management has estimated that the maximum net amount of credit risk to which the Company is exposed amounts to approximately S/698,057,000 (S/749,012,000 as of December 31, 2023), which represents the net book value of accounts receivable and other financial assets of the other accounts receivable.

(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.

Sensitivity analyses in the following sections refer to positions for the years ended December 31, 2024 and 2023. Furthermore, they are based on the net amount of debt, the ratio of fixed interest rates, and the position of instruments in foreign currency remaining constant. The sensitivities in the profit or loss statement are the effect of the changes assumed in the respective market risk. This is based on the financial assets and liabilities held as of December 31, 2024 and 2023, including the effect of hedging 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. The Finance Management is responsible for identifying, measuring, controlling, and reporting the exposure to the Company's global exchange risk. The exchange risk arises when the Company presents mismatches between its active and passive positions in the different currencies in 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.

Foreign currency transactions are carried out at free market exchange rates published by the Superintendency of Banking, Insurance and Private Pension Fund Administrators. As of December 31, 2024, the weighted average free market exchange rates for transactions in U.S. dollars were S/3,758 per US\$1 for purchase and S/3,770 per US\$1 for sale (S/3,705 per US\$1 for purchase and S/3,713 per US\$1 for the sale as of December 31, 2023) and for euro transactions were S/3,614 per €1 for the purchase and S/4,223 per €1 for the sale (S/3,972 per €1 for the purchase and S/4,378 per €1 for the sale as of December 31, 2023), respectively.

Maintaining balances in foreign currency for the Company for fiscal years 2024 and 2023 resulted in a net gain of approximately S/7,631,000 and a net loss of S/421,000, respectively, which are presented in the caption "Net exchange difference", see note 32.

As of December 31, 2024 and 2023, the Company had the following assets and liabilities in foreign currency:

	2024		2023	
	US\$000	Euros000	US\$000	Euros000
Assets -				
Cash and cash equivalents	1,823	-	15,325	398
Trade accounts receivable, net	27,920	1,127	35,749	1,095
Other accounts receivable, net	20,716	-	24,006	-
	<u>50,459</u>	<u>1,127</u>	<u>75,080</u>	<u>1,493</u>
Liabilities -				
Bank overdraft	-	(446)	-	-
Financial liability for lease	(83,402)	-	(99,754)	-
Trade accounts payable	(181,029)	(13,451)	(197,016)	(16,191)
Other accounts payable	(21,187)	-	(24,494)	-
	<u>(285,618)</u>	<u>(13,897)</u>	<u>(321,264)</u>	<u>(16,191)</u>
Purchase position of derivatives	<u>239,323</u>	<u>13,250</u>	<u>240,741</u>	<u>14,984</u>
Monetary position, net	<u>4,164</u>	<u>480</u>	<u>(5,443)</u>	<u>286</u>

The Company hedges its exposure to the conversion to Soles of financial obligations and OPEX operations (denominated in US dollars and euros), through the use of 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.

Sensitivity Analysis	Change Exchange Rates	in %	Effect on Results	
			before taxes	
			2024	2023
			S/000	S/000
Devaluation-				
dollars	5		782	(1,010)
dollars	10		1,565	(2,021)
Revaluation-				
dollars	5		(782)	1,010
dollars	10		(1,565)	2,021
Devaluation-				
Euros	5		87	57
Euros	10		173	114
Revaluation-				
Euros	5		(87)	(57)
Euros	10		(173)	(114)

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.

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

	<u>Variable Rate (*) S/000</u>	<u>Fixed Rate S/000</u>	<u>without Interest S/000</u>	<u>Total S/000</u>	<u>Average Rate of interest %</u>
As of December 31, 2024					
Financial Assets					
Cash and cash equivalents	434,020	-		434,020	3,60
Trade accounts receivable, net	-	138,855	429,539	568,394	2.38
Contract assets	-	-	36,081	36,081	-
Other accounts receivable, net (**)	-	-	136,619	136,619	-
Financial Liabilities					
Other financial liabilities	1,138,204	1,227,767	-	2,365,971	6.60
Financial liability for lease	392,973	625,227	-	1,018,200	6.20
Trade accounts payable	-	-	1,897,660	1,897,660	-
Other accounts payable to entities related	-	61,735	8,535	70,270	14.29
Other accounts payable	-	-	23,301	23,301	-
As of December 31, 2023					
Financial Assets					
Cash and cash equivalents	520,844	-	-	520,844	5.45
Trade accounts receivable, net	-	222,249	410,493	632,742	3.45
Contract assets	-	-	39,011	39,011	-
Other accounts receivable to entities related	-	-	3,072	3,072	-
Other accounts receivable, net (**)	-	-	113,198	113,198	-
Financial Liabilities					
Other financial liabilities	672,748	1,878,658	1,478	2,552,884	6.50
Financial liability for lease	416,660	791,856	-	1,208,516	5.72
Trade accounts payable	-	-	1,737,678	1,737,678	-
Other accounts payable to related entities	-	723,895	10,208	734,103	9.41
Other accounts payable	-	-	25,670	25,670	-

(**) Does not include advances or taxes.

(*) Variables are considered as assets and obligations at a variable rate, as well as fixed-rate assets and obligations for terms of less than 12 months.

Shown below is the income statement's sensitivity, which is due to the possible effect of interest rate changes on financial expenses for the period, before income tax. The foregoing assumes that the financial liabilities on December 31, 2023 and 2022 will be renewed and will be maintained for the remainder of the following year:

<u>Changes in Basis Points</u>	<u>Effect on Results</u>	
	<u>Before Taxes</u>	
	<u>2024</u>	<u>2023</u>
	<u>S/000</u>	<u>S/000</u>
+(-)50	(-)+ 5,486	(-)+ 2,843
+(-)100	(-)+ 10,972	(-)+ 5,686
+(-)200	(-)+ 21,943	(-)+ 11,371

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.

As described above, management believes that future fluctuations in interest rates will not significantly affect the Company's future results of operations.

(iv) Liquidity Risk -

Liquidity risk describes that the Company will not be able to meet: i) the operating deficit of its operations until the end of the transition, ii) its payment obligations related to financial liabilities at maturity and replace the funds when they are withdrawn and iii) to meet payments resulting from disputes and contingencies whose outcome is adverse, which occur mostly in the short term as the main processes are in the final stages (see note 34(b)).

Liquidity is managed by matching the maturities of its assets and liabilities, obtaining lines of credit, financing with suppliers, 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 the telecommunications sector, particularly in the fixed and mobile markets, it is standard to operate with negative working capital, given that the average period of payment to suppliers is greater than the average period of collection from customers.

As of December 31, 2024, the Company maintains a negative working capital of S/3,381,611, which includes S/2,473,150 for short-term tax contingencies provisions. The working capital deficit has been generated mainly by the reduction of its revenues due to the high competition in the telecommunications market as well as the provisions for contingencies classified as short-term, most of which have already been resolved; however, their liquidation depends on the resolution of various administrative and judicial instances (see note 34(b)). Also, as of December 31, 2024, the Company has available lines of credit with unrelated third parties, but which do not allow covering the working capital deficit.

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

	Less than 3 months S/000	From 3 to 12 months S/000	From 1 to 5 Years S/000	More than 5 years S/000	Total S/000
As of December 31, 2024					
Other financial liabilities	10,519	834,312	1,693,253	90,846	2,628,930
Financial liability for lease	112,614	338,301	671,375	48,221	1,170,511
Trade accounts payable	1,897,660	-	-	-	1,897,660
Other accounts payable to entities					
Related	1,529	4,995	63,746	-	70,270
Other accounts payable (*)	23,301	-	-	-	23,301
Total liability flows	<u>2,045,623</u>	<u>1,177,608</u>	<u>2,428,374</u>	<u>139,067</u>	<u>5,790,672</u>
As of December 31, 2023					
Other financial liabilities	8,272	412,852	2,472,284	94,137	2,987,545
Financial liability for lease	122,806	356,319	775,032	139,790	1,393,947
Trade accounts payable	1,737,678	-	-	-	1,737,678
Other accounts payable to entities					
Related	9,331	723,895	877	-	734,103
Other accounts payable (*)	25,670	-	-	-	25,670
Total liability flows	<u>1,903,757</u>	<u>1,493,066</u>	<u>3,248,193</u>	<u>233,927</u>	<u>6,878,493</u>

(**) Excluding employee compensation and taxes

The above table does not include the provisions for contingencies for a value of S/3,149,993 thousand and S/3,577,712 thousand as of December 31, 2024 and 2023, respectively, as their settlement is subject to the resolution of the tax administration in the short term in accordance with that described in the Note 34(b).

In this regard, the Company directs its efforts to maintain sources of financing through i), a financing from the majority shareholder for S/1,549,000 to face solely operating needs until February 2026 in accordance with the conditions detailed in note 35 and ii) a debt restructuring process under the insolvency framework.

Notwithstanding this risk has increased as of the date of these financial statements, the Company considers that it has alternatives for the continuity of its operations as described above.

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	From 3 to 12 months	From 1 to 5 years	Total
	S/000	S/000	S/000	S/000
As of December 31, 2024				
Income	1,050,113	52,248	4,805	1,107,166
Expenses	(968,701)	(24,302)	(4,855)	(997,858)
Net flow	81,412	27,946	(50)	109,308
Discounted net flow	6,486	470	(68)	6,888
As of December 31, 2023				
Income	966,408	114,326	-	1,080,734
Expenses	(956,557)	(114,677)	-	(1,071,234)
Net flow	9,851	(351)	-	9,500
Discounted net flow	(5,809)	(251)	-	(6,060)

Consequently, as described in note 1.2, this risk has been increased as the complete mitigation mechanisms for this risk are not available at the date of these financial statements. However, the Company continues to analyze alternatives to ensure continuity of operations.

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 December 31, 2024 and 2023, the leverage indicator was as follows:

	2024	2023
	S/000	S/000
Total indebtedness	5,557,290	6,447,271
Less: Cash and cash equivalents	(434,020)	(520,844)
Net Debt (A)	5,123,270	5,926,427
Total Equity (B)	479,364	1,080,092
Leverage Ratio (A/B)	10.68	5.49

As of December 31, 2024 and 2023, there have been no changes in the Company's capital management activities and policies. The Company's leverage ratio in 2024 increased due to the reduction in equity due to the loss for the fiscal year 2024.

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 by level of the fair value hierarchy:

	Value of quoted price in active markets Level 1 S/000	Observa ble Significa nt Variables Level 2 S/000	Non- observabl e Significan t Variables Level 3 S/000	Total S/000
As of December 31, 2024				
Financial Assets -				
Derivative financial instruments				
Foreign currency forward	-	6,956	-	6,956
Total financial assets	-	6,956	-	6,956
Financial Liabilities -				
Derivative financial instruments				
Foreign currency forward	-	68	-	68
Total financial liabilities	-	68	-	68
As of December 31, 2023				
Financial Liabilities -				
Derivative financial instruments				
Foreign currency forward	-	6,060	-	6,060
Total financial liabilities	-	6,060	-	6,060

Level 1 -

The financial instruments 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.

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 does not have level 3 instruments as of December 31, 2024 and 2023.

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:

	Observable Significant Variables Level 2 S/000	Liabilities at cost S/000	Total countable value S/000	Total reasonabl value S/000
As of December 31, 2024				
Financial Assets -				
Assets from derivative financial instruments	6,956	-	6,956	6,956
Total financial assets	<u>6,956</u>	<u>-</u>	<u>6,956</u>	<u>6,956</u>
Financial Liabilities -				
Liabilities from derivative financial instruments	68	-	68	68
Bonds issued and debts and loans that accrue interest	-	2,365,971	2,365,971	1,948,237
Financial lease liabilities	-	1,018,200	1,018,200	1,018,200
Other accounts payable to related entities	-	70,270	70,270	70,270
Total financial liabilities	<u>68</u>	<u>3,454,441</u>	<u>3,454,509</u>	<u>3,037,770</u>
As of December 31, 2023				
Financial Liabilities -				
Liabilities from derivative financial instruments	6,060	-	6,060	6,060
Bonds issued and debts and loans that accrue interest	-	2,552,884	2,552,884	2,062,958
Financial lease liabilities	-	1,208,516	1,208,516	1,208,516
Other accounts payable to related entities	-	734,103	734,103	731,166
Total financial liabilities	<u>-</u>	<u>4,495,503</u>	<u>4,501,563</u>	<u>4,008,700</u>

- 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.

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 and other accounts receivable. This assumption also applies to term deposits, savings accounts without a specific maturity and floating-rate financial instruments.

(ii) 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 ESTIMATES AND CRITICAL ACCOUNTING CRITERIA

The preparation of the consolidated financial statements in accordance with IFRS requires Management to make significant judgments, estimates, and assumptions 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 years ended December 31, 2024 and 2023.

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 2.6, 3.1(b), 7, and 8.
- Estimate for contractual assets and liabilities. See Notes 2.22 and 9.
- Estimate for devaluation of inventories. See Notes 2.8 and 10.
- The residual value, useful life and depreciation of property, plant, and equipment. See Notes 2.9 and 13.
- Fair value of available-for-sale assets, see note 13.
- The useful life and amortization of intangible assets different from the capital gains. See notes 2.10 and 14.
- Estimate for impairment of long-term assets. See Notes 2.12, 13, 14, and 16.
- Deferred tax assets and liabilities. See Notes 2.19 and 24.
- Estimated accrued income. See Note 2.22 and 7(b).
- Provision for withdrawal of assets. See Notes 2.9, 2.18, and 21.
- Provision for contingencies. See Notes 2.18, 21 and 34(b).
- Cash flow hedging. See Note 2.7.
- Provision for restructuring. See Notes 2.18, 20, and 29.
- Estimation of uncertainties and judgments made in relation to lease accounting. See notes 2.23, 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

(a) Financial instruments by category-

The classification of financial instruments by category is as follows:

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Financial Assets at Amortized Cost per Statement of Financial Position:		
- Cash and cash equivalents	434,020	520,844
- Trade accounts receivable and other accounts receivable(*)	698,057	749,012
- Contract assets	36,081	39,011
	<u>1,168,158</u>	<u>1,308,867</u>
Financial Liabilities at Amortized Cost per Statement of Financial Position:		
- Other financial liabilities	2,365,971	2,552,884
- Financial Lease Liabilities	1,018,200	1,208,516
- Trade accounts payable and Other accounts payable (*)	1,920,893	1,757,288
- Other accounts payable to related entities	70,270	734,103
	<u>5,375,334</u>	<u>6,252,791</u>

(*) Does not include advances nor taxes.

The maximum exposure to credit risk as of December 31, 2024 and 2023, is the carrying value of each class of financial assets mentioned above.

(b) Derivative financial instruments –

(i) As of December 31, 2024, and 2023, derivative financial instruments are as follows:

<u>Type of hedging</u>	<u>Value of Reference</u> <u>In thousands</u>	<u>Maturity/ Settlement</u>	<u>Reasonable value</u> <u>S/000</u>
As of December 31, 2024:			
Derivatives of financial transactions-			
Cash Flow hedging			
Cash flow hedge contracts - USD purchase	39,078	Until May 2025	1,027
Forwards-			
Exchange rate forwards - USD purchase	251,563	Until December 2026	1,018
Exchange Rate Forwards - USD sales	(12,240)	Until January 2025	131
Exchange rate forwards - EUR purchase	19,373	Until January 2025	2,666
Exchange Rate Forwards - EUR sales	(6,123)	Until February 2025	2,046
			<u>6,888</u>
As of December 31, 2023:			
Derivatives of financial transactions-			
Cash Flow hedging			
Cash flow hedge contracts - USD purchase	28,460	Until December 2024	(54)
Forwards -			

Exchange rate forwards - USD purchase	260,978	Until May 2024	(12,194)
Exchange Rate Forwards - USD sales	(20,237)	Until February 2024	242
Exchange rate forwards - EUR purchase	18,699	Until February 2024	5,515
Exchange Rate Forwards - EUR sales	(3,715)	Until February 2024	431
			<u>(6,060)</u>

The following table presents the effect on the comprehensive income statement for the nine months ended December 31, 2024, and 2023, of the time value of the financial instruments, the ineffective portion of hedging derivatives, and the results of trading derivatives. Additionally, the balance of the effective portion of derivatives is presented. The hedging portion maintained in Other Comprehensive Income (OCI) as of December 31, 2024, and 2023.

	<u>As of December 31, 2024</u>		<u>As of December 31, 2023</u>	
	<u>Effects on Income Results (expenses) S/000</u>	<u>Income OCI (expenses) S/000</u>	<u>Effects on Income Results (expenses) S/000</u>	<u>Income OCI (expenses) S/000</u>
Opex Derivatives				
Hedging derivatives	<u>12,445</u>	<u>1,080</u>	<u>(3,130)</u>	<u>120</u>
	<u>12,445</u>	<u>1,080</u>	<u>(3,130)</u>	<u>120</u>
Exchange rate derivatives				
Foreign currency forwards	<u>6,764</u>	<u>417</u>	<u>(60,876)</u>	<u>1,242</u>
	<u>6,764</u>	<u>417</u>	<u>(60,876)</u>	<u>1,242</u>

The effect on OCI does not include the resulting deferred income tax of S/442,000 and S/402,000 for the years 2024 and 2023, respectively. Additionally, as of December 31, 2024, the effective portion on the hedging derivatives, which is initially recorded in OCI, has been recorded affecting the hedged item; mainly as foreign exchange gain of approximately S/24,008,000 (increase in foreign exchange loss of S/21,413,000 as of December 31, 2023), see note 31, and decrease in cost of inventories of approximately S/459,000 (increase of S/252,000 as of December 31, 2023).

6 CASH AND CASH EQUIVALENTS

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

	<u>2024</u>	<u>2023</u>
	<u>S/000</u>	<u>S/000</u>
Fixed funds	316	314
Current and savings accounts (b)	146,521	258,785
Term deposits (c)	95,000	190,000
Trust fund (d)	192,183	71,745
	<u>434,020</u>	<u>520,844</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(k). 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 December 31, 2024 and 2023, they comprise deposits in national currency in various national banks. These time deposits are remunerated at current market rates.
- (d) It 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 December 31, 2024 and 2023, the trust includes only cash.
- (e) There are no restrictions on the balances of cash and cash equivalent as of December 31, 2024 and 2023.

7 COMMERCIAL ACCOUNTS RECEIVABLE, NET

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

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Fixed business subscribers	3,168,385	3,135,027
Mobile business subscribers	2,846,159	2,659,742
Data and information technology	508,191	528,957
Wholesaler - Interconnection and branch offices	170,565	137,146
Distributors, agencies, and department stores	160,350	169,878
Related companies. Note 23(d)	82,556	103,325
Other	104,286	86,357
	<u>7,040,492</u>	<u>6,820,432</u>
Less - Estimation for doubtful accounts (c)	(6,472,098)	(6,187,690)
	568,394	632,742
Less - Non-Current Portion (d)	-	(509)
Current portion	<u>568,394</u>	<u>632,233</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 December 31, 2024, trade accounts receivable include estimates for unbilled services rendered for approximately S/80,502,000 (S/80,553,000 as of December 31, 2023). The Company's Management estimates that these items will be fully invoiced in the first quarter of 2025.

