

# *Telefónica*

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## **Quarterly Results**

Telefónica del Perú S.A.A.

January – March 2021

# 1. First-quarter highlights - 2021



SINCE THE START OF THE NATIONAL EMERGENCY, MOVISTAR HAS BEEN WORKING TO ENSURE THE CONTINUITY OF SERVICES FOR PERUVIANS. FURTHERMORE, IT HAS GATHERED ITS FORCES TO PROVIDE THE MOST NEEDED INITIATIVES.



## Twelve thousand rural communities with 4G internet

Throughout the COVID-19 emergency restrictions, Movistar Peru has kept expanding high-speed mobile internet access to rural populations in Peru utilizing "Internet Para Todos (IPT), a company created by Telefonica, Facebook, BID Invest, and CAF. Since starting operations, IPT has managed to connect around two million Peruvians in nearly 12,000 remote locations in the country.



## Movistar contributed to the manufacturing of additional 25 mechanical ventilators to combat the second wave of COVID-19.

In the first quarter of 2021, Fundación Telefónica Movistar provided resources to manufacture, on top of the 50 already delivered in October 2020, additional 25 mechanical ventilators to save lives and mitigate the impact of the medical emergency.

## We made customer service easier by renewing 'Mi Movistar' app

The new and improved Mi Movistar app with combined services has to date 1.7 million users and at the end of 2021, we expect to have 3.6 million users signed up. This app simplifies client self-management as it attends to all the customer's needs on just one platform.



## A "Transparency and Privacy Center" so that customers can safeguard their personal data

The Transparency and Privacy Center stores detailed information on how the company safeguards and processes the personal information of its users. This Center is the first in the telecommunications market in Peru and one of the first in the country.

## More Peruvians can make instant banking transactions

The solution "TI7X24" created by Movistar and implemented by the Chamber of Digital Compensation (CCE in Spanish), facilitates digital payment transactions that are safe and instant at any time of the day, including weekends and public holidays.

According to the CCE, between January and February, 2021 instant transactions between banks increased at an average rate of 442% compared to the same period in 2020.



"At Movistar, we are committed to accelerating the digital transformation of the country whilst giving everyone opportunities to access the benefits such as online education and working from home. We look to provide the best technologies not only in the big cities but also in remote towns and villages".

**Pedro Cortez**  
Executive President  
Telefónica del Perú



## More Peruvian homes connected to fiber optics

Today 1.1 million homes now have access to this technology that is up to 20 times faster than other technologies on the market. At year end, we hope to have reached 1.6 million homes.





## **Results for the first quarter - 2021**

## **2. Results for the first quarter - 2021**

### **TELEFÓNICA DEL PERÚ PRESENTED FINANCIAL RESULTS FOR THE FIRST QUARTER 2021**

- **Operating income (sales) amounted to S/ 1,639 million in this first quarter of the year.**
- **In February of this year, the company renewed the Mi Movistar app, which now brings fixed and mobile service solutions together in a single tool. This platform simplifies customer self-management.**
- **Telefónica del Perú is continuing with its plan to transform and digitize its processes, as well as simplifying its organizational structure and making it more efficient. Accordingly, Telefónica del Perú has launched an incentivized retirement plan for a certain group of employees.**

**Lima, April 27, 2021-** Telefónica del Perú reported in its first-quarter-2021 financial report an operating income (sales) of S/ 1,639 million, which is 7.9% lower compared to the same period in 2020. This period was marked by the quarantine restrictions in February and partially in March. This implied stopping customer attention in stores and limited commercial activity in the sector.

The largest revenue component was the fixed segment (home internet service, pay TV, and fixed telephony), which amounted to S/ 840 million, a growth of 3% compared to 4Q20. The foregoing was leveraged on the convergent offer "Movistar Total", which integrates mobile services with landlines.

Additionally, the Movistar mobile business reached 11.4 million accesses, + 4.9% compared to 4Q20. In the prepaid segment, Movistar achieved an improvement of 305,000 accesses compared to the last quarter of 2020. In the postpaid segment, Telefónica del Perú had a net gain of 231,000 accesses vis-a-vis 4Q20.