As of December 31, 2024, the Company had approximately 641,000 fixed and public telephone lines in service, 4,679,000 postpaid mobile telephony lines 1,464,000 connections in broadband service, and approximately 858,000 paid television accesses (837,000, 4,700,000, 1,661,000 y 949,000, respectively as of December 31, 2023).

- (c) The movements in the provision for doubtful accounts as of December 31, 2024 and 2023 is as follows:

	2024	2023
	S/000	S/000
Opening Balance	6,187,690	5,820,620
Provision for the period. Note 28(a)	343,970	425,527
Penalties	(67,672)	(42,754)
Net Exchange Differences	8,110	(15,703)
Final balance	<u>6,472,098</u>	<u>6,187,690</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 December 31, 2023 and 2024, they include accounts receivable for financed sales of mobile terminals and equipment related to internet, central and paid television services, which principally have maturities of up to 12 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.
- (e) In December 2024, the Company, as part of its short-term operations to obtain liquidity, sold portfolio: irrevocable assignment of collection rights to customers related to the sale of mobile and fixed services to BCI (Equity in Trust directed to BCI Institutional Investors, managed by Acres Sociedad Titulizadora S.A.) for S/86,137,000, generating a loss of S/2,202,000; the Company was also charged with the assignment of collection rights.

During the year 2023, the Company made two portfolio sales: i) The irrevocable assignment of collection rights to clients related to the sale of mobile and fixed services to Asarum Finance Limited for US\$28,844,000 (S/106,866,000) generating a loss of S/6,463,000, the Company was also entrusted with the collection of the assigned rights. ii) The irrevocable assignment of collection rights to clients related to the sale of mobile services to BCI (Equity in Trust directed to BCI Institutional Investors, managed by Acres Sociedad Titulizadora S.A.) for S/52,775,000 retaining risks for S/1,478,000 presenting itself as "Other financial liabilities", (see note 17.2), generating a loss of S/2,228,00. The company was also entrusted with the collection of the assigned rights.

8 OTHER ACCOUNTS RECEIVABLE, NET

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

	2024	2023
	S/000	S/000
Grants receivable (b)	72,620	72,379
Guarantee Deposits	39,295	21,418
Collection rights for enforcement actions (d)	36,898	145,022
Tax credit of the general sales tax	32,043	21,883
Loans to personnel, Note 23(i)	9,735	9,803

Derivative financial instruments (c)	6,956	-
Sale of assets	2,698	2,903
Other	25,083	33,575
	<u>225,328</u>	<u>306,983</u>
Less - Estimation for doubtful accounts (e)	(46,931)	(162,099)
	<u>178,397</u>	<u>144,884</u>
Less - non-current portion	(51,614)	(63,200)
Current portion	<u>126,783</u>	<u>81,684</u>
Financial assets classified as other accounts receivable	136,619	113,198
Non-financial assets classified as other accounts receivable	41,778	31,686
	<u>178,397</u>	<u>144,884</u>

- (b) It corresponds mainly to the Lambayeque Project: a contract signed on May 27, 2015, between the Company and the Peruvian State (represented by the National Program of Telecommunications - PRONATEL, known before as the Investment Fund in Telecommunications - FITEL), 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 2.20, both the disbursement received and pending payments are presented under "Deferred income" in the statement of financial position. See Note 22.

- (c) As of December 31, 2024, the Company has cash flow hedging and forward contracts to reduce the exchange rate risk of certain Opex and Capex disbursements and exchange differences, for a notional amount of US\$278,401,000 and EUR13,250,000, which mature during 2025 and 2026. On December 31, 2023, the hedging contracts were US\$309,676,000 and EUR22,414,000. The cash flow hedge of expected future payments was assessed as highly effective. 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.
- (d) The collection rights for coercive executions mainly correspond to seizures of Company assets without a court ruling made by several municipalities at a national level. 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.
- (e) 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 2.6. In 2024, lien foreclosures were written off for S/115,826,000, which were executed per year 2003-2005.
- (f) The other accounts receivable are denominated in national and foreign currency and do not generate interest.

9 ASSETS AND LIABILITIES RELATED TO CLIENT CONTRACTS

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

(a) Contractual Assets:

	2024	2023
	S/000	S/000
Sale of equipment, note 2.22	36,081	39,011
Less - non-current portion	(1,365)	(1,743)
Current portion	<u>34,716</u>	<u>37,268</u>

(b) Contract liabilities:

	2024	2023
	S/000	S/000
Fixed and mobile telephone services. Note 2.25	54,096	59,034
IRU access rights (c)	29,533	34,913
Business project (d)	12,231	13,971
Deferred installation fee. Note 2.25	7,910	26,541
Other	<u>1,317</u>	<u>1,419</u>
	105,087	135,878
Less - non-current portion	<u>(16,145)</u>	<u>(26,385)</u>
Current portion	<u>88,942</u>	<u>109,493</u>

(c) This corresponds to advance payments made by customers for unrestricted indefeasible rights of use (IRU) of certain Company assets granted to third parties for a period of up to 20 years.

(d) This corresponds to prepayments made by customers for projects to businesses and companies.

10 INVENTORIES

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

	2024	2023
	S/000	S/000
Goods and supplies	167,397	206,476
Stock receivable	<u>15,699</u>	<u>42,653</u>
	183,096	249,129
Less - Estimate for inventory devaluation (c)	<u>(36,721)</u>	<u>(7,993)</u>
	<u>146,375</u>	<u>241,136</u>

Both goods and supplies, as well as 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 in the year ending December 31, 2024, was approximately S/1,022,807,000 (S/1,034,581,000 in the year 2023) and is presented in the item "Cost of equipment sales" in the statement of results.

- (c) The movement in the provision for impairment of inventories as of December 31, 2024 and 2023 is as follows:

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Opening Balance	7,993	11,723
Endowment/(Recovery) of devaluation of inventories, net.	<u>28,728</u>	<u>(3,730)</u>
Final balance	<u>36,721</u>	<u>7,993</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.

- (d) As of December 31, 2024, the risk of S/21,425,000 obsolescence was recognized mainly for fixed equipment, dual band cable modem because the Company is migrating from HFC to FTTH technology. The use of this equipment is decreasing and in 2025 the activity will be only focused on areas of the city of Lima where fiber optic internet service is not yet offered. As of December 31, 2023, there was no obsolescence associated with this equipment.

11 OTHER NON-FINANCIAL ASSETS

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

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Client capture expenses (b)	656,726	548,440
Deferred costs of compliance obligation (c)	290,413	302,355
Deferred costs of B2B projects	43,401	54,936
Deferred costs of equipment	34,152	13,585
Maintenance of licenses and computer equipment	22,926	27,965
Advances granted to suppliers	7,212	4,299
Insurance paid in advance	5,751	5,689
Advance payments for right of access	1,987	2,385
Other	<u>36,289</u>	<u>31,579</u>
	1,098,857	991,233
Less - non-current portion	<u>(411,475)</u>	<u>(415,472)</u>
Current portion	<u>687,382</u>	<u>575,761</u>

- (b) It 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, see note 28 (c).
- (c) It includes the costs of modem equipment for internet service and Pay TV decoders, this equipment is provided to the customer as part of the service, which are deferred as they are obligations to be fulfilled by customer contracts, which are amortized for indefinite term contracts over the average customer life.

12 INVESTMENTS IN ASSOCIATES

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

		Share Percentage in Equity		Share Value Equity	
Activity		2024	2023	2024	2023
		%	%	S/000	S/000
In associates:					
Internet para Todos S.A.C. (b)	Operate and provide all types of telecommunications services.	54.67	54.67	224,185	224,095
				224,185	224,095
Other Share Investments:					
Wayra Perú Aceleradora de Proyectos S.A.C.	Development and promotion of business projects based on innovative technology.	2.93	2.93	461	478
				461	478
				224,646	224,573

(b) 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, and it also lost control of the subsidiary, thereby becoming an associate.

The following table shows the summary of the main items of the associate financial statements as of November 30, 2024, and 2023.

	<u>2024</u>	<u>2023</u>
	<u>S/000</u>	<u>S/000</u>
Assets	630,555	609,468
Liabilities	220,486	199,564
Equity	410,069	409,904
Profit for the year	6,391	(11,573)

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	Buildings and other constructions	Plant	Equipment and other	Furniture and fixtures	Works in progress and units to be received (b)	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Cost							
As of January 1, 2023	80,083	1,191,301	26,400,236	1,054,854	125,459	429,112	29,281,045
Additions	-	-	1,189	-	-	337,477	338,666
Transfers	-	1,394	672,339	15,105	378	(689,216)	-
Transfer of intangible assets. Note 14(a)	-	-	-	-	-	142,391	142,391
Transfers	-	16	(32,108)	(24)	-	45,106	12,990
Assets available for sale (c)	-	-	(698,986)	-	-	(2,894)	(701,880)
Withdrawals and sales. Note 31	(413)	(8,034)	(127,255)	(2)	-	-	(135,704)
As of December 31, 2023	79,670	1,184,677	26,215,415	1,069,933	125,837	261,976	28,937,508
Additions	-	-	3,541	-	-	461,664	465,205
Transfers	-	221	389,152	5,857	89	(395,319)	-
Transfer of intangible assets. Note 14(a)	-	-	-	-	-	100,689	100,689
Transfer to the intangible assets	-	-	(8,897)	172	-	(4,231)	(12,956)
Transfer of assets available for sale (c)	-	-	698,986	-	-	17,343	716,329
Withdrawals and sales. Note 31	(2,497)	(11,827)	(271,173)	(245)	(95)	-	(285,837)
As of December 31, 2024	77,173	1,173,071	27,027,024	1,075,717	125,831	442,122	29,920,938
Accumulated Depreciation							
As of January 1, 2023	-	920,668	22,667,528	1,038,790	121,104	-	24,748,090
Depreciation for the Period	-	40,845	795,272	11,044	1,313	-	848,474
Transfers	-	-	44	(6)	-	-	38
Assets available for sale (c)	-	-	(253,249)	-	-	-	(253,249)
Withdrawals and sales. Note 31	-	(5,726)	(126,607)	(1)	-	-	(132,334)
As of December 31, 2023	-	955,787	23,082,988	1,049,827	122,417	-	25,211,019
Depreciation for the Period	-	38,016	1,055,156	8,511	991	-	1,102,674
Transfers	-	(453)	(11,504)	(4)	(17)	-	(11,978)
Transfer of assets available for sale (c)	-	-	253,249	-	-	-	253,249
Withdrawals and sales. Note 31	-	(10,735)	(271,172)	(245)	(95)	-	(282,247)
As of December 31, 2024	-	982,615	24,108,717	1,058,089	123,296	-	26,272,717
Accumulated impairment							
As of January 1, 2023	-	-	-	-	-	-	-
As of December 31, 2023	-	-	-	-	-	-	-
Transfers	8,993	344	2,620	4	17	-	11,978
Withdrawal	(1,454)	(121)	-	-	-	-	(1,575)
As of December 31, 2024	7,539	223	2,620	4	17	-	10,403
Net Value							
As of December 31, 2023	79,670	228,890	3,132,427	20,106	3,420	261,976	3,726,489
As of December 31, 2024	69,634	190,233	2,915,687	17,624	2,518	442,122	3,637,818

- (b) As of December 31, 2024 and 2023, the works in progress are mainly constituted by 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 December 31, 2024, after the approval of the transaction by the regulatory body and the sale being subject to the agreement between the Company's controlling shareholder and KKR, these assets have been removed from the perimeter of the transaction; therefore, the Company has ceased to classify these assets as held for sale, recognizing as their value the carrying amount before the assets were classified as such and adjusted for the depreciation that would have been recognized if the asset had not been classified as held for sale (the impact is a higher depreciation from July 2023 to December 2024 by S/41,823,000).
- (d) As of December 31, 2023, the Company had classified as assets held for sale those assets comprising the fiber to the home network ("FTTH"), since the Company would sell them to the company Pangeaco S.A.C. ("Pangea") in the context in which Telefónica Hispanoamérica, S.A. ("Telefónica Hispam") main shareholder of the Company had subscribed in July 2023 with a subsidiary of Kohlberg Kravis Roberts - KKR & Co, Inc. ("KKR"), and with Entel Perú S.A. ("Entel Perú") share subscription agreements for the entry of both entities, with 54% and 10% respectively, in the capital stock of Pangeaco S.A.C, a Peruvian fiber optic wholesale company, diluting Telefónica Hispam's shareholding in such company to 36%. In addition, the Company would enter into a series of lease agreements with Pangea for the infrastructure and the provision of complementary and other services related to the transaction. The execution of the aforementioned transaction was approved by the General Meeting of Shareholders held on September 27, 2023. The referred transaction was approved in September 2024 by the free competition regulator (National Institute for the Defense of Competition and Protection of Intellectual Property - INDECOPI). For the reasons outlined above, the Company classified these assets as held for sale. However, as of December 31, 2024, the sale of the group of assets was dismissed.

	Telefonica plant S/000	Works in Progress and Units to be received S/000	Total S/000
Cost			
As of January 1, 2023	-	-	-
Transfer of Property, Plant and Equipment (a)	698,986	2,894	701,880
Additions	-	14,448	14,448
As of December 31, 2023	698,986	17,342	716,328
Transfer to Property, Plant and Equipment (d)	(698,986)	(17,342)	(716,328)
As of December 31, 2024	-	-	-
Accumulated Depreciation and provision for devaluation			
As of January 1, 2023			
Transfer of Property, Plant and Equipment (a)	253,249	-	253,249
As of December 31, 2023	253,249	-	253,249
Transfer to Property, Plant and Equipment (d)	(253,249)	-	(253,249)

As of December 31, 2024	-	-	-
Net value as of December 31, 2023	<u>445,737</u>	<u>17,342</u>	<u>463,079</u>
Net value as of December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>
	Telefonica	Works in Progress and Units to be received	Total
	Plant	S/000	S/000
Impairment			
As of January 1, 2023	64,661	-	64,661
Additions	-	-	-
As of December 31, 2023	<u>64,661</u>	<u>-</u>	<u>64,661</u>
Recovery of impairment	<u>(64,661)</u>	<u>-</u>	<u>(64,661)</u>
As of December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Value - Available Assets for Sale			
As of December 31, 2023	<u>381,076</u>	<u>17,342</u>	<u>398,418</u>
Net value as of December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>

Upon the sale of assets, the Company estimated that S/398,418,000 plus VAT would be obtained. This value falls within the fair value range according to the report of an independent third party prepared under literal c) of the article 53° of the Stock Market Law. As of December 31, 2024, the Company has declassified these assets from held for sale and returned them to fixed assets, consequently the provision made in the year 2023 has been reversed (as of December 31, 2023 the net carrying value of the assets to be transferred amounts to S/463,079,000; having recognized an impairment of S/64,661,000 as of that date).

- (e) During 2024, the Company reduced the useful life of assets related to the satellite Pay TV service (DTH), resulting in an additional depreciation charge of S/106,542,000. Similarly, assets related to HFC internet technology, which are being replaced by fiber optics providing better performance, were reassessed. The migration of customers is expected to be substantially complete by the end of 2026, resulting in an additional depreciation charge of S/125,595,000.
- (f) In the year 2024, the Company signed a contract with Huawei to modernize the mobile network plant, where the assets will be replaced by state-of-the-art equipment that will allow a greater data transmission capacity. This implementation began in the last quarter of 2024 and will last until 2026, where more than 4,200 cellular base stations will be updated, thus the useful life of such equipment has been reduced until that date, which meant a higher depreciation charge of S/32,126,000 in the fourth quarter of 2024.
- (g) As of December 31, 2024 and 2023, as described in note 16(c), an asset impairment test was performed, concluding that in addition to the impairment affecting capital gains and intangible assets, there is no impairment in the value of the assets. Therefore, in our opinion, it is not necessary to make any additional estimate as of the date of the statement of financial position.

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		Software in development (d)	Total
	(b) S/000	Software (c) S/000	t (d) S/000	S/000
Cost				
As of January 1, 2023	7,810,328	2,532,356	387,274	10,729,958
Additions	-	-	233,142	233,142
Transfer	-	249,292	(249,292)	-
Transfer to works in progress. Note 13(a)	-	-	(142,391)	(142,391)
Transfers, note 13(a)	-	(34)	(12,956)	(12,990)
As of December 31, 2023	7,810,328	2,781,614	215,777	10,807,719
Additions	-	-	208,825	208,825
Transfer	-	106,734	(106,734)	-
Transfer to works in progress. Note 13(a)	-	-	(100,689)	(100,689)
Transfers, note 13(a)	-	-	12,956	12,956
Withdrawals	-	(5,931)	-	(5,931)
As of December 31, 2024	7,810,328	2,882,417	230,135	10,922,880
Accumulated amortization				
As of January 1, 2023	6,452,195	2,449,544	-	8,901,739
Amortization for the Period	156,794	131,388	-	288,182
Withdrawals	-	(38)	-	(38)
As of December 31, 2023	6,608,989	2,580,894	-	9,189,883
Amortization for the Period	147,519	131,476	-	278,995
Withdrawals	-	(5,931)	-	(5,931)
As of December 31, 2024	6,756,508	2,706,439	-	9,462,947
Impairment				
As of January 1, 2023	-	-	-	-
As of December 31, 2023	-	-	-	-
Addenda (e) and see note 16(b)	321,095	-	-	321,095
As of December 31, 2024	321,095	-	-	321,095
Net Value				
As of December 31, 2023	1,201,339	200,720	215,777	1,617,836
As of December 31, 2024	732,725	175,977	230,136	1,138,838

(b) The concessions include:

	Cost	Accumulated amortization	Impairment	Total
	S/000	S/000	S/000	S/000
Band C – Band 700 Mhz (ii)	1,059,131	(441,689)	(185,937)	431,505
TdP Licence (i)	6,065,502	(5,820,909)	(77,116)	167,477
Band A Concession 4G LTE (iii)	431,341	(239,556)	(58,042)	133,743
Other (iv)	254,354	(254,354)	-	-
	<u>7,810,328</u>	<u>(6,756,508)</u>	<u>(321,095)</u>	<u>732,725</u>

- (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) 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.
 - (iii) 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.
 - (iv) It 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.
- (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 during 2024 and 2023, corresponds mainly to corporate systems for the commercial area, office applications, control equipment software, and network management, among others.
- (d) The software under development consists mainly of support systems for the commercial areas, as well as software for control and network management equipment.
- (e) As of September 30, 2024, as described in Note 16(c), an impairment test was performed, concluding that in addition to capital gains impairment, it was necessary to recognize a provision for intangibles amounting to S/321,095,000. As of December 31, 2024, the aforementioned was updated and it was concluded that the provision made covered the value of the intangible assets. As of December 31, 2023, no impairment of intangible assets was determined.

Key assumptions used in calculations of value in use of intangible assets -

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

- I. Long-term gross margin EBITDA (Long-term Earnings Before Depreciations and Amortizations, Interests and Taxes).
- II. Discount Rate
- III. Market share; and
- IV. Perpetual growth rate used to extrapolate cash flows that go beyond the budget period.

Gross Margin -

It is based on the average values recorded in the three years prior to the commencement of the budget period and future projects of the Company. It increases during the budget period with the expected improvements in efficiency. In the long term, the Company's gross margin (EBITDA) remains constant at ranges in the order of 23.7%, margin of the last year of the Estrategic Plan (2029), considering this margin more conservative.

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 based on market information available to the public.