During 1Q21, the mobile business secured revenues of S/ 799 million, which is 0.2% lower than that registered in 1Q2020. In this segment, post-paid mobile telephony generated sales of S/ 402 million (-6%), while prepaid service registered a growth of 6.9%, reaching revenues of S/ 144 million. It should be noted that the income from terminal sales in 1Q21 was S/ 220.5 million, representing a growth of 10.6% compared to 1Q20. In addition, revenues from Mobile Wholesale services totaled S/ 36.1 million in 1Q21, 10% higher than in 1Q20.

In line with the projections of the Central Reserve Bank (BCR), which estimates economic growth of 10.7% at the end of 2021, commercial activity is expected to regain its upward rhythm during the next quarters, once the restrictions to its normal commercial operations subside. Additionally, there is the need for users to improve their telecommunications services in a context in which connectivity has become essential.

## Digitalization

Another relevant point is that, in the first quarter of this year, Telefónica del Perú continued to strengthen digitalization in customer service and experience.

Consequently, last February the renewal of the Mi Movistar app was announced. This now unifies fixed and mobile service solutions in a single tool. This platform simplifies customer self-management.

My Movistar app has more than 1.7 million users to date and by the end of 2021, it is expected to reach about 3.6 million subscribed users.

Furthermore, since January 1, the "Movistar Transparency and Privacy Center" is available to customers. This Center contains detailed information regarding how the company safeguards and processes the personal information of its users. The "Movistar Transparency and Privacy Center" is the first in the Peruvian telecommunications market and one of the first in the country.

## Retirement Plan

Telefónica del Perú has initiated an incentivized retirement plan that, depending on worker years of service and date of birth. The plan includes financial compensation of up to five years of remuneration (60 salaries)–, which is much higher than that established by law, and the provision of private health benefits up to the same period. Added to this is a six-month job transition program. Similar processes occurred in 2018 and 2019.

This situation is the result of the transformation in the telecommunications sector, accelerated by the various technological developments that have forced the organization to maintain momentum towards simplification and digitalization.

Given the lack of willingness of the trade union organizations invited to the meet, on Friday 23, March, a collective dismissal procedure was initiated before the administrative labor authority. This decision is intended to ensure long-term operational sustainability. As an alternative solution, Telefónica del Perú will still be offering the retirement plan.

## Connectivity

Telefónica del Perú continued expanding access to 4G internet for rural populations via the Internet para Todos (IPT) company, which we along with Facebook, BID Invest, and CAF created in 2019. Since it began its operations in Peru, IPT has managed to connect about 12 thousand remote locations in the country to 4G internet. This figure represents about two million Peruvians who now have adequate mobile internet.

Likewise, the massive and progressive deployment of fiber optics to homes has been reinforced. Today, 1.1 million homes nationwide already have access to this technology that allows reaching speeds of up to 1,000 Mbps. This service will improve user experience when doing activities simultaneously. By the end of 2021, we expect to reach 1.6 million urban homes with fiber optics.

Moreover, through Fundación Telefónica Movistar, in the first quarter of 2021 Telefónica del Perú contributed to alleviating the effects of the pandemic with the production of 25 new mechanical ventilators, in addition to the 50 already delivered in October 2020. The contributions were made to manufacture ventilators for the MASI Project of the Pontifical Catholic University of Peru (PUCP), in alliance with BREIN, DIACSA, EATech, and Zolid Design.

Of these 25 new ventilators, 9 have already been produced and were delivered to the Almenara Hospital in Lima (6), and to the Nuñez Butrón Regional Hospital in Puno (3).

Likewise, Movistar joined the initiative of the Business Solutions Against Poverty Association (SEP) to transport the first million Sinopharm vaccines from China to Peru.



## **Main facts of importance of the first quarter 2021**

### **3. Key events of the first quarter 2021**

The main events of importance that occurred during the first quarter of 2021 are presented below:

1. On January 5, the following was communicated concerning File No. 2021000309:  
In compliance with the Securities Market Law, it was reported that on January 4, 2021, the public deed of Simple Reorganization of Telefónica del Perú SAA was registered in favor of Telefónica Cybersecurity Tech Perú SAC. The operation entered into force on October 1, 2020. Per the law, a scanned copy of the corresponding public deed testimony was attached, as well as the registration entry in the Company Registry.
2. On January 8, the following was communicated concerning File No. 2021000309:  
The important fact reported on January 5, 2021, regarding the registration of the public deed of Simple Reorganization of Telefónica del Perú SAA in favor of Telefónica Cybersecurity Tech Perú SAC, an operation that entered into force on October 1, 2020, was complemented by attaching the Statement of Financial Position of Telefónica del Perú SAA as of the effective date of the operation: October 1, 2020.
3. On February 12, the following was communicated concerning File No. 2021005507:  
The following agreements were made during the Board Meeting:
  - I. Approval of 2020 4Q and Annual Separate and Consolidated Financial Statements;
  - II. Delegation of powers to call the Mandatory Annual Shareholders Meeting and the Special Class B Shareholders Meeting.
4. On February 12, the following was communicated concerning File No. 2021005536:  
In relation to the important fact registered on the date by Telefónica del Perú SAA regarding the resolutions adopted by its Board of Directors. Telefónica del Perú SAA complied by attaching the separate and consolidated audited financial statements for the 2020 fourth quarter and fiscal year. These will be submitted for the consideration of the Compulsory Annual Shareholders Meeting that will soon be convened.
5. On February 23, the following was communicated concerning File No. 2021007127:  
Per the provisions of the Single Ordered Text of the Securities Market Law and Resolution SMV No. 0005-2014-SMV / 01, Telefónica del Perú SAA complied with informing as an important fact that on the aforementioned date Telefónica del Perú SAA (the Company) was notified with the final resolution issued by the Constitutional Court in the amparo process initiated by the Company. The Court declared the violation of our right to a reasonable period. Consequently, the Court ordered SUNAT to carry out the calculation of interest moratoriums excluding the excess time that the tax administration took to resolve the challenges that we presented during the tax procedure.

6. On March 26, the following was communicated concerning File No. 2021011217:  
The following points were discussed at the Mandatory Annual Shareholders Meeting:
- I. Approval of Corporate Management (Financial Statements and Report)
  - II. Appointment of external auditors for the fiscal year 2021: The appointment of the firm GAVEGLIO, APARICIO Y ASOCIADOS S. CIVIL DE RL, a member of PricewaterhouseCoopers, as the external auditor for the fiscal year 2021 was approved.
  - III. Determination of the number of directors for the current three-year term: Approval was given to establish the number of members of the Board of Directors at five (5) for the current three-year term.
  - IV. Annual remuneration of directors: The remuneration of directors for the fiscal year 2021 was approved.
7. On March 26, the following was communicated concerning File No. 2021011221:  
The Special Meeting of Class B Shareholders elected the same Board of Directors for the following three-year term from the meeting date until March 31, 2024, or the date of holding the special shareholders meeting that corresponds to the election of directors, whichever occurs first:
- Mr. Pedro Salvador Cortez Rojas, who will be presiding.
  - Mr. Jose Maria Del Rey Osorio, in his capacity as independent director.
  - Mr. Bernardo Quinn Osterreich.
  - Mr. Eduardo Caride; and,
  - Mr. José Luis Gómez-Navarro Navarrete.



## **Competitive environment of the first quarter 2021**

## **4. Competitive environment of the first quarter 2021**

In 1Q21, mobility restrictions and quarantines focused on regions were again enforced due to the second wave of Covid-19. In February, a rigid quarantine was established, and by March the measures were made more flexible. February's restrictions affected the sector's commercial activity, which was reflected in the decrease in registrations and portability. In March, with the easing of restrictions, commercial activity recovered and even surpassed the levels of March 2020.

Likewise, the strong competitive intensity over the last quarters was maintained. In the mobile business, plans with higher benefits continued to be offered together with the sale of terminals with subsidies and financing. At the same time, aggressiveness was maintained in the fixed business, mainly in broadband with higher speeds and aggressive offers from fiber companies seeking to capture value areas.

As such, Movistar continued to leverage its convergent offer and acceleration plans that have allowed it to continue improving client shielding and increase commercial activity compared to 1Q20. Likewise, Movistar is maintaining strict cost controls and focusing on improving customer service.