As of December 31, 2024, the discount rate before tax used was 13.48% and the discount rate after tax was 9.50% and as of December 31, 2023, the discount rate before tax used was 14.04% and the discount rate after tax was 9.90%.

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 December 31, 2024 and 2023, 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 carrying value or further impairment. It is estimated that a 0.25% decrease in the growth rate assumption and a 0.5% increase in the discount rate assumption (keeping all other assumptions constant) would result in a decline of the recoverable value for 2024 of S/149,697,000 and S/358,428,000, respectively, in whose cases it would generate an impairment of the share's values, additionally to the one registered in September, 2024. The assumptions used to estimate the value in use of the assets are considered prudent under the current circumstances, therefore no deviations in estimates are expected that could have a significant effect on the Company's financial statements as of December 31, 2023 and 2024.

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 of Land use and natural assets	Rights of use of Constructions	Rights of use Of technical Facilities and machinery	Other righths of use	Total
	S/000	S/000	S/000	S/000	S/000
Cost					
As of January 1, 2023	748,002	747,840	222,197	42,717	1,760,756
Additions (b)	12,502	50,295	47,389	-	110,186
Transfers	-	-	7,260	(7,260)	-
Withdrawals	(4,229)	(270)	-	-	(4,499)
As of December 31, 2023	756,275	797,865	276,846	35,457	1,866,443
Additions (b)	52,832	44,075	8,073	3,700	108,680
As of December 31, 2024	809,107	841,940	284,919	39,157	1,975,123
Accumulated Depreciation					
As of January 1, 2023	300,977	342,389	108,629	31,297	783,292
Depreciation for the Period	82,039	92,298	41,480	912	216,729
Withdrawals	(2,540)	-	-	-	(2,540)
As of December 31, 2023	380,476	434,687	150,109	32,209	997,481
Depreciation for the Period	103,203	111,572	36,968	4,412	256,155
As of December 31, 2024	483,679	546,259	187,077	36,621	1,253,636
Net Value					
As of December 31, 2023	375,799	363,178	126,737	3,248	868,962
As of December 31, 2024	325,428	295,681	97,842	2,536	721,487

- (b) The contracts capitalized during 2024 and 2023 correspond mainly to Consumer Price Index (CPI) updates, renewals of contracts with ATC and various tower companies, and new contracts of the Business Segment, among others.

16 CAPITAL GAINS

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

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Opening Balance	959,137	959,137
Write-off due to impairment	<u>(959,137)</u>	<u>-</u>
Final balance	<u>-</u>	<u>959,137</u>

- (b) It corresponded to the higher value paid for the acquisition of 17.44% of shares of Telefónica Móviles Perú Holding S.A.A. and the entire Telefónica Empresas Perú S.A.A.A., as well as the subsidiaries Star Global Com S.A.C. and Telefónica Multimedia S.A.C., over the Company's participation in the fair value of the respective net assets acquired, companies that were absorbed.
- (c) As of September 30, 2024, the Company reevaluated its business plans having considered the high competitive environment and the sector in which it operates, coupled with operating difficulties that arose in the deployment of new technologies. As a result of this evaluation, the recoverable amount was lower than the carrying value of the assets that compose the cash generating unit and therefore the Company has recorded a provision for impairment of assets of S/1,215,517,000 (S/1,280,232,000 net of the recovery of the reversal of impairment of assets held for sale for S/64,661,000), which has meant the retirement of capital gains and a provision for intangibles, see notes 14(e) and 30. As of December 31, 2024, the Company restated the same, concluding that the provision made covered the assets value.

17 OTHER FINANCIAL LIABILITIES

a) The breakdown of the item is presented below:

	2024			2023		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
	S/000	S/000	S/000	S/000	S/000	S/000
Bonds (17.1)	705,614	1,594,819	2,300,433	291,800	2,255,252	2,547,052
Other debts(17.2)	47,441	18,097	65,538	5,832	-	5,832
	<u>753,055</u>	<u>1,612,916</u>	<u>2,365,971</u>	<u>297,632</u>	<u>2,255,252</u>	<u>2,552,884</u>

(d) The movement of the other financial liabilities as of December 31, 2024 and 2023, is as follows:

		Cash Flow			Changes that Do Not Produce Cash Flow		
	Opening Balance	New	Payment of	Payment of	Accrued	New	Final balance
	S/000	loans S/000	loans S/000	interest S/000	interest S/000	debt S/000	S/000
2024							
Other financial liabilities	<u>2,552,884</u>	<u>1,101,152</u>	<u>(1,365,309)</u>	<u>(214,729)</u>	<u>218,700</u>	<u>73,273</u>	<u>2,365,971</u>
2023							
Other financial liabilities	<u>2,797,385</u>	<u>-</u>	<u>(308,116)</u>	<u>(175,189)</u>	<u>189,424</u>	<u>49,380</u>	<u>2,552,884</u>

17.1 Bonds -

(a) As of December 31, 2024 and 2023, the following bond issuances remained in effect:

Program	Issuance and series	Date of maturity	Amount authorized	Amount used	Total	As of		Current portion		Non current portion	
					As of 31 December	December 31	of	December 31	of	December 31	of
					2024	2023		2024	2023	2024	2023
			S/000	S/000	S/000	S/000		S/000	S/000	S/000	S/000
Fourth (*)	19th. A	July, 2027	150,000	60,000	109,593	107,141		1,814	1,756	107,779	105,385
Fourth (*)	19th. B	April, 2028	(**)	49,000	84,819	82,932		466	454	84,353	82,478
Fourth (*)	19th. C	July, 2028	(**)	20,000	34,459	33,693		480	469	33,979	33,224
Fourth (*)	37th. A	May, 2028	200,000	48,000	82,590	80,754		277	269	82,313	80,485
Sixth	11th B	April, 2024	(**)	120,000	-	121,742		-	121,742	-	-
Sixth	15th A	October, 2024	135,000	135,000	-	136,556		-	136,556	-	-
Sixth	16th A	April, 2025	400,000	105,120	106,272	106,247		106,272	1,127	-	105,120
Sixth	17th A	May, 2030	250,000	60,000	77,027	75,314		302	293	76,725	75,021
First (f)	1st A	October, 2026	200,000	80,000	81,197	81,180		1,197	1,180	80,000	80,000
First (g)	Int. Issuance	April, 2027	1,700,000	1,700,000	1,724,476	1,721,493		594,806	27,954	1,129,670	1,693,539
Total					2,300,433	2,547,052		705,614	291,800	1,594,819	2,255,252

(*) 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 sales effective as of December 31, 2024 and 2023, cause a weighted average annual interest rate of 7.27% and 7.09%, respectively. For its part, the weighted average "spread" of the VAC bonds in force as of December 31, 2024 and 2023, is 3.21%. Future interest payments are S/125,689,000 in 2025, S/81,414,000 in 2026, S/34,169,000 in 2027, S/6,573,000 in 2028, S/2,709,000 in 2029 and S/1,384,000 onwards.

- (c) As of December 31, 2024 and 2023, the bonds issued as per contractual conditions matured as follows:

Maturity Year	2024			2023		
	Interest S/000	Principal S/000	Total S/000	Interest S/000	Principal S/000	Total S/000
2024	-	-	-	36,800	255,000	291,800
2025	33,884	671,730	705,614	-	671,730	671,730
2026	-	646,610	646,610	-	646,610	646,610
2027	-	670,839	670,839	-	665,704	665,704
2028	-	200,645	200,645	-	196,187	196,187
2029	-	-	-	-	-	-
2030	-	76,725	76,725	-	75,021	75,021
Total	<u>33,884</u>	<u>2,266,549</u>	<u>2,300,433</u>	<u>36,800</u>	<u>2,510,252</u>	<u>2,547,052</u>

- The resources raised in the bond issue were used to finance working capital, restructuring liabilities, making investments, among others. These bonds are backed with the equity of Telefónica del Perú S.A.A.
- The amount authorized for the issuance of bonds is up to US \$1,650,000,000, outstanding or their equivalent in national currency, whose term was extended by the General Shareholders' Meeting on March 29, 2022, of Telefónica del Perú S.A.A., 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 April 2019, the issuance of an International Bond with maturity in April 2027 was finalized, and 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 were 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 Other Debts -

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

	Original currency	2024 S/000	2023 S/000
Supplier financing (d)	S/	40,554	-
Sale of BCI Portfolio (note 7(c))	S/	18,010	1,478
Ministry of Transport and Communications (b)	S/	6,974	4,354
		<u>65,538</u>	<u>5,832</u>
Less - non-current portion		(18,097)	
Current portion		47,411	5,832
		<u>65,538</u>	<u>5,832</u>
Composition of the debt			
Principal		64,458	5,832
Interest		<u>1,080</u>	<u>-</u>
		<u>65,538</u>	<u>5,832</u>

- (b) Fractioning for the mobile royalty for the period 2024, with monthly matures up to March 2025.
- (c) In December 2024, as part of the irrevocable assignment of collection rights to customers related to the sale of mobile and fixed services to BCI (Equity in Trust directed to BCI Institutional Investors, managed by Acres Sociedad Titulizadora S.A.), the Company has recorded a liability for the financing contracted for S/2,209,000 and the collection from third parties for S/15,801,000.
- (d) As of December 31, 2024, financing with suppliers was necessary to acquire fixed telephony equipment, bearing interest at a weighted average annual fixed rate of 11.27%. As of December 31, 2023, the Company had no financing with suppliers. The terms and conditions are detailed below:

Creditor	Foreign currency	Date of maturity	Total As of December 31		Current portion As of December 31		Non current portion As of December 31	
			2024 S/000	2023 S/000	2024 S/000	2023 S/000	2024 S/000	2023 S/000
Mitrastar Technology Corporation	US\$7,651	July, 2027	28,844	-	15,969	-	12,876	-
Blu Castle	US\$3,106							
Iberia S. L.		April, 2027	11,710	-	6,488	-	5,221	-
Total			<u>40,554</u>	<u>-</u>	<u>22,457</u>	<u>-</u>	<u>18,097</u>	<u>-</u>

- (e) As of December 31, 2024 and 2023, financing with suppliers has the following deadlines:

Maturity Year	2024		
	Interest	Principal	Total
	S/000	S/000	S/000
2025	1,080	21,377	22,457
2026	-	18,097	18,097
Total	1,080	39,474	40,554

18 FINANCIAL LEASE LIABILITIES

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

	2024		2023	
	Foreign currency	Equivalent in national currency	Foreign currency	Equivalent in national currency
	US\$000	S/000	US\$000	S/000
Financial lease liability in foreign currency	83,402	314,426	99,754	370,387
Financial lease liability in national currency	-	703,774	-	838,129
		1,018,200		1,208,516
Less - non-current portion		(625,227)		(791,856)
Current portion		392,973		416,660

(b) Future payments as per the leases as of December 31, 2024 and 2023 are as follows:

	2024	2023
	S/000	S/000
2024	-	479,124
2025	450,915	223,290
2026	211,959	218,685
2027	173,196	174,518
2028	154,290	158,539
2029	131,930	69,417
2030 onwards	48,221	70,374
	1,170,511	1,393,947

(c) The current average annual rate of lease liabilities in soles as of December 31, 2024 is 6.44% and in dollars 5.66% (6.72%, and in dollars 3.46% as of December 31, 2023).

(d) As of December 31, 2024 the Company also had non-cash additions of right-of-use assets of S/108,680,000 (S/110,186,000 for the year ended December 31, 2023), lease payments include amortization of principal and interest, being S/285,079,000 and S/85,298,000, respectively (S/224,126,000 and S/67,051,000 for the year ended December 31, 2023) and S/63,141,000 for interest accrued in the year ended December 31, 2024 (S/69,163,000 for the year ended December 31, 2023) which are presented in financial expenses.

19 TRADE ACCOUNTS PAYABLE

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

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Accrual of uninvoiced obligations	702,621	471,789
National suppliers	490,873	479,675
Related companies. Note 23(d)	335,409	259,542
Invoices negotiated by Financial Companies (c)	234,817	406,862
Foreign suppliers	131,635	117,523
Contractor security deposits	2,305	2,287
	<u>1,897,660</u>	<u>1,737,678</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) They correspond to transactions of the assignment of collection rights that 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. As of December 31, 2024 and 2023, they include S/175,767,00 and S/377,252,000, respectively of payable invoices assigned to Investment Funds, in which TFP S.A.C. (an affiliate of the Company) provides the necessary administration services to permit suppliers to access to said transactions.
- (d) The carrying amounts of the trade 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:

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Salaries and vacations (b)	109,834	106,321
Taxes payable. Note 24(g)	71,505	68,718
Guarantee Deposits	14,110	11,870
Employee shareholding. Note 24(e)	549	13,381
Derivative financial instruments 8(c)	68	6,060
Dividends and returns payable to shareholders, note 2.25	-	2,679
Other	9,123	5,061
	<u>205,189</u>	<u>214,090</u>
Less - non-current portion (b)	<u>(21,328)</u>	<u>(22,238)</u>
Current portion	<u>183,861</u>	<u>191,852</u>
Financial liabilities classified as other		
Accounts payable	23,301	25,670
Non-financial liabilities classified as other		
Accounts payable	<u>181,888</u>	<u>188,420</u>
	<u>205,189</u>	<u>214,090</u>

- (b) As of December 31, 2024, the Company launched as part of its actions to achieve cost reduction and operating efficiencies, an Incentivized Retirement Plan, aimed at a population of 55 workers, including Directors, Pre-directors and Executives, who separated at the end of December, the total amount amounted to S/38,151,000, these workers were terminated on December 31, 2024. During 2023, the Management Committee approved an incentivized severance plan for certain executives, totaling S/18,364,000 (see Note 29), which concluded in the first half of 2024.

21 OTHER PROVISIONS

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

	2024	2023
	S/000	S/000
Litigation and risks, (c) and Note 34(b)	813,064	822,093
Withdrawal of assets, note 2.18	32,126	36,148
Other (d)	25,590	25,377
	<u>870,780</u>	<u>883,618</u>
Less - non-current portion	<u>(451,066)</u>	<u>(421,150)</u>
Current portion	<u>419,714</u>	<u>462,468</u>

(b) Item movement is detailed below:

	Litigation and Risks	Withdrawal of assets	Other	Total
	S/000	S/000	S/000	S/000
Balances as of January 1, 2023	836,506	72,600	25,849	934,955
Additions notes 29, 31 and 32	197,198	215	418	197,831
Derecognition/rate change effect	(18,737)	(36,667)	(890)	(56,294)
Payments	<u>(192,874)</u>	<u>-</u>	<u>-</u>	<u>(192,874)</u>
As of December 31, 2023	822,093	36,148	25,377	883,618
Additions notes 29, 31 and 32	136,142	1,101	780	138,023
Derecognition/rate change effect	(22,023)	(5,123)	(567)	(27,713)
Payments	<u>(123,148)</u>	<u>-</u>	<u>-</u>	<u>(123,148)</u>
As of December 31, 2024	<u>813,064</u>	<u>32,126</u>	<u>25,590</u>	<u>870,780</u>

(c) It includes, mainly, various provisions made by the Company in accordance with the practice described in Note 2.18, based on its best estimates of the disbursement that would be required to settle obligations at the date of the statement of financial position. 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 of December 31, 2024 and 2023, as described in Note 34(b).

(d) As of December 31, 2024 and 2023, "Others" includes a provision for tower reinforcement as a consequence towers sold in previous years.

22 DEFERRED INCOME

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

	2024	2023
	S/000	S/000
Grants, (b) and Notes 2.20 and 8(b)	30,331	36,071
Other	15,546	18,633
	<u>45,877</u>	<u>54,704</u>
Less - non-current portion	<u>(21,658)</u>	<u>(28,490)</u>
Current portion	<u>24,219</u>	<u>26,214</u>

(b) Deferred revenue from grants mainly includes:

- Lambayeque Project: it 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 social activity in the northern part of the country."

The balance for this project as of December 31, 2024 and 2023 amounts to approximately S/29,420,000 and S/34,704,000 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: it 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 network of the mobile service - Selva." The balance for this project amounts to approximately S/911,000 S/1,367,000 as of December 31, 2024 and 2023, 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.

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

As of December 31, 2024 and 2023, the Company accrued income for S/6,606,000 and S/12,092,000 respectively, which are presented in the caption "Other operating income and expenses" of the income statement. See Note 31(a).

23 TRANSACTIONS WITH RELATED ENTITIES

- (a) During 2024 and 2023, the most significant transactions carried out by the Company with related entities were the following:

	2024 S/000	2023 S/000
Revenues with related companies for:		
Rural Traffic Services		
- Internet para Todos S.A.C.	18,167	23,219
Cybersecurity, cloud and other services		
- Telefónica Tech Perú S.A.C.	10,905	11,944
Expenses with related companies for:		
Cybersecurity, cloud and other services		
- Telefónica Tech Perú S.A.C.	(204,037)	(199,510)
Rural Traffic Services		
- Internet para Todos S. A. C.	(138,726)	(135,406)
Trademark use fee. Note 28(a)		

- Telefónica, S. A. (b)	(92,059)	(102,490)
Internet and fiber optic link services		
- Telxius Cable Perú S.A.C.	(87,311)	(84,109)
Fiber connectivity and services		
- Pangeaco S.A.C.	(140,913)	(61,362)
Other services		
- Pangeaco S.A.C.	-	(1,950)
Systems Service		
- Telefónica Global Technology S. A. U.	(18,017)	(18,424)
Transfer of management capacity. Note 28(a)		
- Telefónica Hispanoamérica S.A. (c)	(28,214)	(28,031)
Interest on loans, notes (e) and 32(a)		
- Telefónica Hispanoamérica S.A. (c)	(94,187)	(43,074)

(b) The Company has a contract with Telefónica, S.A., 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 has contracts with Telefónica Hispanoamérica S.A. for the transfer of management capacity.