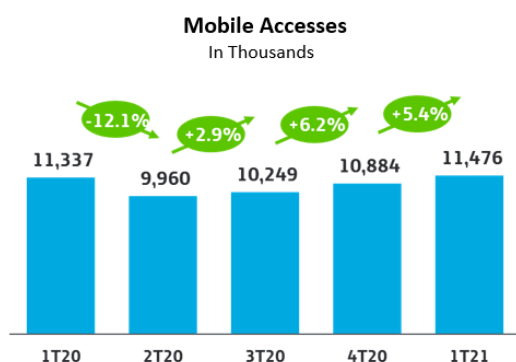
### **Mobile business**

Restrictions in February affected commercial activity: registrations and portability fell by 2.7% and 23.6% respectively compared to January 2021. However, in March, the market recovered as registrations and portabilities grew by 11.3 and 13.2% respectively vs. January 2021, and even exceeding the levels of March 2020. In this context, Movistar continues to grow in mobile accesses as a result of better shielding of clients and better commercial activity, which allowed it to compete for *flow share* leadership and increase portability.

In the prepaid segment, there was strong competition due to greater capillarity and offers with an increase of GB for top-ups. In this segment, Movistar maintained its strategy of reconnecting the infrastructure, building customer loyalty, and generating value with "Triplica" and digital top-up campaigns, which has allowed Movistar to increase accesses since July 2020. In 1Q21, Movistar had a net gain of prepaid accesses of 364,000 (vs 4Q20). In February, prepaid income was affected by the restrictions; however, in March they grew again and were even higher than the average monthly income for 2020.

In the postpaid segment, operators maintained offers with an increase of GB together with mobile terminal offers. Movistar leveraged its convergent offer and acceleration plans, which allowed it to continue increasing accesses and shielding valuable customers from the competition. In 1Q21, Movistar achieved a net gain of postpaid accesses of 229,000 (vs 4Q20), surpassing the 155,000 accesses of the previous quarter. However, in terms of income, there was a decrease due to pandemic restrictions and internal adjustments.

Furthermore, aggressiveness in mobile terminal sales was maintained. The operators maintained subsidies, financing, and offers for renewals and portability. Movistar leveraged



customer retention and cash sales, which have allowed it to maintain income compared to 4Q20, and to exceed 1Q20 by 11% with greater profitability levels (even higher than the 2020 average).

As of 1Q21, Movistar reached 11.5 million mobile accesses (6.7 million prepaid and 4.8 million postpaid), which meant an increase of 592,000 accesses (+5.4%) compared to 4Q20.

## Fixed business

According to OSIPTEL, as of 4Q20, Movistar still led the fixed market with a 67.8% share in fixed telephony, 63.9% in broadband, and 63.2% in Pay TV.

In 1Q21, competitive intensity was maintained. Movistar continued to leverage its convergent offer "Movistar Total" via promoting Pay TV and it furthermore gave discounts on duos and trios with more benefits. Meanwhile, the competition responded with increased speeds in their commercial offers, and boosted duos and trios, while fiber companies continued deploying in value areas accompanied by aggressive offers.

As such, Movistar continued to improve commercial activity and maintained its leadership in fixed flow share. Movistar has been the operator with the highest growth in broadband accesses since 4Q20 (+15,000 accesses) and in 1Q21 it managed to grow by 43,000 accesses. Movistar's total fixed income grew 3.0% compared to 4Q20. As of 1Q21, Movistar maintained the leadership in the fixed services market with 5.2 million fixed accesses, of which 1.9 million are broadband accesses, and 1.4 million are Pay TV. In the B2B segment, in 1Q21 sales of digital services doubled compared to the previous year. This was due to an offer of comprehensive solutions that facilitate the digital transformation of companies: working from home, distance education, and the digitalization of processes in a safe environment, all based on solid connectivity.

## Movistar Initiatives

Since the beginning of the national emergency, Movistar has worked to ensure the continuity of services and has promoted various initiatives to support Peruvians who need it most. As such, Movistar provided free SMS to its customers during the new period of immobilization — February 15-28.

Through "Fundación Telefónica", the company will contribute to the production of 25 new additional mechanical ventilators, of which nine have already been delivered. In addition, Movistar joined the initiative of the Asociación Soluciones Empresariales contra la Pobreza (SEP) to transport the first batch of 1 million Sinopharm vaccines to the country.

In addition, in line with the reduction of the country's digital divide, thanks to "Internet para Todos" (Internet for Everyone), Movistar announced that more than 1,200 rural populations in Ayacucho now have 4G internet access. Since it began its operations in Peru, IPT has managed to connect around 2 million Peruvians in approximately 12 thousand remote locations.