(d) As of December 31, 2024 and 2023, the Company maintains the following trade balances with related entities:

	2024		2023	
	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
	S/000	S/000	S/000	S/000
Related companies:				
Telefónica Hispanoamérica S.A.	17,314	28,867	15,505	29,311
Telefónica Tech Perú S.A.C.	11,885	101,315	13,054	47,324
Pangeaco S.A.C.	10,749	47,382	6,125	21,304
Telefónica Global Solutions Perú S.A.C.	10,450	10,256	7,189	12,294
Telefónica Global Solutions S.L.	9,468	10,926	10,642	17,187
Internet para Todos S.A.C.	7,720	25,130	9,433	17,050
Media Networks Latin América S.A.C.	2,162	12,813	8,327	20,938
Telxius Cable Perú S.A.C.	2,136	37,509	8,435	36,649
Fundación de Telefónica del Perú	1,350	-	1,398	-
Telefónica Ingeniería de Seguridad S.A. Peru's branch	548	9,174	837	4,228
Telefónica Global Solutions USA	471	-	466	-
Telefónica Innovación Digital S.L.	69	7,174	780	4,447
Telefónica, S.A.	-	23,959	1,784	26,578
Telefónica Gestión de Tecnología S.A.U.	-	4,914	-	723
Telefónica Compras Electrónicas	-	4,609	-	6,378
Other	8,234	11,381	19,350	15,131
Commercial accounts receivable and payable related, (See Notes 7(a) and 19(a))	<u>82,556</u>	<u>335,409</u>	<u>103,325</u>	<u>259,542</u>

- (e) As of December 31, 2024, the Company maintains loans payable to Telefónica Hispanoamérica S.A. amounting to S/61,735,000 (S/60,206,000 in principal and S/1,529,000 in interests), after the capitalization made on October 28, 2024, as stated in note 1.2. During 2024, the Company obtained two loans from its parent company Telefónica Hispanoamérica, S.A. approved by the Board of Directors, the first one for S/771,000,000, maturing on December 31, 2024 to meet financial obligations and operating needs, this loan together with accrued interest was fully capitalized on February 13, 2024; the second loan approved for S/1,529,000,000, at a fixed interest rate of 14.29%, having received as of October 28, 2024 the amount of S/1,299,000,000, which was partially capitalized by the Board of Directors in a meeting held on the same date; to date, S/230,000,000 is pending to be received. During the Board of Directors meeting on October 28, 2024, the capitalization of the loan balance from Telefónica Hispanoamérica, S.A with accrued interest, after deducting income tax, was approved, capitalizing an amount of S/2,069,444,000 on that date; see Note 25(a). During the Board of Directors meeting on February 13, 2024, the capitalization of the loan balance from Telefónica Hispanoamérica, S.A with accrued interest, after deducting income tax, was approved, capitalizing an amount of S/717,692,000 on that date; see Note 25(a).
- (f) As of December 31, 2023, the Company had loans payable to Telefónica Hispanoamérica S.A. amounting to S/723,895,000 (S/684,381,000 in principal and S/39,514,000 in accrued interest as of December 31, 2023; see Note 32) with current maturity. These loans accrued an average interest rate of 9.41% and were primarily used to meet tax obligations related to the various proceedings pursued by the Company, as described in Note 34(b). During the Board of Directors meeting on February 10, 2023, a loan of up to S/1,000,000,000 from Telefónica Hispanoamérica S.A. was approved, with the full amount received during 2023. These funds were capitalized through a resolution of the same Board, and, together with loans received in 2022 and accrued interest, the capitalization of S/717,692,000 and S/700,000,000 was approved as of September 30, 2024, and December 31, 2023, respectively; see Note 25(a).
- (g) As of December 31, 2024 and 2023, the Company had other accounts payable to Telefónica S.A. for an amount of approximately S/8,535,000 and S/10,208,000, 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 within a maximum term of until 2025. See Note 2.24.
- (h) As of December 31, 2023, the Company had accounts receivable from Pangeaco S.A.C. for S/3,072,000, corresponding to sale of materials that were cancelled on June 14, 2024.

(i) 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/9,803,000 and S/9,803,000 as of December 31, 2024 and 2023, respectively. The loans are presented in the section "Other accounts receivable, net" of the statement of financial position. See Note 8(a).

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

The remuneration received by the directors and key management personnel amounted to approximately S/23,089,000 during 2024 (approximately S/26,478,000 in 2023), which include short-term benefits, compensation for time served, and others.

- (k) As of December 31, 2024, the Company maintains current accounts in Telfisa Global, B.V., for an amount of US\$2,686 equivalent to S/10,094,000, which are presented under the heading "Cash and cash equivalents." (As of December 31, 2023, the Group held current accounts in Telfisa Global, B.V., for an amount of US\$12,413,000, equivalent to S/45,990,000, 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 December 31, 2024 and 2023, 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 December 31, 2024 and 2023, will be collected and paid in the short term.

24 TAX SITUATION

(a) Deferred Taxes -
Item movement is detailed below:

	As of January 1st, 2023	Credit (charge) to the state of results	Credit (charge) of other comprehensive result	As of 31 December, 2023	Credit (charge) to the state of results	Credit (charge) of other comprehensive result	Credit (charge) to the state of financial situation	Impairment of temporary entries	As of 31 December, 2024
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Deferred Assets/(Liabilities)									
Depreciation	333,315	(14,691)	-	318,624	78,323	-	(17,220)	(91,931)	287,796
Estimate for doubtful account collection	330,444	(12,069)	-	318,375	1,929	-	-	(288,721)	31,583
Provision for various contingencies	32,434	(1,438)	-	30,996	(1,897)	-	-	(22,811)	6,288
VAC Bonds	37,283	3,898	-	41,181	2,524	-	-	270	43,975
Personnel expenses	43,374	(7,753)	-	35,621	(2,396)	-	-	(33,225)	-
Provision for decommissioning of equipment	21,417	(8,672)	-	12,745	(798)	-	-	4	11,951
Other	45,877	17,803	-	63,680	(10,248)	-	-	(53,432)	-
Lambayeque project subsidy	35,070	(2,417)	-	32,653	(90)	-	-	(2,132)	30,431
Expenses with non-resident Impairment of inventories and property,	55,916	4,408	-	60,324	6,673	-	-	(66,997)	-
plant, and equipment	3,458	17,975	-	21,433	8,475	-	-	(29,908)	-
Financial lease	(295)	(66)	-	(361)	361	-	-	-	-
Other deferred income	3,858	-	-	3,858	-	-	-	(3,858)	-
Payroll capitalization for plant construction	(175)	-	-	(175)	-	-	175	-	-
Financial instruments	530	-	(402)	128	-	(442)	-	-	(314)
Amortization of software licenses	6,694	5,686	-	12,380	4,212	-	15,277	(814)	31,055
Cost attributed to fixed assets	(12,345)	-	-	(12,345)	305	-	1,768	-	(10,272)
IFRS 15	(134,141)	(40,669)	-	(174,810)	(31,602)	-	-	206,412	-
IFRS 16	108,877	(6,945)	-	101,932	1,178	-	-	(40,375)	62,735
Administrative concession	(398,968)	45,974	-	(352,994)	118,886	-	-	97,480	(136,628)
Deferred costs and income-Decos	(110,735)	2,195	-	(108,540)	13,228	-	-	95,312	-
Income from connection fee	7,174	(6,946)	-	228	(4,937)	-	-	4,709	-
Capitalized finance costs	(2,700)	749	-	(1,951)	809	-	-	1,142	-
Tax loss	8,921	98,697	-	107,618	261,946	-	-	(369,564)	-
Total Deferred Assets/(Liabilities), net	415,283	95,719	(402)	510,600	446,880	(442)	-	(598,438)	358,600

- (b) The deferred income tax is differentiated based on the estimated reversal period as shown in the following detail:

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Deferred income tax asset:		
Expected reversal in the next 12 months	(314)	165,605
Expected Reversal after 12 months	<u>358,914</u>	<u>344,995</u>
Total, Deferred Income Tax	<u>358,600</u>	<u>510,600</u>

As a result of the reassessment of the Strategic Plan for the period 2025 to 2029, as described in Note 1.2, the projected financial results for the coming years indicate that the Company does not have the assurance of being able to recover, in subsequent periods, both activated tax losses and part of the temporary items. Consequently, a tax asset impairment of was recognized as of December 31, 2024 for S/598,438,000, which is mainly composed of temporary items for S/228,874,000 and capitalized tax losses for 2023 and 2024 for S/369,564,000, among other items.

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

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Current	246,071	(3,380)
Deferred	<u>151,558</u>	<u>(95,719)</u>
	<u>397,629</u>	<u>(99,099)</u>

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

	<u>2024</u> <u>S/000</u>	<u>%</u>	<u>2023</u> <u>S/000</u>	<u>%</u>
Profit before income tax	(2,993,965)	100.00	(712,587)	100.00
Income tax according to tax rate (income)	(883,220)	29.50	(210,213)	29.50
Tax Impact:				
Contingencies and taxes (no deducibles), notas 21 y 34(b)	298,664	(9.98)	48,310	(6.78)
Tax refund interest	(5,378)	0.18	(82,384)	11.56
Previous-year taxes	16,426	(0.55)	79,477	(11.15)
Results in associates	(22)	(0.00)	(413)	0.06
Expenses not allowed	58,840	(1.97)	21,189	(2.97)
Exempt interest unaffected	5,378	(0.18)	5,414	(0.76)
Debt forgiveness	10,973	(0.37)	8,181	(1.15)
Derivative instruments	(2,706)	0.09	15,170	(2.13)
Impairment of assets	282,945	(9.45)		-
Impairment of fiscal assets	598,438	(19.99)		-
Other, net	<u>17,291</u>	<u>(0.58)</u>	<u>16,170</u>	<u>(2.27)</u>
Expenses/(Income) from Income tax	<u>397,629</u>	<u>(13.30)</u>	<u>(99,099)</u>	<u>13.91</u>

- (e) The Company is subject to the Peruvian tax regime. The income tax rate as of December 31, 2024 and 2023, is 29.50%, on taxable income, after deducting worker shareholding, which is calculated at a rate of 10% on taxable income.

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 which are 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 December 31, 2024 and 2023.

As of December 31, 2024, the Company recorded a current income tax provision for S/76,473,000 (shield) which, in net effect of advance payments, claims to SUNAT for S/108,628,000 and other provisions recorded, there is a favorable balance amounting S/536,413,000 (S/107,618,000 of income tax payable which, in net effect of advance payments, claims to SUNAT for S/108,628,000 and other provisions recorded, resulted in a favorable balance amounting to S/162,845,000 as of December 31, 2023) which is presented as an asset. In 2023, the Company has recognized interest incomes for S/260,913,000 (see note 32) related to claims to SUNAT and together with these, has compensated them with the liability for income and general sales tax, in the same way it has paid S/456,825,000 related to the income tax for the periods 2000 y 2001.

As of December 31, 2024, the Company, as a result of the reassessment of the Strategic Plan, recorded a provision for the impairment of tax assets amounting to S/598,438,000 (not including the tax losses generated in the year 2024 for S/261,496,000) which must be recovered in four periods since the projected results for the following years are insufficient to recover the capitalized tax losses. Additionally, temporary items that would be deductible in periods where tax losses could not be recovered were evaluated, resulting in an expense for the difference; see Note 14(b).

During the second quarter of 2024, the Company has paid S/1,105,276,000 of the tax contingencies related to income tax for the years 2000 and 2001, honoring the payment of the bank bonds that guaranteed these periods, for which it has taken financing. These payments include S/347,550,000 corresponding to the 1998 period, a year in which there was no tax payable and for which the Company is requesting a refund; the Company considers that certain matters are still pending resolution, and consequently will pay the balance when they are resolved.

In accordance with the requirements of IFRIC 23, Uncertainties in Income Tax Treatment, the Company has provisions recorded as of December 31, 2024 of S/2,148,746,000 in current income tax and S/188,183,000 in long-term current income tax (S/2,706,896,000 in current income tax and S/48,724,000 in long-term current income tax as of December 31, 2023).

The current tax asset corresponds to the balance of the bank guarantee executed by SUNAT for the 1998 period for the amount of S/347,550,000 plus interests of S/20,332,000. As mentioned earlier, the Company is requesting a refund, as no outstanding taxes were due that year. The non-current tax asset entirely corresponds to the protest payment made by the Company in October 2022 regarding the intendency resolution issued by SUNAT related to income tax for 2014, amounting to S/353,640,000. Of this amount, various adjustments were reassessed and classified as probable, with S/38,239,000 charged to results.

The sworn declarations of the income tax and general sales tax of the Company for the years 2018 to 2024 are subject to inspection by the Tax Administration in Peru. 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 its subsidiaries are subject to verification by the Tax Administration.

These subsidiaries are:

	<u>Period</u>
Servicios Globales de Telecomunicaciones S. A. C.	2018 to december 2021(*)
Telefónica Multimedia S. A. C.	January 2018 (*)
Star Global Com S. A. C.	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 Management and its legal advisors, any possible additional tax settlement will not be significant for the consolidated financial statements as of December 31, 2024 and 2023.

- (g) As of December 31, 2024 and 2023, the "Other accounts payable" item included other taxes for approximately S/71,505,000 and S/68,718,000 and 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:

Item	Beneficiary	%	Calculation Basis
Special right for the Program	MTC	1.0	Income invoiced and received for carrier services and final for telephones.
National Telecommunications (PRONATEL)			
Contributions for supervision	OSIPTEL	0.7	Income invoiced and received by the various services of telecommunication s.
Trade operations rate of the Service	MTC	0.5	Services subject to Consession and/or authorization.

The amount recorded as an expense for these items amounts to approximately S/85,490,000 and S/88,590,000 for the years ending December 31, 2024 and 2023, respectively, and they are included in the caption "General and administrative expenses" of the statement of results. See Note 28(a).

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

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

Subsequent to December 31, 2024, there have been no significant changes to the Peruvian income tax regime that would have an effect on these financial statements. The standards and interpretations in effect as of December 31, 2024 have been considered by management in the preparation of the financial statements.

For the year 2025, the main amendments that will be applicable are as follows:

- By means of Superintendence Resolution No.000302-2024-SUNAT it was approved the provisions for the implementation of Legislative Decree No.1669 on the regulation of the procedure for attributing the status of taxpayer without operational capacity (hereinafter "SSCO"), and at the same time modified the payment voucher regulation.
- Legislative Decree No. 1669 eliminates the 12-month term that taxpayers had to write down their vouchers and be able to use the VAT paid as tax credit; therefore, failure to write them down within the following terms will result in the loss of the right to the tax credit:
 - Non-electronic (manual) vouchers: up to 2 months following the month of issuance.
 - Transactions subject to SPOT: up to 3 months following the issuance of the payment voucher.
 - Electronic receipts, whose operations are not subject to SPOT: must be recorded in the period corresponding to the month of issuance of the payment voucher or payment of the VAT.

It should be specified that this Legislative Decree becomes effective on the date of entry into force of the Superintendence Resolution that regulates, among others, the means, form, requirements and/or conditions for taxpayers to confirm, rectify or complement the information recorded by SUNAT with respect to the Sales and Income Record and the Purchase Record that has not been issued at present.

- Law No.31828 – Companies that are subject to the general income tax regime or the Small and Medium-sized Enterprises (MYPE) Tax regime and that hire one or more new workers, for the purposes of determining the Income Tax (IT) for the years 2024 and 2025 may apply an additional deduction equivalent to the 50% of the basic remuneration paid to the new worker, regardless their working hours and their contractual modality, provided they meet the following requirements:
 - At the time of hiring, the worker is 18 years old or older and no older than 29 years old.
 - The worker must not be registered on the electronic payroll of one or more companies in a period of 12 months prior to the start date of work.
 - The basic monthly remuneration of the new worker must not exceed S/1,700. In the case of workers whose remuneration is variable and imprecise, the requirement is considered met if the monthly average of remunerations received during the months of January to December of the years 2024 y 2025 do not exceed S/1,700.
 - The employer must incorporate the new worker into the Labor Information Registration (T-Registro) of the electronic payroll within the established deadlines.
 - The number of workers registered on the employer's electronic payroll must be greater than the employment in the base period in accordance with the provisions of the regulations.
 - The employment relationship must begin on January 1, 2024

Law No.32218, published on December 27, 2024 and effective as of January 1, 2025, incorporates interest and capital gains to Article 18 of the Income Tax Law (tax exemptions). Therefore, the following are incorporated to subsection h):

- (i) Repurchase transactions where the securities that the acquirer receives from the transferor are:
 - Public Treasury Bills issued by the Republic of Peru.
 - Bonds and other debt securities issued by the Republic of Peru under the Market Maker Program or its substitute mechanism, or in the international market as of 2003.
- (ii) Disposal of units of participation of Exchange Traded Funds (ETF), whose objective is to replicate the profitability of publicly available indexes, constructed on the basis of:
 - Public Treasury Bills issued by the Republic of Peru.
 - Bonds and other debt securities issued by the Republic of Peru under the Market Maker Program or its substitute mechanism, or in the international market as of 2003.”

25 EQUITY

(a) Issued Capital -

As of December 31, 2024 and 2023, the issued capital of Telefónica del Perú S.A.A. is represented by 5,191,315,231 (138,888,897 are in the registration process) and 4,187,736,652 common shares, respectively, fully subscribed and paid, at a par value of S/0.16 and S/0.63 each respectively, see note 33.

As described in Note 1.1, on October 28, 2024, the Board of Directors, exercising the powers delegated by the General Shareholders' Meeting on January 19, 2023, approved the capitalization of loans provided by Telefónica Hispanoamérica, S.A. amounting to S/2,069,444,000. Of this, S/50,000,000 was allocated to subscribe 138,888,888 new Class B shares with par value of S/0.36 each and S/2,019,444,000 to share premium, see item (b).

During the Board of Directors meeting on February 13, 2024, it was agreed to capitalize the loan balance received, amounting to S/717,692,000 (after withholding non-resident income tax on accrued interest). Of this, S/544,754,000 was allocated to the issuance of 864,689,682 new Class B shares with a nominal value of S/0.63 each, and the remaining balance was allocated as share premium; see section (b).

During the Board of Directors meeting on December 23, 2024, it was agreed to reduce the share capital by S/1,038,264,000. The amount from the capital reduction was used to partially offset the accumulated loss balance as of December 30, 2024. This reduction was achieved by decreasing the nominal value from S/0.36 to S/0.20 while maintaining the same number of issued shares.

During the Board of Directors meeting on April 25, 2024, it was agreed to reduce the share capital by S/1,364,155,000. The amount from the capital reduction was used to partially offset the accumulated loss balance recorded as of December 31, 2023. This reduction was achieved by decreasing the nominal value from S/0.63 to S/0.36 while maintaining the same number of issued shares.

In the General Shareholder's Meeting held on January 19, 2023, it was resolved to delegate to the Board of Directors the authority to approve one or more increases in capital up to the amount of S/2,106,949,000, within a maximum period of five years, on the dates, amounts, terms, conditions and procedures that the Board of Directors determines on each occasion, without the need for prior consultation with the General Shareholder's Meeting.

In a meeting held on February 10, 2023, the Board of Directors agreed the partial capitalization of loans received from its principal of S/700,000,000, with S/531,325,000 being allocated to the issuance of 843,373,494 new Class B shares with a nominal value of S/0.63 each and the remaining of S/168,675,000 as a share premium, see section (b).

The capital structure issued as of December 31, 2024 and 2023, is composed in percentages of the following share classes:

	<u>2024</u>	<u>2023</u>
	%	%
Class B		
Telefónica Hispanoamérica, S. A.	99.298	99.153
Other Minor Shareholders	0.698	0.843
Class C	0.004	0.004
	<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 bylaws, related to the appointment of Board members, who may not be less than five (5) nor more than nine (9) members. 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 S.A.A. 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-

During the Board of Directors meeting on December 23, 2024, it was approved to allocate the full S/2,019,444,000 of the share premium to partially offset the loss carried forward by the Company as of November 30, 2024.

As a result of the credit capitalization on October 28, 2024, noted in the previous section, the remaining S/2,019,444,000 was allocated to establish a share premium.

During the Board of Directors meeting on April 3, 2024, it was approved to allocate S/341,613,000 of the share premium to partially offset the loss carried forward as of December 31, 2023.

As a result of the credit capitalization on February 13, 2024, noted in the previous section, the remaining S/172,938,000 was allocated to establish a capital premium.

During the Board of Directors meeting on February 10, 2023, as a result of the credit capitalization agreed upon on that date, the remaining S/168,675,000 was allocated to establish a capital premium.

(c) Other Capital 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 2024 and 2023, the unrealized gain generated by the valuation of hedging derivatives amounts to S/1,497,000 and S/1,362,000, respectively. The net gain of its tax effect amounts to S/1,055,000 (S/960,000 in 2023). See 8(c).