Additionally, Movistar looked to improve customer service by renewing its My Movistar app that brings together fixed and mobile services solutions in a single tool. This will allow all the procedures to be done quickly and easily, i.e., consultations, payments, and top-ups. Movistar expects the offer to reach about 3.6 million subscribed users.

## **5. Economic Environment**

In 2020, after enduring one of the strictest quarantines in the world, economic activity fell 11.1%, which was a contraction not observed since 1989 (-12.3%). However, with the gradual resumption of production activities and the crucial role of fiscal and monetary policies for economic reactivation, activity has recovered more quickly than that of our regional neighbors. The Peruvian economy contracted 1.7% in 4Q20 compared to the same period in 2019, the highest rate of recovery after Chile and Brazil. This is mainly due to the progress of the plan to resume activities and the fiscal and monetary stimulus measures.

### **Consumption, Investment, and Public Expenditure**

Private consumption decreased 1.5% in 4Q20, which produced a 0.9 percentage point contraction of GDP in the quarter. Although the resumption of economic activity has allowed purchases of goods and services to continue reversing the falls recorded in the two previous quarters, the compliance with health protocols has slowed down sales dynamics, particularly in non-primary sectors such as commerce and services. The foregoing has negatively impacted labor market indicators.

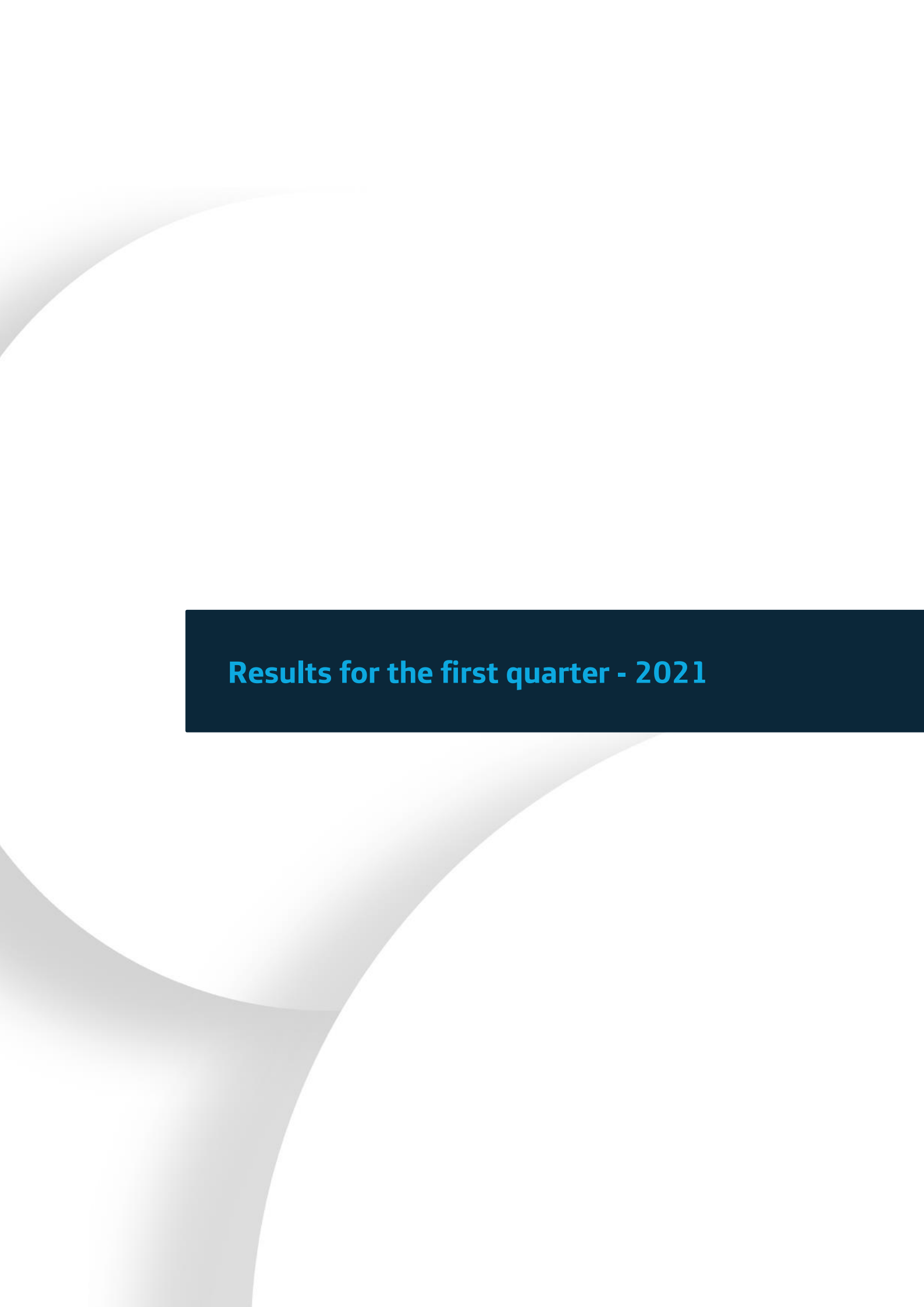
Meanwhile, private investment grew 9.4% in 4Q20 due to higher investment in non-mining sectors (rising 18.7%), the dynamism of informal construction, and the resumption and greater execution of investment projects. Public consumption increased 22% in real terms on the back of the greater acquisition of goods and services to mitigate the pandemic. Public investment increased 8.6% compared to the same quarter of 2019 due to the authorization to resume projects.