(d) Accumulated results -

During the Board of Directors meeting held on December 23, 2024, the following actions were approved to reduce losses: i) to allocate the entire share premium of S/2,019,444,000 to partially absorb the Company's loss carried forward as of November 30, 2024, ii) to allocate the entire amount of dividends of S/2,674,000 and iii) to reduce capital by S/1,038,263,000 against accumulated results.

During the Board of Directors meeting on April 25, 2024, it was approved a capital reduction of S1,364,156,000 to partially absorb the loss carried forward as of December 31, 2023.

During the Board of Directors meeting on April 3, 2024, it was approved to allocate S/341,613,000 of the share premium to partially offset the loss carried forward as of December 31, 2023.

26 MOBILE BUSINESS INCOME

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

	2024	2023
	S/000	S/000
Post-paid	1,804,096	1,818,642
Terminals	830,030	892,723
Prepaid	415,496	457,071
Wholesaler	99,197	99,899
Other	148,920	133,749
	3,297,739	3,402,084

(b) As of December 31, 2024, the Company has approximately 4,679,000 postpaid mobile telephony lines in service, as well as 5,078,000 prepaid mobile telephony lines (4,700,000 and 5,178,000, respectively as of December 31, 2023).

27 FIXED BUSINESS INCOME

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

	2024	2023
	S/000	S/000
Services	1,943,268	2,312,293
Data + TI	492,382	502,626
Wholesaler	189,243	175,112
Handsets	13,851	22,508
Other	83,547	61,712
	2,722,291	3,074,251

(b) As of December 31, 2024, the Company had approximately 641,000 fixed and public telephone lines in service, 1,464,000 broadband connections in service, and approximately 858,000 pay television accesses (837,000, 1,661,000, and 949,000, respectively, as of December 31, 2023).

28 GENERAL AND ADMINISTRATIVE EXPENSES

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

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Services provided by third parties (c)	3,283,749	3,046,913
Taxes and royalties (b)	126,494	151,501
Provision for doubtful accounts notes 7(c) and 8(e) net of recoveries.	345,011	422,445
Fee for brand use and transfer of management capacity. Note 23(a)	120,273	130,521
Various management charges	28,884	28,145
	<u>3,904,411</u>	<u>3,779,525</u>

(b) The item "Taxes and royalties" corresponds mainly to payments to OSIPTEL and MTC. Note 24(g).

(c) Third-party services include:

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Fees and services	970,734	847,890
Commissions	660,706	584,839
Maintenance and repair	357,369	372,393
Television signals and circuits	336,053	366,230
Interconnection and correspondent expenses	182,967	204,048
Basic services	178,251	176,956
Fiber connectivity and services	140,913	61,491
Capacity services	119,046	118,147
Advertising	90,027	58,269
Transportation and storage	58,422	52,849
Rentals	43,704	46,912
Roaming expenses	15,164	19,876
Other	130,753	137,013
	<u>3,283,749</u>	<u>3,046,913</u>

29 PERSONNEL EXPENSES

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

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Remuneration	544,101	529,345
Security and Social Welfare	62,397	66,312
Compensation for Long Service	40,766	39,385
Restructuring expenses. Note 20(b)	38,151	18,364
Other personnel expenses	20,256	18,014
Employee shareholding	3	32
Payroll capitalization for plant construction	<u>(61,492)</u>	<u>(61,782)</u>

<u>644,182</u>	<u>609,670</u>
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(b) The Company has 3,606 employees as of December 31, 2024 (3,681 as of December 31, 2023).

30 IMPAIRMENT OF ASSETS

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

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Capital gains, Note 16(c)	959,137	-
Intangible, Note 14(e)	321,095	-
Assets held for sale, note 13(c)	-	64,661
Reversal of assets held for sale, note 13(c)	(64,661)	-
	<u>1,215,571</u>	<u>64,661</u>

31 OTHER OPERATING INCOME AND EXPENSES

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

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Other operating income		
Income from Asset Disposal (b)	29,926	37,714
Government Grants. Notes 8(b) and 22(b)	6,606	12,092
Compensation	-	21,193
Other	5,772	7,938
	<u>42,304</u>	<u>78,937</u>
 Other Operating Expenses		
Other provisions(c)	(36,192)	(44,864)
Other	(12,863)	(16,283)
	<u>(49,055)</u>	<u>(61,147)</u>

(b) As of December 31, 2024, and 2023, asset sales have been generated, resulting in a net gain, with the composition detailed below:

	<u>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Net Profit from Disposal of Assets		
Income from Asset Sales	31,940	39,735
Net cost of assets sold	(2,014)	(2,021)
	<u>29,926</u>	<u>37,714</u>

- (c) The other provisions (see note 21) correspond mainly to regulatory contingencies, among others, made by the Company in accordance with the practice described in Note 2.18, 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.

31 INCOMES AND FINANCIAL EXPENSES

The breakdown of the item is presented below:

	2024	2023
	S/000	S/000
Financial income		
Tax refund interest, see note 24(f)	20,332	279,244
Time Deposit Interest	16,741	7,277
Interest on Accounts Receivable	3,169	1,528
	<u>40,242</u>	<u>288,049</u>
Financial Expenses		
Contingency interest, see note 34(b)	(214,834)	(269,716)
Bonds interest	(168,746)	(187,167)
Interest from loans with related companies, see note 24(d)	(94,187)	(43,074)
Interest on leases, see note 18(d)	(63,141)	(69,163)
Promissory notes interest	(52,751)	-
Loss from Financial Instruments for		
Interest Rate Hedge	(17,244)	(39,463)
Interest on other debts	(2,731)	(2,761)
Other	(16,131)	(42,574)
	<u>(630,395)</u>	<u>(653,918)</u>
Net Exchange Differences		
Income from Exchange Differences	212,363	176,255
Loss Exchange Differences	(228,740)	(155,263)
Net gain/(loss) from exchange differences		
related to Derivative Financial Instruments	24,008	(21,413)
	<u>7,631</u>	<u>(421)</u>

33 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:

	Shares in	Effective	Average
	circulation	days	weighted
	the	during	of shares
	period	the	of shares
	period	the	of shares
Year 2023			
Balance as of January 1, 2023	3,344,363,158	360	3,344,363,158
Additions, see note 25	843,373,494	173	405,287,818
Balance as of December 31, 2023	<u>4,187,736,652</u>		<u>3,749,650,976</u>
Year 2024			
Balance as of January 1, 2023	4,187,736,652	360	4,187,736,652
Additions, see note 25	864,689,682	132	317,052,883
Balance as of December 31, 2024	<u>5,052,426,334</u>		<u>4,504,789,535</u>

- (b) The calculation of the loss per basic and diluted share for the years ending December 31, 2024 and 2023, is presented below:

<u>2024</u>			<u>2023</u>		
<u>Loss</u> <u>(numerator)</u> <u>S/000</u>	<u>Number of</u> <u>Shares</u> <u>(denominator)</u>	<u>Loss on</u> <u>shares</u> <u>S/000</u>	<u>Loss</u> <u>(numerator)</u> <u>S/000</u>	<u>Number of</u> <u>Shares</u> <u>(denominator)</u>	<u>Loss on</u> <u>shares</u> <u>S/000</u>
<u>(3,391,594,000)</u>	<u>4,504,789,535</u>	<u>(0.752886)</u>	<u>(613,488,000)</u>	<u>3,749,650,976</u>	<u>(0.1636120)</u>

33 COMMITMENTS AND CONTINGENCIES

- (a) Commitments -

Surety Letters -

The Company maintains surety letters obtained for its normal commercial activity and guarantees for the different processes of awarding bids in spectrum concessions with third parties, and contentious administrative processes against the Tax Administration. As of December 31, 2024, these bond letters amount to approximately S/490,342,000 and US\$82,190,000 (S/1,732,691,00 and US\$82,042,000 as of December 31, 2023).

Operating Lease Commitments - Company as Lessee -

The Company, as a lessee, signed contracts with third parties and the related company mainly to leases of infrastructure, circuits, and spaces. The Company has lease commitments, including for a duration of up to 10 years. See Notes 2.23, 15, and 18.

The future minimum payments as per non-cancellable operating leases as of December 31, 2024 and 2023, are as follows (they 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>2024</u> <u>S/000</u>	<u>2023</u> <u>S/000</u>
Less than one year	89,629	57,501
Between One Year and Less Than 3 Years	63,794	78,082
	<u>153,423</u>	<u>135,583</u>

- (b) Contingencies -

In the normal course of its operations, the Company 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 2.18.

In relation to tax proceedings, as of December 31, 2024, as described in notes 2.18 and 2.19, the Company has recorded the necessary provisions for cases considered probable and which are mainly in court, leaving as possible contingencies an amount of S/240,099,000 (S/630,651,000 as of December 31, 2023). Management and its legal advisors believe that the provisions made are reasonable based on the information available to the Company.

The National Superintendency of Customs and Tax Administration (SUNAT), in the course of its audit activities for the years 1998 to 2010 and 2012, has notified the Company of various resolutions concerning: (I) Income Tax, (II) General Sales Tax, and (III) Income Tax withholdings of non-residents.

In some proceedings, the Company has decided to challenge certain resolutions of SUNAT and the Tax Court (TC); in other proceedings, the Company has proceeded with the payment of the amounts resolved by the competent authorities; and finally, there are other proceedings in which SUNAT has challenged the resolutions of the TC that were favorable to the Company.

The following is a detail of the main tax proceedings:

I Regarding the controversies related to Telefónica del Perú's income tax:

(a) Fiscal year 1998 -

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

AtIn 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, (ii) definitively and favorably upheld the objection to the IPT for the Company, thereby concluding this matter.

On July 31, 2019, the Company was notified of the new judgement from the Superior Court, which declared the DCP objection founded only with respect to the telephone bill. On August 16, 2022, the Oral Report was held in the Supreme Court. On January 18, 2023, the supreme resolution that declared the lawsuit unfounded in relation to the DCP aspect was notified. On June 7, 2023 the Court ordered and instructed SUNAT to comply with the judgements of the Supreme Court. On June 12, 2023, we submitted a clarification request to the Court asking to request TC to comply with the judgement instead of directly sending the compliance to SUNAT. On June 22, 2023, the court declared the request for clarification inadmissible. In compliance with the court's decision, on June 12, 2023, SUNAT submitted Compliance Management Resolutions No. 4070160000043, 4070160000044 y 4070160000042, and on July 10, 2023, declared its mandated fulfilled.

In the transfer acquittal of Compliance Office Resolutions previously mentioned, we informed that there were issues that should be addressed by the Tax Court in response to the appeal we filed in the administrative proceeding.

On July 25, 2023, SUNAT refused to process our appeal (filed at the administrative headquarters) and requested in the judicial process the redirection of the appeal that the Company filed against the aforementioned resolutions to be resolved by the court. On July 26, 2023, we asked the court to declare SUNAT's request inadmissible and in parallel, we filed a complaint with the Tax Court for the failure to raise the appeal. The Tax Court abstained from hearing the complaint.

In parallel, to maintain the validity of the precautionary measure regarding the IPT and DCP objections, on January 24, 2023, the letters of guarantee corresponding to the period 2023-2024 were renewed. On January 27, 2023, SUNAT requested the execution of the letters of guarantee based on the outcome obtained in the Supreme Court. On February 13, 2023, the Company 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 request so that within a period within three business days we will rule on the matter. On June 6, 2023, the court ordered SUNAT to comply with determining the debt (prior to the execution of the letters of guarantee) in accordance with the resolution of the Supreme Court. 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 stated in the amount settled by SUNAT in the report it presented(ii) informed us of the report prepared by SUNAT in which it determined the debt (without excluding moratorium interest applied beyond the legal deadline to resolve). On June 28, 2023 we questioned the SUNAT report. On August 31, 2023, the Superior Chamber rejected SUNAT's appeal and confirmed the resolution that conditioned the execution of the letters of guarantee to what is resolved in the main case (taking into account the mandatory "MAXCO" precedent ordered by the Constitutional Court). On September 27, 2023, the file was sent back to the original Court to determine the tax debt and proceed with the execution.

Regarding the letters of guarantee (which were still in the precautionary file), on January 15, 2024, we presented them for the period 2024-2025 and on the same date SUNAT presented a report with debt settlement. By resolution of January 17, 2024, the court required us to record the difference between the amount for which the guarantee letters were renewed and the amount settled by SUNAT. On January 18, 2024, we requested an additional term of 5 business days. On the same day, SUNAT requested to correct the material error in the resolution to the extent that the debt was updated to 2024 and not to 2023. On January 19, 2024, we were granted an additional term and the resolution was corrected. On January 23, 2024, we filed the letter of guarantee, depositing the difference required by the court and we reiterated our request for the return of the letters of guarantee in the file due to the existence of a balance in our favor. On January 29, 2024, the injunction bond is considered renewed.

On January 30, 2024, the accumulation of the files was ordered. Likewise, the application of MAXCO and capitalization of interest is declared inadmissible, and the execution order is considered to be complied. Finally, our appeals filed against the resolutions that consider the injunction bond and the additional request for a letter of guarantee as renewed were granted without effect. On February 2, 2024, we requested clarification of the resolution of the precautionary notebook indicating that the injunction bond was renewed and in case the request for clarification against the updated amount of the injunction bond is dismissed, to grant our appeal. On February 5, 2024, we requested to integrate the resolution that declares the application of the precedents inadmissible, requesting the return of the letters of guarantee and appealing the rejection of their application. On March 4, 2024 SUNAT requested the execution of the injunction bond and delivery of the letters of guarantee.

On March 13, 2024, the Court declared our clarification inadmissible and our request for integration. On June 26, 2024, the execution of the letters of guarantee and delivery to SUNAT was ordered, and SUNAT was ordered to update the tax debt.

On May 30, 2024, we requested the correction of the resolution that determined the tax debt because it was based on a SUNAT report that was outdated, since it should have considered Report No. 000004-2024, which concluded an amount liquidated by SUNAT itself that was lower than the amount the court was considering. On June 13, 2024, the court decided that there was no material error in the challenged resolution since, at the time of the issuance of the resolutions determining the debt, on that date it was the only report in the file; however, it modified the amount liquidated by SUNAT based on the report No. 000004-2024 and considered the injunction bond as renewed. Likewise, it declared inadmissible the request to refrain from delivering the letters of guarantee. On June 14, 2024, we requested the integration of the resolution to include that the amount of the injunction bond is lower, since it is 60% of the determined debt. On June 17, 2024, the request was declared inadmissible. On the same day, the Court ordered the execution of the injunction bond.

On June 19, 2024, the Court ordered the delivery of three letters of guarantee to SUNAT, and the return of one of them to the Company. On June 21, 2024, the Court informed that BBVA delivered a check to SUNAT for an amount lower than the amount delivered as letters of guarantee. On June 21, 2024, the Company filed an appeal against the resolution that ordered the execution of the letters of guarantee. On August 30, 2024, the resolution ordering the delivery of the letters of guarantee was revoked and it was resolved that, with respect to such tax period, there is no tax debt, and the letters of guarantee should be returned to the Company. On September 13, 2024, SUNAT filed an annulment against said resolution, which was rejected, as well as the cassation appeal that they filed against the resolution that rejected said annulment.

On December 5, 2024, we asked the Court to request SUNAT to return the amount of S/347,550,070 corresponding to the executed performance bond. On January 2, 2025, the request was notified to SUNAT and the Tax Court, so that you could express what was appropriate within a period of 10 days, a period that expired on January 16, 2025. The response from SUNAT and Tax Court is still pending.

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

On the other hand, against the resolution of the Superior Court that revoked the first instance resolution and declared that (i) there is no tax debt discussed in this process regarding the TI 1998, and (ii) the return of the letters of guarantee is appropriate, on November 6, 2024, we were notified of a claim for protection filed by SUNAT. On December 2, 2024, the claim was answered and on January 9, 2025, the claim was declared inadmissible. Notification is pending.

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

Additionally, against the resolution of the Superior Court that declared the nullity of the first instance resolution that ordered the execution of the performance bonds, on November 28, 2024 we were notified of the claim for protection filed by SUNAT, the claim was answered and a single hearing has been scheduled for March 18, 2025.

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

Against the supreme ruling issued in this case, on March 1, 2023, the Company filed a claim for protection through which we declared its annulment. On September 6, 2023, the single hearing was held. On November 18, 2024, the first instance judgment was issued declaring our claim inadmissible. Notification is pending.

Simultaneously, on September 26, 2023, a precautionary request was filed with the aim of suspending the effects of the result of the supreme ruling. On November 25, 2024, our request for a precautionary measure was declared inadmissible, and on November 29, 2024, the Company filed the corresponding appeal, which is pending to be approved.

In the opinion of Management, based on the opinion of its legal advisors, the rating of the contingency for this process 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, (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. Concluded process.

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. SUNAT 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 absentia 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 of 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 -

With the TCR N°16603-4-2010 notified on December 23, 2010, the administrative proceeding corresponding to fiscal year 1999 was terminated. According to the TC, the statute of limitations for fiscal year 1999 prevented SUNAT from carrying out a new determination (ex officio), so the balance set by the Company in fiscal year 1999 is the one to be considered.

In this regard, on April 4, 2012, the Company requested the declaration of statute limitations for the tax year at issue. Said request was declared admissible through Resolution of Intendancy N°011-020-0000323/SUNAT.

(c) Fiscal years 2000 and 2001 -

On December 29, 2010, TCR No. 17044-8-2010 ACA 1 (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 contentious 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. In second instance, the Company's claim regarding the objections of (i) Simple Reorganization, (ii) Overhead and (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, Financial Charges (FC), and Simple Reorganization and, in favor of the Company insofar as the objection to the IPT. With regard to the objection to the DCP, 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 March 24, 2022, the cassation appeal was deemed admissible. On October 13, 2022, the oral report was conducted in the Supreme Court. On January 18, 2023, the Supreme Court's judgement declaring the objection regarding the DCP unfounded was notified. On June 9, 2023, the court ordered SUNAT to comply with the Supreme Court's resolutions. On July 2, 2023, we informed the Court that Compliance Office Resolutions No. 4070160000043, 4070160000044, and 4070160000042 issued by SUNAT had not been issued in accordance with the Supreme Court's orders with the provisions of the Constitutional Court in the amparo process resolved in favor of the Company regarding the non-application of the moratorium interest beyond the legal deadline. Additionally, we informed the court that these resolutions contained issues that should be addressed by the Tax Court in relation to the appeal resolutions filed in the administrative proceeding. On July 17, 2023, SUNAT refused to process our appeal (filed at the administrative headquarters) and requested in the judicial process the redirection of the appeal that the Company filed against the aforementioned resolutions to be resolved by the court. On July 26, 2023, we asked the court to declare SUNAT's request inadmissible and in parallel, we filed a complaint with the Tax Court for the failure to raise the appeal. The Tax Court abstained from hearing the complaint.

On August 18, 2023, we presented a document informing the complaint rejection at the administrative headquarters and requested the suspension of the execution until the constitutional process is resolved in which a favorable result was obtained through which the Constitutional Court determined that moratorium interest beyond the legal deadline for resolution should be excluded. On August 22, 2023, the Court dismissed our annulment and rejected SUNAT's request for redirection. On August 25, 2023, we requested clarification regarding the rejection of SUNAT's redirection concerning the matter to be executed. On August 25, 2023, we requested clarification regarding the rejection of SUNAT's redirection concerning the matter to be executed. Furthermore, the resolution was declared null and void ex officio, and we filed an appeal specially regarding this aspect. On September 8, 2023, our request to suspend debt collection was declared inadmissible, our annulment was transferred to SUNAT, and the appeal was suspended until the annulment is resolved. On September 12, 2023, SUNAT cleared the transfer. On September 14, 2023, we requested the consolidation of records and appealed the dismissal of the suspension. We will present our arguments on September 25, 2023. On September 29, 2023, our filed annulment was declared unfounded, and our appeal was granted without suspensive effect. On October 4, 2023, we appealed the resolution that rejected the consolidation of files request (main and precautionary), which was granted on October 5, 2023. On November 30, 2023, the Court declared null and void the resolutions that we challenged (the resolution denying our request for consolidation of records (main and precautionary), suspension of execution of letters of guarantee until the debt is determined and the resolution declaring compliance with the resolution).

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 updated bank performance bond for the period 2022-2023 for the amount of S/788,185,150 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 we 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, the Company 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 record was confirmed.

At the same time, on June 13, 2023, SUNAT filed an appeal against the resolution that ordered to wait for SUNAT to comply with determining the debt before executing the letters of guarantee. On June 22, 2023, SUNAT's appeal was granted and on June 26, 2023, the file entered the Superior Court. On July 5, 2023, we presented additional allegations. On August 17, 2023, SUNAT's appeal was rejected and the resolution that ordered waiting for the main record to be resolved was confirmed. On November 30, 2023, the Chamber declared void the resolutions that (i) consider the debt updated to 2023, and (ii) order the delivery of the expired letters of guarantee.

Meanwhile, on July 31, 2023, the Court declared the resolution of debt liquidation and updating of the Letters of Guarantee null and void. On September 11, 2023, the Court ordered the execution of the injunction bond and ordered that the amount that comes from the execution be allocated to the tax debt. On September 13, 2023, we requested to refrain from delivering the letters of guarantee to SUNAT and on September 14, 2023, the Company filed an appeal against the resolution ordering the execution of the injunction bond. 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 presented a written opposition to the delivery of the letters of guarantee. Also, information was provided about the content of the resolution issued by the Constitutional Court, which stated that it is the only competent body to rule on the compliance of the Constitutional Court's ruling regarding the non-application of late payment interest beyond the legal deadline for resolution. On October 3, 2023, the Court issued an official letter to the Superior Court to forward the guarantee letters for delivery to SUNAT. On October 3, 2023 (i) we requested the ex officio correction of the letter of guarantee numbers, and (ii) SUNAT filed an appeal against the resolution that ordered the delivery of the guarantee letters. On October 4, 2023, the Court (i) reported that SUNAT officials did not collect the letters of guarantee (ii) granted SUNAT's appeals against the resolutions that ordered the delivery and execution of the guarantee letters. On the same day, the civil judge rejected the official letter sent by the judge of the constitutional process in which she informed the Civil Court that it lacked jurisdiction to rule on SUNAT's compliance or non-compliance with the Constitutional Court 's ruling regarding the non-application of overdue default interest for resolution.

On 26 January 2024, it was ordered to integrate the main and precautionary file. Also, our appeals against the information in IR N°4070160000043 (settlement issued), were declared inadmissible, allegedly in compliance with the supreme rulings and the rejection of the protection official letter. On the same day, the execution order was deemed not to have been complied, and the execution was ordered to be carried out. In addition, the execution of the counter-guarantee with respect to the Letters of Guarantee is ordered and SUNAT's appeal is declared inadmissible. On January 29, 2024, we requested clarification of the execution resolution regarding the Letters of Guarantee. On January 30, 2024, SUNAT filed an appeal. On February 1, 2024, the Company filed an appeal on the point that the execution of the injunction bond must be made on the outdated Letters of Guarantee. On February 22, 2024, our appeal was granted and SUNAT's appeal without suspensive effect. On February 22, 2024, we requested the Court to attend the request for clarification. On April 5, 2024, the Constitutional Court answered the letter sent by the enforcement court indicating that SUNAT complied with the ruling of the Constitutional Court through the Intendancy Resolutions of Compliance N°4070160000043 y 4070160000093. However, as a result of the request, on the same day, a second official letter was issued, informing the court that the first resolution which declared SUNAT's partial compliance has been challenged in the constitutional process and that, to date, a ruling is still pending, as in the case of the Intendancy Resolution No.4070160000093. On the same day, we submitted a brief to the enforcement court informing them of the issuance of the second official letter requesting that they refrain from ordering the release of the performance bonds under liability, as SUNAT's compliance resolutions were not final, at that time, because they had been administratively challenged.

On April 9, 2024, the Court ordered the execution of the letters of guarantee for an amount less than the renewed amount (debt that includes the excess interest declared unconstitutional by the Constitutional Court). On April 10, 2024, the Court issued the official letters to the banks to proceed with the payment of the letters of guarantee to SUNAT. On April 12, 2024, the letters of guarantee were delivered to SUNAT. On April 15, 2024, we filed an appeal against the order of execution and delivery of the letters of Guarantee.

On May 27, 2024, our appeals were declared inadmissible to the extent that the letters of guarantee had already been delivered to SUNAT. On July 5, 2024 the Court, based on the information provided by SUNAT, validated the imputation of the debt regarding the execution of the letters of guarantee for both the 2000 and 2001 debts, and considered the injunction bond as bound and, as a consequence, the precautionary measure cancelled, based on the fact that (i) SUNAT has already reported the execution of the letters of guarantee, (ii) it has delivered the letter of guarantee to the Company for the amount of S/41,000,000 and (iii) based on the new liquidation, there is a balance in favor of S/66,000 for overpayment. Finally, the Court decided that the order of execution is deemed to have been complied with only with respect to the elimination of IPT's objection for the debt liquidation, which will be returned through an administrative refund process.

On the other hand, on September 27, 2024, the Superior Court declared the nullity of the first instance resolution that considered the letters of guarantee executed and the injunction bond as destined and ordered the court to notify us of the last SUNAT report of May 2024, so that we can address the matter. On December 24, 2024, we requested (i) the application of the article 31 of the Tax Code regarding the correct imputation of the tax debt, (ii) the nullity of the acts issued regarding the debt recalculation and (iii) a new update, given that the new ACA 1 guarantee should have been applied to the 2000 tax income (TI) and not the 2001 tax income (TI).

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

Against the ruling issued in the previous process, on February 28, 2023, the Company filed a constitutional protection, requesting that it be declared null and void. A single hearing took place on September 4, 2023. Our claim was declared inadmissible in first instance and on August 19, 2024, the Company filed an appeal. The scheduling of the oral hearing is still pending.

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

Parallel to the process, on July 20, 2023, we requested a preventive measure, which was declared inadmissible on March 6, 2024. On March 12, 2024, an appeal was filed by the Company. On November 28, 2024, the Application was submitted to the Supreme Court. The scheduling of the hearing is pending.

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

On July 19, 2023, the Company filed a request for protection against the letter from SUNAT that rejected the elevation of the appeal that we presented to the Tax Court to question the Intendency Resolutions N°4070160000043 and 4070160000093 issued in supposed compliance with the supreme resolutions. On September 18, 2023, the claim was admitted for processing. On October 8, 2023, we request that you join the Tax Court. On January 24, 2024, the request for inclusion of the Tax Court was denied. On April 10, 2024, the single hearing was held. On May 17, 2024, we requested the subtraction of the subject to the extent that the Tax Court issued a pronouncement regarding our appeal. On June 10, 2024, SUNAT granted the Company's request. On August 16, 2024, the request for subtraction of the matter was rejected, considering that the TCR N°4140-9-2024 was issued because of the precautionary measure, being necessary a pronouncement of the Court. Likewise, the first instance judgment was issued declaring our claim partially founded, stating that it was only appropriate to submit the file to the Tax Court regarding the capitalization of interest and the application of the CPI, excluding from its pronouncement the application of the judicial precedent MAXCO. On September 11, 2024, we appealed the first instance ruling. To date, the oral report in the second instance is pending to be fixed.

Parallel to the process, on July 20, 2023, we requested a precautionary measure. On November 10, 2023, the precautionary measure was granted in the following terms: (i) suspend the effects of the letters that denied the processing of Compliance Resolutions N°1 and 2; (ii) raise the appeals filed against said mayoral resolutions; and, (iii) refrain from collecting the debt settled in said mayoral resolutions until said appeals are resolved by the Tax Court.. On January 24, 2024, (i) SUNAT's request for clarification and integration against the precautionary measure was declared inadmissible, (ii) SUNAT's appeal was granted without suspensive effect, and (iii) the precautionary measure was submitted to the TC. The oral report was held on September 3, 2024, and the Superior Court's decision is pending.

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

On the other hand, on September 5, 2023, the Company filed a contentious administrative lawsuit against TCR N°01873-Q-2023, by which the Tax Court refrained from resolving the complaints filed against Letters N°631-2023-SUNAT/ 7U4100, 652-2023-SUNAT/7U4100 and 651-2023-SUNAT/7U410 that reject the processing of the appeals filed against the Intendancy Resolutions No. 4070160000043, 4070160000044 and 4070160000042, considering that "they are not subject to appeal", and the same day the claim was declared inadmissible. On September 11, 2023, the Company filed an appeal against the inadmissibility. On November 30, 2023, the Superior Court confirmed the judgement that declared the lawsuit inadmissible. On December 20, 2023, the Company filed an appeal against the second instance judgement. On January 28, 2024, the Application was submitted to the Supreme Court. On May 17, 2024, we withdrew the appeal in cassation. On June 26, 2024, we were notified of the Supreme Court's resolution whereby the Supreme Court considered the appeal as withdrawn and the case file was closed. Concluded process.

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

Finally, on December 5, 2023, the Company filed a request for protection against a letter from SUNAT that rejects our appeal against the new compliance resolution issued within the framework of what was ordered by the constitutional court in which a favorable result was obtained regarding the non-application of default interest. On March 19, 2024, the admissory order was deemed integrated and the claim requested by the Company was deemed modified. Thus, the Tax Court has been incorporated as a defendant. On May 23, 2024, the claim was deemed to be answered by the Tax Court and a plea of lack of jurisdiction was filed. On June 18, 2024, we answered the defense and the plea of incompetence. The oral report scheduled for October 15, 2024 was suspended, since the day before we reported that the threat has ceased, and the Company brought to the attention of the Court the TCR N°4140-9-2024, by which the Tax Court decided to resolve the appeal against the Intendancy Resolutions No 4070160000043 and 4070160000044, as modified as the Intendancy Resolution N°4070160000093, and we request that the claim be declared founded, ordering that the defendants do not incur in similar actions or omissions that motivated the filing of the claim. On October 15, 2024, it was ordered (i) to serve the Company's brief dated October 14 to the defendants for a period of three days; and (ii) suspend the Single Hearing, which will be rescheduled once the defendants have responded to the notice served. The response from SUNAT and the Tax Court is still pending.

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

As a consequence of the liquidations made by SUNAT, on August 1, 2024, the Company filed a contentious-administrative lawsuit against the TCR N°4140-9-2024 issued in compliance with the administrative appeals derived from the TI 2000-2001. By means of this lawsuit, the Company is requesting the nullity of the TCR regarding the application of late payment interest during the judicial process, as well as the application of capitalized interest. We also request the refund of the amounts paid for that tax period. On September 23, 2024, the claim was admitted for processing and on October 22, 2024, the claim was considered answered by SUNAT and the Tax Court. An oral report has been scheduled for January 15, 2026. This process was consolidated with the one initiated by SUNAT against the same TCR regarding the aspects that were favorable to us.

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

SUNAT filed a contentious-administrative lawsuit against the same TCR N°4140-9-2024. On August 23, 2024, we were notified with the lawsuit requesting the nullity of the TCR because it is considered that the TCR (i) invalidated a precautionary measure that did not contain a mandate addressed to the Tax Court to resolve appeals, (ii) it was taken over pending cases in other jurisdictional bodies, (iii) it is contradictory with other resolutions issued by the Tax Court, (iv) it transgressed the limits established by the binding precedents (on capitalization), and (v) it ordered the revaluation of values for undue periods. On September 9, 2024, we filed our respond to the lawsuit. On October 25, 2024, we requested the consolidation of this process with the one detailed in the previous paragraph. On November 27, 2024, the request for consolidation was granted. An oral report has been scheduled for January 15, 2026.

In the opinion of Management, based on the opinion of its legal advisors, the rating of the contingency for this process 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. Concluded process.

The Company, considering the result in the Supreme Court, reevaluated its contingencies and therefore the qualification of this process changed from remote to probable. Such 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. On November 29, 2023, SUNAT was notified of the Supreme Court's decision declaring SUNAT's claim to be admissible. On January 28, 2024, the File was sent to the Court. On May 21, 2024, the Tax Court requested the remission of the administrative file to comply with the sentence. The Tax Court issued the corresponding compliance. Concluded process.

In Management's opinion, according to the opinion of their external legal advisors, the qualification of the contingency of this process 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.

Then, between June 19 and 21, 2023 we have been notified of 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) FRs, 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 presented a document indicating that, in response to the Mayor's Resolution notified by SUNAT regarding the 2000-2001 Income Tax, SUNAT has failed to comply with the judgement of the Constitutional Court. On July 27, 2023, SUNAT requested the rechanneling of the administrative appeal filed against Compliance Intendence Resolutions No. 4070160000043, 4070160000044 and 4070160000042. On August 2, 2023, the Constitutional Court sent the parties the Administrative Resolution of Compliance and what was indicated by SUNAT regarding the Company's appeal. On August 18, 2023, we complied with absolving the Resolution of the Compliance Administration and on August 31, 2023, we requested the rejection of the redirection and that the execution of the process be suspended until our appeal is resolved at the administrative headquarters. On September 29, 2023, the Constitutional Court (i) rejected SUNAT's request for redirection, (ii) rejected the request for suspension of execution, and (iii) ordered SUNAT to properly comply with the liquidation of the debt, discounting the interest in excess of the legal term incurred in the claim stage. Likewise, it advised the court in charge of the execution of the 2000 and 2001 fiscal years to avoid contradictory pronouncements. On December 21, 2023, we complied with acquitting the transfer of Compliance Intendence Resolution No. 4070160000093 issued in compliance with the provisions by resolution of September 29, 2023.

On February 2, 2024, the official letter was sent to the court in charge of the execution of the 2000 and 2001 fiscal years. A resolution was issued considering that the Constitutional Court's sentence had been complied with. Against this, on April 4, 2024, the Company filed an appeal pointing out that the compliance resolution No. 4070160000093 to date has been appealed by both SUNAT and the Company, thus it cannot be considered as a valid enforcement order. Finally, on April 5, 2024, the Court answered the letter sent by the enforcement court indicating that SUNAT complied with the ruling of the Constitutional Court through two Compliance Office Resolutions. However, as a result of the request, on the same day a second official letter was issued informing the court that the first resolution declaring SUNAT's partial compliance had been appealed and that the second resolution was still within the time limit to appeal. On September 5, 2024, the Tribunal informed the Superior Court of the judgement issued in the amparo process (in which we obtained the precautionary measure that allowed the appeals to be elevated to the Fiscal Court, so that it could rule on the challenges to the settlements made by the Company). On January 8, 2025, the oral report in second instance was held regarding the Company and SUNAT appeals.

In Management's opinion, according to the opinion of their external legal advisors, the qualification of the contingency of this process is remote.

Against the judgment of the Constitutional Court, on November 9, 2021, we were notified with an application for amparo, initiated by the Tax Court. On November 22, 2021, we responded to the lawsuit. On September 6, 2022, the single hearing was held and on September 26, 2022, the Tax Court's claim was declared inadmissible. On November 29, 2022, the appeals of the Tax Court and SUNAT were raised to the Supreme Court. On July 10, 2024, the oral report was held in the Supreme Court. On August 7, 2024, the second instance ruling was notified, which confirmed the ruling that declared the claim inadmissible. The Tax Court did not question the superior ruling and the case was closed. Concluded process.

In Management's opinion, according to the opinion of their external legal advisors, the qualification of the contingency of this process is remote.

Against the same Constitutional Court ruling, on May 20, 2022, we were notified of 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. On April 8, 2024, the single hearing was held. On July 5, 2024, we were notified of the Court's decision declaring our *lis pendens* exception to be founded, and consequently, the protective proceeding was declared concluded. Concluded process.

In Management's opinion, according to the opinion of their external legal advisors, the qualification of the contingency of this process is remote.

(e) Payments on account for the 2000 fiscal year –

The Tax Court, through TCR N°17133-8-2010, notified on December 30, 2010 (clarified by TCR N°16430-8-2011) put an end to the administrative procedure corresponding to the payments on account of income tax for the year 2000.

SUNAT, on November 17, 2011, notified the IR N°0150150001039 by virtue of which an alleged tax debt of S/678,541,069 was quantified. The Company filed an appeal against IT and SUNAT in order to grant the appeal, it required the payment of S/189,297,341.

By means of TCR No. 06671-11-2012, extended by TCR No.08037-11-2012, the TC (i) upheld that SUNAT resettle the fine resolutions as long as they had not been revoked; and (ii) 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 (i) the fines imposed by SUNAT were not rendered null and void; and (ii) 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 Supreme Court. On June 6, 2022, the supreme resolution declaring the Company's claim unfounded was notified. SUNAT requested the lower court to lift the precautionary measure and, consequently, the execution of the bank guarantee offered and delivered for S/45,948,058. On June 16, 2022, the Company opposed SUNAT's request, and the court granted SUNAT a period to rule on the Company's objection. On July 5, 2022, the court ordered the execution of the letter of guarantee and on July 13, 2022, the delivery of the letter of guarantee to SUNAT was ordered. Concluded process.

In the second quarter of 2021, taking into consideration the decision of the Supreme Court detailed in item (c), in the management's opinion, based on the opinion of its internal and external legal advisors, the Company changed the contingency rating from remote to probable.

In compliance with the decision of the Supreme Court in the contentious administrative proceeding detailed in point 4 above, the Tax Court issued the TCR N°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 questioning the application of interest derived from the 2000 payments on account. On March 8, 2023, the claim was declared inadmissible and on March 14, 2023, an appeal was filed. On June 6, 2023, the second instance hearing of the case was held. On June 26, 2023, the second instance judgement was issued that declared the first instance resolution null and void and ordered the first instance judge to admit the claim to processing. On August 16, 2023, we modified the lawsuit, requesting the application of the MAXCO precedent regarding default interest outside the legal period to resolve in the judicial stage. On September 7 and 9, 2023, SUNAT and the Tax Court presented their response to the claim, respectively. . The court dispensed with the single hearing and declared the claim inadmissible. The Company filed an appeal against the first instance ruling and on December 29, 2023, the superior court declared the resolution null and void. On February 12, 2024, we requested that the order of reorganization be issued. On June 17, 2024, the proceeding was considered settled and the disputed points were fixed. Likewise, the anticipated trial was ordered. On June 21, 2024, we requested the scheduling of the oral report. On June 21, 2024, we requested the scheduling of the oral report. An oral report was Scheduled for June 17, 2025 and SUNAT's request for suspension was declared inadmissible. On December 12, 2024 the request for suspension from SUNAT was deemed not submitted. On December 13, 2024, SUNAT requested the process suspension again. Pending provision.

In Management's opinion, according to the opinion of their external legal advisors, the qualification of the contingency of this process is remote.

An amparo lawsuit filed by SUNAT against the decision of the Superior Court in the previous proceeding was notified on March 7, 2024. Said amparo declared the nullity of the first instance ruling and ordered to process our claim. On March 21, 2024, we responded to the claim. On July 24, 2024, we were notified of the first instance judgment declaring SUNAT's claim inadmissible. July 30, 2024, SUNAT filed an appeal, which was granted on August 9, 2024. The scheduling of the oral report in the second instance is pending.

In Management's opinion, according to the opinion of their external legal advisors, the qualification of the contingency of this process is 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. Concluded process.

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 changed to probable.

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 changed to probable.

(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 DCP 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 IPT expenses, unsecured credit notes, among others.

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 IPT 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. On December 28, 2023, we sent a pronouncement on SUNAT's writing whereby it complied with the supreme sentence. On June 11, 2024, SUNAT answered the transfer of the Company's writing.

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

Considering the resolution by the Supreme Court, the assessment of the contingency related to the objections regarding expenses without supporting documentation, expenses unrelated to the business, DCP, and requested deductions is 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. To guarantee the cautionary measure, the Company presented a surety letter for S/9,500,000, corresponding to 2022-2023. However, as of now the precautionary measure has been rendered ineffective as a result of the Court's judgement that resolved to extinguish the precautionary measure granted because a judgement was issued against the interests of the Company. On June 20, 2024, the final archiving of the precautionary notebook was ordered. Concluded process.

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 first instance judgement. On August 8, 2023, the parties filed an appeal against the Company. On August 23, 2023, the case was submitted to the Supreme Court. On March 8, 2024, a hearing was held to determine the merits of the appeals, which were declared inadmissible. On May 22, 2024, the Tax Court and SUNAT were requested to comply with the execution of the sentence within 20 business days, discounting the excess time of the judicial process. On August 21, 2024, SUNAT fulfilled its mandate. On November 12, 2024, we issued a notice of compliance, reporting that the judgement had been executed.

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 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. The Company filed an appeal against this resolution, which was declared unfounded by a resolution notified on November 11, 2022. On November 18, 2022, the Company filed a cassation appeal against the second-instance judgment. On December 6, 2022, the file was submitted to the Supreme Court. On May 3, 2023, the appeal was declared admissible. On August 29, 2023, the oral report was conducted in the Supreme Court and on September 26, 2023, the supreme court's decision was notified, declaring the Company's cassation appeal well-founded and consequently nullifying the appellate judgment, ordering the Superior Court to issue a new judgement. On January 3, 2024, the judgment of the Superior Court nullifying the first-instance judgement was notified. On January 29, 2024, the Court of origin suspended the process and the issuance of the sentence and ordered the parties to inform when the second started process regarding the 2004 period is settled. On February 5, 2024, the Company filed an appeal. On September 3, 2024, the oral report in the first instance was held. On October 30, 2024, the judgement declaring unfounded the claim was notified. On November 8, 2024, the Company filed an appeal. On December 16, 2024, the Tribunal granted the appeal. The scheduling of the oral report date in second instance 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 August 1, 2023, the oral report in the second instance was held and on August 9, 2023, the first-instance judgement that declared the claim unfounded was revoked and, by modifying it, declared the claim inadmissible. On September 27, 2023, the Company filed a constitutional grievance appeal. On October 10, 2023, the file entered Chamber 2 of the Constitutional Court and on November 22, 2023, we requested that the process be heard by the full Constitutional Court and that a hearing date be set. The single hearing was held on September 18, 2024. Pending of sentence.

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 of 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, the Company filed a cassation appeal. On October 10, 2023, the admissibility hearing was held, and on December 18, 2023, the Company's cassation appeal was notified as inadmissible. On January 9, 2024, it was resolved to comply with the decision and send the proceedings to the definitive file. Concluded process.

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 public hearing before the plenary session was held on January 19, 2024. We presented arguments on January 22, 2024. On April 4, 2024, the judgement of the Constitutional Court declaring the claim unfounded was notified. On April 8, 2024, we requested the integration of the Constitutional Court judgment. On October 9, 2024, the Constitutional Court accepted the Company's brief.

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 of 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. On May 30, 2024, the lower-instance sentence declaring our claim unfounded was confirmed. On June 17, 2024, the Company filed a cassation appeal. On June 25, 2024, the file was submitted to the Supreme Court. On August 29, 2024, we appeared in the Supreme Court. On November 27, 2024, the qualification hearing was held.

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. An appeal was filed and granted on December 7, 2022. On January 18, 2024, the oral report in the second instance was held and the Superior Court confirmed the lower-instance sentence. On February 8, 2024, a constitutional grievance appeal was filed. On June 21, 2024, the file was submitted to the Constitutional Court. On July 24, 2024, it is required that this case be brought to the attention of the Plenary Session of the Constitutional Court.

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 was 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, the Company filed an appeal. On May 23, 2023, the appeal was submitted to the Supreme Court, and the proceedings were sent back to the lower instance. On January 17, 2024, the oral report was held in the lower instance and the sixth main claim was declared founded and the fourth and fifth main claims were declared unfounded. A writing was filed requesting correction and integration. On January 31, 2024, the Company filed a partial appeal. On April 25, 2024, the oral report in the second instance was held. On April 29, 2024, the sentence was partially confirmed insofar as it declared the claim partially unfounded. On May 14, 2024, a partial cassation appeal was filed.

On May 15, 2024, the appeal in cassation was granted, but its processing was reserved until the Court of origin issues a pronouncement regarding the points declared null and void. On May 21, 2024, the file was sent back to the Court of origin.

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, the Company filed an appeal. On September 6, 2023, the case was heard in the second instance and on September 11, 2023, the Constitutional Chamber of the Supreme Court revoked the first instance and declared it inadmissible. On September 27, 2023, a constitutional grievance appeal was filed against the second instance judgment. On October 10, 2023, the case file was submitted to the Constitutional Court and on November 22, 2023, a request was made for the process to be reviewed by the full court and a date for a hearing to be set.

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. Since we did not agree with the resolution made by SUNAT, the Company filed appeal resources 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. On December 29, 2023, the resolution of the intendancy that complies with the resolution of the Tax Court was notified. In response, the appeal was filed.

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. On December 19, 2023, we requested the issuance of the sentence and on February 2, 2024, we reiterated the request. On July 3, 2024, we requested again the issuance of the corresponding sentence. On November 12, 2024, the oral report in first instance was taken place. On November 27, 2024, the first instance ruling was notified, which partially upheld our claim regarding the application of default interests at the appeal stage and dismissed it at the claim stage. On January 7, 2025, an appeal was filed. Pending approval.

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, and 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, (i) 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 dismissed the request of 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. Against the decision made by the Superior Court, on June 14, 2023, the Company filed a cassation appeal, that was declared admissible. On March 6, 2024, a hearing on the merits was held in the Supreme Court. On June 6, 2024, we were notified of the Supreme Court's decision declaring the appeal of the Tax Court to be well founded and the second instance sentence null and void with respect to the referred objection. The integration of the sentence insofar as it only declared the nullity of the first instance judgment was requested, but not the second sentence that unfavorably rejects the objection of the sample DCP. On June 21, 2024, the Supreme Court declared the request for integration inadmissible. On July 19, 2024, the oral report in the second instance was held. On July 31, 2024, SUNAT's claim regarding the sample DCP was declared well founded. Against this decision, a cassation appeal was filed, which was scheduled for March 19, 2025.

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, and the claim was declared inadmissible and the exception of lack of standing was deemed unfounded. SUNAT filed a cassation appeal, which was elevated to the Supreme Court on December 20, 2023. On June 24, 2024, the File was submitted to the Supreme Court. The scheduling of the oral report is pending.

In Management's opinion, based on the opinion 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 objection for lack of standing filed by the Company 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. On March 11, 2024, the File was submitted to the Supreme Court. The scheduling of the oral report is pending.

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

Regarding the Income Tax for the 2003 fiscal year, on December 27, 2024, the Company filed a contentious-administrative lawsuit requesting the annulment of TCR N°8667-4-2024 related to the TI 2003 specifically regarding the statute of limitations on the collection action. The same day the lawsuit was admitted for processing.

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

(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 DR 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. On March 7, 2024, we requested the issuance of the sentence.

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 of SUNAT's response. On June 2, 2022, the date for the hearing of the case has been set for July 20, 2022. On July 26, 2022, the ruling declaring the lawsuit unfounded was confirmed, and on August 9, 2022, the Company filed a cassation appeal, which was declared inadmissible. Concluded process.

Considering the outcome obtained in the Supreme Court, the Company, together with its external legal advisors, qualifies the contingency as 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 Management's opinion, according to the opinion of their external legal advisors, the qualification of the contingency of this process 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 the 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. 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 letter of compliance 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 DCP with respect to the preliminary injunction as a collection mechanism. On June 21, 2023, SUNAT filed an appeal with respect to the objection of DCP with respect to the preliminary injunction as a collection mechanism and on June 22, 2023, the Company 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. On March 15, 2024, SUNAT's appeal was heard and declared admissible. On May 15, 2024, the oral report in the Supreme Court was held. The Supreme Court ruled in favor of SUNAT in the cassation appeal they filed, consequently, it declared our claim unfounded with respect to the argument on the statute of limitations for the collection of the tax debt, ordering the Superior Court to rule on the other points of the claim. On September 12, 2024, the oral report was held and on September 30, 2024, the Superior Court's judgment was notified, which declared the first instance judgment null and void, ordering the Court to issue a new resolution. On January 16, 2025, the oral report in the first instance was held.

In the opinion of Management, based on the view of its legal advisors, regarding the DCP objection and the prescription objection, the assessment is probable. Regarding IPT objections, amortization of maintenance expenses and late interest, the contingency is remote. With respect to the other items, 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 DCP 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 second instance judgement was notified, declaring the first- instance judgement null and void. On September 14, 2023, the file was sent to the court of first instance. On October 24, 2024, we requested the issuance of the sentence. The issuance of a new sentence is pending.

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; and (viii) default interest. On June 25, 2024, the oral report in the lower instance was held. On August 12, 2024, the first instance judgment declaring the claim unfounded was notified. On August 19, 2024, the Company filed an appeal and on August 27, 2024, the appeal was granted. On December 17, 2024, the oral report in the second instance was held. On January 2, 2025, the ruling was issued that overturned the first instance judgement and declared our claim valid in terms of the statute of limitations. SUNAT is within the deadline to file an appeal.

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, the Company 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. On April 23, 2024, we were notified of the first instance sentence declaring the Company's claim unfounded, for which reason the Company filed an appeal. On July 3, 2024, the superior court declared the nullity of the first instance sentence and ordered the issuance of a new pronouncement. On November 4, 2024, the case file was submitted to the Court for a new ruling.

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

(f) 2002 Fiscal Year Income Tax:

Regarding the 2002 fiscal year, on December 2, 2024, the Company filed an administrative contentious lawsuit requesting the annulment of TCR 07804-5-2024 of the 2002 TI in the aspect concerning the statute of limitations on the collection action. The admission of the lawsuit is pending.

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

(g) 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 TI, 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. On November 17, 2023, the oral report was carried out in the first instance. On May 31, 2024, we were notified with the lower-instance sentence, which declared our claim to be founded only with respect to the non-application of late payment interest for the delay in resolving the administrative case. The parties filed appeals with the Company. On June 18, 2024, the appeals were granted. On July 25, 2024, the oral report in the second instance body was held and on August 26, 2024, the second instance judgment was issued by which it upheld the argument of the statute of limitations to collect the tax debt and, consequently, declared our claim well founded. SUNAT and the Tax Court filed a cassation appeal. The oral report in the Supreme Court scheduled for March 16, 2025, is pending.

In the opinion of Management, based on its legal advisors' opinion, the qualification of the contingency related to the DCP repair is probable, by virtue of the result downloaded from the Supreme Court's case file consultation system from the appeals filed in the processes described in TCR N°17044-8-2010 (2000-2001) and 11450-5-2011 (1998), as well as the statute of limitations. Regarding the repair of financial burdens, the contingency is possible. With respect to the other objections, the contingency classifies as 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. On November 16, 2023, the first instance judgement that declares SUNAT's claim partly founded on the point of advance payments was notified. On November 23 and 24, 2023, the parties and the Company filed an appeal. On April 1, 2024, the Superior Court declared the claim with respect to the sample DCP objection as well founded. The rest of SUNAT's claim was confirmed. On April 15, 2024, SUNAT filed an appeal and on April 16, 2024, the Company filed an appeal. On May 3, 2024, the File was submitted to the Supreme Court. On December 19, 2024, the cassation appeals of SUNAT and the Fiscal Court were declared admissible. Pending merits hearing programming.

In the opinion of Management, based on its legal advisors' opinion, it classified the contingency as remote regarding the DCP sample adjustment. Expenses accrued in previous periods; tax amortization not accepted for not being justified the price paid of the intangible. The contingency of the credit application for payments on account of the fiscal year is changed to possible.

(h) 2006 Fiscal Year Income Tax –

Regarding the 2006 fiscal year, on September 14, 2022, the Company 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) IPT; (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; (ix) Default interest and its capitalization; and (x) Statute of Limitations. On October 20, 2022, the lawsuit was admitted for processing. On September 28, 2023, the application of the MAXCO precedent was declared inadmissible. On October 6, 2023, an appeal was filed. On March 26, 2024, we answered the request for suspension of the proceedings requested by SUNAT and the resolution that declared the request for application of the MAXCO precedent inadmissible was declared null and void. On December 19, 2024, the oral report was held in the first instance. The issuance of the first instance judgement is 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. The contingency of the disallowed depreciation adjustment is being changed from remote to 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. On November 7, 2023, the oral report was carried out in the first instance. On July 3, 2024, we requested the issuance of the sentence. On September 19, 2024, we reiterated our request for the issuance of a judgment.

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

(i) 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.

(j) 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) IPT, (iii) connection fee, (iv) payments on account, and (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. On August 23, 2024, the oral report was heard in the first instance. The issuance of the first instance judgement is 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, the contingency is 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. On May 28, 2024, the oral report in the lower instance was held. On May 30, 2024, the lower-instance sentence declaring SUNAT's claim unfounded was confirmed. On July 25, 2024, the oral report in the second instance body was held and, on July 30, 2024, the judgment declaring the nullity of the first instance judgment was issued. To date, a new resolution is pending to be issued.

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: FC, DCP, 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; and (iii) declared the nullity of the objections related to: Interconnection expenses, management fee; and, DCP regarding the months of February to June, August and October to December.

Then, the Company was notified with TCR N°03615-5-2022, which partially revokes the aspects related to the objections regarding the provision for doubtful accounts and unsupported exchange differences, as well as the aspect concerning the recalculation of gross income due to the withdrawal of goods (Red Analógica Nortel) Subsequently, corresponding compliance resolution was issued to us.

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 DCP, 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 DCP 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, a 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, and (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 was scheduled in the first instance for September 12, 2023, which was left without effect taking into account that on September 8, 2023, SUNAT requested the conclusion of the process without a declaration of merits due to straining the subject matter. On October 5, 2023, SUNAT's request was declared inadmissible. The Court annulled the oral report scheduled for January 16, 2024, to the extent that SUNAT has requested that this file is added to the contentious administrative process in which we question the default interest applied when the compliance mayor's resolution was issued. SUNAT requested the accumulation with the file in which the TCR No. 03615-5-2022 is discussed, which was declared founded and consequently, it was ordered that the ACA 52 be accumulated to the present process. On May 23, 2024, the Company filed an appeal. On June 21, 2024, it was ordered to report on our appeal. On July 16, 2024, the Company requested the statute of limitations on the collection authority and the application of MAXCO. It is still pending.

As the FC and Overhead objections were resolved unfavorably for the Company, the contingency rating was changed 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 is remote, while the contingency for the objection to DCP is probable.

In compliance with the same TCR, on September 16, 2022, the Company 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, and (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. On February 23, 2024, SUNAT requested the suspension of the proceeding. On March 26, 2024, we answered SUNAT's request. On June 25, 2024, since the request for accumulation of proceedings was declared well-founded, it was decided to remit this file.

The Company, based on its legal advisors' opinion, qualifies the contingency related to the DCP repair as probable, by virtue of the result of the appeals filed against the TCR N°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 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) Management fee; and (ii) amortization of intangibles. Likewise, it ordered a new review of part of the DCP and of the exchange difference loss, pending a new pronouncement by SUNAT. On August 18, 2020, the IR that complied with the order of the TC was notified, 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 and the Company 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, the Company 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, the admissibility qualification hearing took place. On October 10, 2023, an enforcement action that annulled cassations because the hearing judgement did not have the necessary votes regarding DCP's objection was notified. On November 9, 2023, the first resolution hearing was held, and the deciding member agreed to declare the Company's claim unfounded. On December 28, 2023, the second resolution hearing was held, and the deciding member joined the votes to declare the Company's claim founded in terms of DCP and interest capitalization; and unfounded in the extreme of the protection of default interests. On January 18, 2024, the Company filed an appeal against the objection resolved unfavorably to the interests of the Company. To date, SUNAT's appeal has been declared admissible and those of the Tax Court and the Company have been declared inadmissible. On September 4, 2024, an oral report was held in the Supreme Court. On September 6, 2024, a pleading was filed. On December 19, 2024, it was declared: i) the cassation appeal by SUNAT was upheld, confirming the first instance ruling in the part that declared the DCP unfounded, and ii) the appeal for cassation by MEF was dismissed, specifying that the capitalization of interest only applies to the period between December 25, 2006 and March 15, 2007 (claimed period). On the other hand, on January 8, 2025, the hearing on the Company's cassation appeal regarding the other disputed objections was held.

The Company, based on the opinion of its legal advisors, considering the result of the TCR No. 17044-8-2010, 17133-8-2010, and 01853-8-2011 in the second quarter 2019, the qualification of the process was modified to probable, to the extent of the Supreme Court's resolution in the administrative contentious processes of the years 2000 and 2001 of TDP and the year 2000 of TM regarding the objections of Overhead and Carveout. It also rated as probable the objections of cost depreciation and undue depreciation.

The Company, based on its legal advisors' opinion, qualifies the contingency regarding the DCP repair as probable, by virtue of the result downloaded in the Supreme's Court's file consultation system of the cassation appeals filed in the proceedings discussed in TCR N°17044-8-2010 (2000-2001) and 11450-5-2011 (1998). With respect to the other objections, the contingency is 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 Intendence 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. Concluded process.

Based on the opinion of its legal advisors and the result obtained, the qualification of the contingency is 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, the Company 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 the 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. On November 14, 2023, the first instance judgement declaring the claim unfounded was notified. On November 23, 2023, the Company filed an appeal, which was granted on December 18, 2023. On April 2, 2024, we were notified of the second instance sentence that revoked the lower-instance sentence and declared our claim as founded. On April 16, 2024, SUNAT filed an appeal. On May 7, 2024, the File was submitted to the Supreme Court. On January 9, 2025, SUNAT's appeal was declared inadmissible, thus concluding the process.

On the other hand, compliance resolutions were notified, which have been challenged through appeals. To date, these appeals are pending to be heard by the Tax Court.

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 Móviles. Since it did not agree with the resolution, an appeal was filed before the TC.

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. On June 19, 2024, we requested the issuance of a sentence. On July 3, 2024, we requested the following to be considered: (i) the statute of limitations of the Tax Administration's power to collect the debt and (ii) the non-application of late payment interest due to the excess of the legal term to resolve. The oral report in first instance has been scheduled for April 29, 2025. Additionally, the defendants were notified of the document. On October 15, 2024, and October 28, 2024, the Tax Court granted the transfer concerning the request for prescription and also submitted its response regarding the request for the non-application of late payment interest. On December 23, 2024, the Court absolved the transfer conferred to the Tax Court and ordered that the files be left in the office to issue the respecting ruling. In addition, the Court accepted the Tax Court's response declaring SUNAT in default regarding the Company's extension of the claim.

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 to the IR, 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 Superior Court's decision, the Company filed a constitutional appeal before the Constitutional Court, which was rejected. Concluded process.

In the opinion of Management, based on its external legal advisors' opinion and the results obtained in the Constitutional Court, the qualification is probable.

As a consequence of the rejection of the aforementioned protection and in accordance with provisions of the MAXCO binding precedent, on October 22, 2024, the administrative contentious lawsuit was filed to request the non-application of the late payment interest on the Income Tax for the year 2002. The lawsuit is pending to be admitted.

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

Likewise, regarding the compliance with the 2002 Income Tax, a contentious administrative lawsuit was filed on October 15, 2024, requesting the annulment of TCR N°06326-8-2024 on the grounds concerning the non-application of administrative late payment interest and the prescription of SUNAT's collection action. The lawsuit was admitted for processing on December 5, 2024.

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

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, the Company filed a cassation appeal, 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 TCR. 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, the Company was notified of the resolution that brought the TCR compliance to our attention. To date, the process is concluded.

The Company, based on the opinion of its legal advisors, has reassessed the qualification of the contingency for the DCP objection and has changed 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 the other hand, on October 24, 2018, SUNAT judicially challenged the TCR N°05108-1-2018 by which the request for a refund of S/35,000,000 submitted by the Company 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 January 27, 2022, SUNAT's appeal was declared admissible. On October 6, 2022, the Oral Report was held in the Supreme Court. On November 23, 2022, the supreme resolution that declared SUNAT's cassation appeal unfounded was notified. Concluded process.

Based on the result obtained in the Supreme Court, the Company, based on of its external legal advisors' opinion, has classified the contingency as remote.

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. On October 16, 2023, the single hearing was held. On May 9, 2024, we requested the issuance of the corresponding sentence. On October 2. 2024, the first instance judgement was issued declaring the lawsuit inadmissible. The judgement was appealed. To date, the cassation appeal is still pending.

In Management's opinion, based on the opinion of its external legal advisors, the contingency has changed from remote to possible.

(d) 2004 Fiscal Year Income Tax and VAT -

Within the framework of the administrative procedure, on August 29, 2009, SUNAT issued the IR resolving the claim filed by Telefónica Móviles for the 2004 fiscal year Income Tax and VAT. Since it did not agree with the resolution, an appeal was filed before the TC.

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) and the TC ordered that SUNAT recognize the requested deductions, if applicable and upheld for other matters. Currently, the issuance of the IR 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. Concluded process.

The Company, based on the opinion of its legal advisors, has reassessed the contingency rating for the DCP objection and has changed it to probable by virtue of the issued by the Supreme Court regarding the cassation appeals filed in the proceedings that are discussed in TCR No. 17044-8-2010 (2000-2001) and 11450-5-2011 (1998).

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 IR, on October 21, 2020, an appeal was filed, 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, 2021, 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 IR 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. On February 2, 2024, the process in the case discussed during 2000 - 2001 was filed. A resolution was issued stating that SUNAT has complied with the sentence of the Constitutional Court by issuing the compliance resolutions. Against this, on April 4, 2024, the Company filed an appeal pointing out that the compliance resolution to date has been appealed by both SUNAT and the Company, thus it cannot be considered as a valid enforcement order. Finally, on April 5, 2024, the Court answered the letter sent by the enforcement court indicating that SUNAT complied with the ruling of the Constitutional Court through two Compliance Office Resolutions. However, as a result of the request, on the same day it was issued a second official letter informing the court that the first resolution declaring SUNAT's partial compliance had been appealed and that the second resolution was still within the time limit to appeal. Regarding SUNAT's lawsuit, the Company filed an exception for failure to exhaust administrative remedies. 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. Concluded process.

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 second instance ruling was notified, which declared SUNAT's claim founded only with respect to Carveout's objection, and unfounded with respect to the objections of DCP and modification of the coefficient. Against the judgment, the parties filed cassation appeals, which were finally resolved as follows: (i) favorably for the objection to the modification coefficient, (ii) unfavorably for Carveout (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 July 3, 2023, the file entered the Supreme Court. On October 4, 2023, the admissibility hearing took place. On November 29, 2023, the substantive hearing was held. On December 22, 2023, the supreme executive order was notified declaring SUNAT's cassation unfounded regarding the DCP sample. On January 10, 2024, the file was forwarded to the lower-instance court. The order was deemed to have been complied and the proceeding was filed. Concluded process.

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 Carveout is rated as probable, and with respect to the coefficient modification objection, the contingency is remote.

For the same tax period (2004), the Company initiated an amparo action on the inapplicability of the interests that exceed 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. Concluded process.

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 IR 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 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. On October 4, 2023, the first instance judgement was notified, which declared the claim founded on the point of capitalization and excess of time on appeal, and unfounded on the other points (it does not rule on MAXCO). On October 11, 2023, an appeal was filed. On December 12, 2023, the case was heard in the second instance and on December 28, 2023, the second instance judgement was notified, declaring the first instance judgement null and void. On January 19, 2024, the file was submitted to the first-instance court. On July 22, 2024, the oral report in the first instance was held. On the same day, the judgment declaring the claim partially founded was notified. On August 19, 2024, an appeal was filed by the Company, which was granted on August 27, 2024. On December 16, 2024, the oral report in the second instance was held. On January 2, 2025, the second instance judgement was notified, which declared our lawsuit unfounded on the grounds of the statute of limitations for the collection action, considering that Paramonga case is not applicable to the Company's case as it is not a constitutional precedent. On the other hand, it declares our lawsuit well-founded in the aspect of the non-application of late payment interest due to the delay in resolving by the Tax Administration and the aspect of interest capitalization.

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 rental expense adjustments, the contingency was classified as possible, while the adjustments for asset depreciation and loss carryforwards were classified as possible. The contingency remains remote for the other 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 is scheduled for April 10, 2025.

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 items, 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's orders. On October 2, 2023, a first instance judgement was issued declaring the claim for capitalization justified and unjustified in all other respects (no ruling on MAXCO). On October 9, 10 and 11, 2023, the parties filed an appeal. On December 12, 2023, the trial hearing took place, and on December 28, 2023, the second-instance judgement was notified, declaring the first-instance judgement null and void. On June 11, 2024, the oral report in the lower instance was held. On November 8, 2024, the first instance judgment was notified, declaring TDP's claim unfounded and SUNAT's lawsuit justified. On November 15, 2024, an appeal was filed. The appeal was granted on December 10, 2024.

The Company, based on the opinion of its legal advisors, classified the contingency to probable with respect to the interest adjustment on the transferred debt and with respect to the adjustment of the modification of the ratio as possible. With respect to the other objections, 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, (vi) Recovery of DCP, (vii) Modification of the coefficient applicable to payments on account, (viii) Objection to the tax credit for management expenses and business management consultation, and (ix) 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 (non-application of interest outside the legal term to resolve by SUNAT and the Tax Court). On May 2, 2023, SUNAT complied with the court's orders. On October 2, 2023, a first instance judgement was issued declaring the claim for capitalization justified and unjustified in all other respects (no ruling on MAXCO). On October 9, 10 and 11, 2023, the parties filed an appeal. On December 12, 2023, the trial hearing took place, and on December 28, 2023, the second-instance judgement was notified, declaring the first-instance judgement null and void. On June 11, 2024, the oral report in the lower instance was held. On November 8, 2024, the first instance judgment was notified, declaring TDP's claim unfounded and SUNAT's lawsuit justified. An appeal was filed on November 15, 2024, which was granted on December 10, 2024.

The Management, based on its legal advisors' opinion, has qualified the contingency regarding the DCP repair as probable, by virtue of the result downloaded in the Supreme Court's file consultation system of the appeals for cassation filed in the proceedings discussed in TCR No. 17044-8-2010 (2000-2001) and 11450-5-2011 (1998); in the same way regarding the prescription. Regarding the remaining objections, the contingency rating is remote and for the repair of intangibles deducted and not paid for the 2003 period, its rating is probable.

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, as the Company did not agree with the ruling of the SUNAT, 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. On March 7, 2024, the issuance of the judgement was requested.

In the opinion of Management, based on its legal advisors' opinion, the contingency regarding the statute of limitations changed in 2023 as probable. With respect to the over expenditure 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, the Company filed an appeal in cassation. The hearing to determine the merits of the appeal was held on January 12, 2024, and the appeal was declared inadmissible. The court considered the sentence to have been complied with and declared the process to be closed. Concluded process.

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. Regarding the repair of expenses for ITF and depreciation of assets, 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 by the High Court. 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. Concluded process.

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. On July 19, 2023, it was resolved to take into account the MAXCO document when sentencing, and the request for non-application of the moratorium interest was deemed inadmissible as it was considered an enlargement of the lawsuit. On July 27, 2023, an appeal was filed. On November 24, 2023, the inadmissibility of the application of the Constitutional Court's judgment regarding the Paramonga prescription and non-application of interest was declared null. To date, the scheduling of the oral report in the lower instance 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. On March 7, 2024, the issuance of the sentence was requested. On November 29, 2024, the first instance judgement declaring our claim unfounded was notified. On December 6, 2024, the Company filed an appeal. Pending granting of appeal.

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. On March 7, 2024, the issuance of the sentence was requested. To date, the issuance of the first instance judgement is pending.

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

(f) Impuesto a la Renta del ejercicio 2002 -

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. On March 18, 2024, the sentence was issued declaring our claim to be partially founded only with respect to the non-application of late payment interest. On March 27, 2024, we filed an appeal. On May 23, 2024, the oral report in the second instance was held and, on July 3, 2024, the second instance sentence was issued declaring the lower instance sentence null and void. The remission of the file to the lower instance is pending.

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 respect to the other items, the contingency is 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. On January 15, 2024, the oral report in the lower instance was held. On January 31, 2024, the sentence declaring our claim unfounded was notified. An appeal was filed. On April 23, 2024, the oral report in the second instance was held. On May 2, 2024, the nullity of the lower instance sentence was declared. Pending the issuance of a new judgement by the court of first instance.

The Company, 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 a contentious administrative 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. To date, the scheduling of the oral report in the lower instance is pending. On April 2, 2024, we were notified of the lower-instance sentence declaring our claim to be founded only with respect to the non-application of late payment interest and its capitalization. On April 4, 2024, the Company filed an appeal. On June 19, 2024, the oral report in the second instance was held and the claim was declared unfounded. On July 18, 2024, a cassation appeal was filed against the second instance judgment. The hearing of the case in the Supreme Court scheduled for January 22, 2025 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. On September 19, 2023, SUNAT's lawsuit was declared unfounded in the main claim and the ancillary claim was deemed inadmissible as it falls under the jurisdiction of another court. On October 19, 2023, SUNAT's appeal was granted. On November 28, 2023, the trial was held, and on November 30, 2023, the first-instance judgement was declared null. On January 29, 2024, the suspension of the proceedings was ordered and on February 6, 2024, the Company filed an appeal against the suspension. On April 4, 2024, the Court granted our appeal, and the file was sent to the Superior Chamber. On May 31, 2024, the resolution that declared the suspension of the process was declared null and void. To date, a new resolution is pending to be issued.

In Management's opinion, upon the opinion of its legal advisors, it qualified the contingency as remote for the fine resolutions and the statute of limitations issue as probable.

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. The issuance of the sentence is pending.

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 the Company 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. On September 6, 2023, the first instance judgement was issued declaring SUNAT's claim unfounded in all its aspects. On October 17, 2023, SUNAT's appeal is granted. On December 15, 2023, the case was heard and on December 22, 2023, the first instance judgement was declared null and void. On August 15, 2024, the oral report was heard in the first instance. On September 3, 2024, the first instance judgment was notified, declaring SUNAT's claim unfounded and TDP's request for prescription unfounded. The case was heard on November 19, 2024. On December 2, 2024, the second instance judgment was notified, confirming the first instance judgment. An appeal was filed on December 17, 2024, and was granted on December 20, 2024.

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 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 case was heard in the second instance and on October 31, 2023, the first instance judgement that declared the claim unfounded was partially confirmed and the amortization clause was revoked. On November 16, 2023, the appeal of SUNAT and the TC is raised. On December 12, 2023, the file was submitted to the Supreme Court. On October 2, 2024, the oral report was held in the Supreme Court. On November 6, 2024, a cassation judgment was issued declaring the appeal filed by the Company well-founded and the appeal filed by SUNAT unfounded.

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. On March 23, 2024, the oral report in the lower instance was held and a judgment was issued declaring SUNAT's claim to be founded only in the matter of the statute of limitations of the collection action. On March 27, 2024, an appeal was filed by the Company. On May 31, 2024, the second instance sentence was issued confirming the first instance sentence. On June 12, 14 and 17, 2024, the parties filed appeals against the Company. The file is in the Supreme Court. The case is pending hearing scheduled for January 22, 2025.

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 respect to the other items, the contingency is 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 answered the lawsuit. A lower-instance oral report was held on April 19, 2024. On April 30, 2024, the lower-instance sentence declaring SUNAT's claim unfounded was issued. On July 19, 2024, the oral report in the second instance was held. On July 26, 2024, the Superior Court declared the nullity of the first instance judgment. On October 9, 2024, a first instance judgment was issued declaring SUNAT's claim unfounded and dismissing TDP's request for prescription. On April 18, 2024, the oral report in the second instance was held. On December 27, 2024, the second instance judgment was notified, confirming the first instance judgment and revoking the aspect of the prescription.

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

Regarding payments on account of IT 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. On October 10, 2023, the oral report was held. On November 17, 2023, the first instance judgement was notified declaring SUNAT's claim unfounded and its claim for full jurisdiction inadmissible. On November 24, 2023, the parties filed an appeal. On December 19, 2023, appeals are granted. On March 21, 2024, the case was heard in the second instance. On April 15, 2024, the second instance sentence was issued declaring the nullity of the first instance sentence.

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

Regarding the Income Tax for the year 2003, on April 3, 2023, we were notified of a lawsuit by SUNAT requesting the annulment of TCR N°08644-5-2022 corresponding to TM 2003 in the aspects that revoke Resolution of Intendancy No. 150150002700 dated March 2, 2021, Determination Resolutions and Fine Resolutions, linked to the Income Tax for the year 2003, modification of the coefficient of their advance payments from January to December 2003 and their associated fines. On April 19, 2023, we responded to the lawsuit. On December 19, 2023, the oral report was held in the first instance. To date, the issuance of the first instance judgement is pending.

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

Regarding the Income Tax for the year 2002, on April 19, 2023, the lawsuit filed by SUNAT against TCR N°07839-8-2022 was notified, through which it requests its nullity in the matter of the intendancy resolutions and fine resolutions. On May 3, 2023, we answered the lawsuit. An oral report in the lower instance has been scheduled for October 20, 2025.

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

Regarding the Income Tax for the year 2004, on May 22, 2023, SUNAT was notified of the lawsuit filed against TCR N°09335-1-2022 in which it requests nullity regarding the resolutions of intention and penalty resolutions. On June 5, 2023, we responded to the lawsuit. As of now, the oral report in the first instance scheduled for October 17, 2024, is pending.

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

Regarding the Income Tax for the year 2005, on August 8, 2023, the lawsuit filed by SUNAT against TCR N°9344-1-2022 was notified, which it requests nullity regarding the resolutions of intention and penalty resolutions. On August 15, 2023, the Company raised objections of lack of standing to act regarding the claim of full jurisdiction. On August 22, 2023, the lawsuit was answered. An oral report in the first instance is scheduled for December 28, 2025.

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

Regarding the Income Tax for the year 2004, on October 27, 2023, the lawsuit filed by SUNAT against TCR N°01064-2-2023 was notified, in which nullity regarding the resolutions of intention and penalty resolutions. The complaint was answered on November 13. On March 26, 2024, a request was made to reorganize the process. To date, the scheduling of the oral report in the lower instance is pending.

In the opinion of the Company, based on the opinion of its legal advisors, it qualified the contingency as remote with respect to 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.

Therefore, 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.

Against it, 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 March 7, 2017, 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.

In view of the above, the Company filed an administrative dispute. On January 17, 2024, we were notified with the lower-instance sentence declaring our claim to be well founded. On June 18, 2024, MTC's appeal was granted with suspensive effect. On September 12, 2024, the oral report was held in the second instance body, and, on October 2, 2024, the Superior Court declared the nullity of the first instance sentence and ordered the Court to issue a pronouncement. On January 6, 2025, the court ordered that the proceedings be forwarded to its office so that it can issue a judgment. We have requested that an oral report be scheduled.

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.

Against the decision issued by INDECOPI, the MTC filed an administrative contentious lawsuit declaring that the calculation methodology contained in the General Regime constituted a bureaucratic barrier declared null and void.

In this regard, 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, it was notified that Superior Court judgment declared the claim as unfounded. On February 18, 2021, we learned that the MTC filed a cassation appeal (we have not been notified yet). 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 as 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 Court's 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, the Company filed an appeal, which was granted on May 23, 2023. On June 20, 2023, the case was elevated to the Supreme Court to resolve the appeal filed by the Company against the first instance judgment.

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.

In the opinion of the Management and based on the opinion of its external advisors, the qualification of this contingency was changed to possible in 2023.

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, and is awaiting the issuance of SUNAT's compliance resolution.

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 rating is remote.

Subsequently, within the same administrative procedure, on December 1, 2020, the Company received IR No. 0150150002586, issued in compliance with the TCR detailed previously. 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, the Company filed an appeal against said judgment. On January 13, 2023, the Supreme Court ruled that the lawsuit was unfounded. Concluded process.

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, the judgment of first instance that upheld the lawsuit was notified. The same that was upheld by the Superior Chamber on October 28, 2022. On April 3, 2023, the appeal was declared inadmissible. Concluded process.

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, civil and administrative), regulatory, and customs lawsuits that are being undertaken by its external and internal legal advisors. As of September 31, 2024, 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/862,152,000 (S/945,390,00 as of December 31, 2023). 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.

30 SUBSEQUENT EVENTS

On February 14, 2025, the Company entered into a commercial credit agreement (loan) with Telefónica Hispanoamérica SA, its controlling shareholder, for up to S/1,549,000 thousand intended to exclusively finance the Company's operating deficit for the following twelve months, at a fixed interest rate of 29.13%, to be capitalized. El préstamo contiene un cronograma de desembolsos sujeto a condiciones, establecidas en función a las estimaciones de necesidad operativa de la Compañía además de contener declaraciones y obligaciones, ver nota 1.2.

Additionally, the Company will receive from its parent company the amount of S/230,000 thousand corresponding to the remaining balance to be disbursed from the loan of S/1,529,000 thousand, which is described in note 23(e).

Between September 31, 2024, and the date of approval of the financial statements, no other significant subsequent events to the ones described in the previous paragraphs have occurred that in the opinion of the Company's management require any additional disclosure or any adjustment to the balances presented in the financial statements.