### **Inflation, Exchange Rate, and Fees**

Inflation for Mar-21 in interannual terms was 2.6% (2.4% in Feb-21). This result is mainly explained by the increase in education costs associated with the beginning of the school and university period, and the increase in water prices as a result of the readjustment of domestic drinking water rates by 2.9%. Finally, the price increases for vehicle fuels, in line with international prices, also contributed to inflation. In 1Q21, the Peru Sol depreciated 3.8% due to the high uncertainty stemming from the new containment measures. These were enforced as a result of the increase in coronavirus cases and variants, vaccination rollout speed, and the presidential elections that have created a very uncertain scenario with a high probability of a change to the economic model. Consequently, the exchange rate reached a record of S/ 3.76 per dollar on March 30, 2021. The Central Reserve Bank of Peru (BCRP) has maintained a minimum reference interest rate of 0.25% since Apr-20, equivalent in Mar-21 to a negative real rate of 1.86%.

### **Financial Markets**

Peru has maintained its sovereign debt classification in foreign currency: Moody's with A3 stable, S&P with BBB+ stable, and Fitch with BBB+ stable. The key factors that influenced maintaining the classification were the public debt levels, which are below the legal debt limit (30% of GDP), the credibility of monetary policy, and the improved profile of the external sector.



## **Results for the first quarter - 2021**

## **6. Results for first quarter 2021**

### **Income from ordinary activities**

Revenues amounted to S/ 1,639 million in 1Q21, -8% less than in 1Q20. Due to the smaller plant due to the losses generated by the pandemic-induced economic crisis.

Revenues from **Services (Voice + BB + TV)** reached S/ 682 million, -7% less than 1Q20. The lower revenues are explained by the lower plant and slow recovery of the commercial activity as a result of the economic crisis. However, the churn has been reduced due to retention campaigns and recovery efforts from the beginning of the client's debt.

**Data and Information Technology** revenues reached S/ 91 million in 1Q21, down -43% compared to 1Q20, due to project stoppages resulting from the pandemic.

**Other Fixed Income** reached S/ 9 million in 1Q21, S/ 10 million less than in 1Q20 due to the contraction in remittances in TUPS businesses.

**Mobile Telephony** revenues in 1Q21 reached S/ 799 million, similar to 1Q20.

Postpaid revenues in 1Q21 closed at S/ 402 million, a decrease of S/ 25 million compared to 1Q20 due to the loss of plant. Although commercial activity decreased due to the quarantine, the preventive shielding campaigns for clients tempted by competition and the Porta Shield Bond shielding reduced the churn in 1Q21.

Income from the **sale of terminals** in 1Q21 amounted to S/ 221 million, with an increase of 11% compared to 1Q20, and is equivalent to S/ 21 million. The foregoing is largely explained by the increase in commercial activity and the deployment of special campaigns through the On channel and retail points.

On the **Prepaid** front, revenues amounted to S/ 144 million in 1Q21, which is S/ 9 million more compared to 1Q20. This occurred due to the park value management strategy that allowed reconnecting and stabilizing the plant by increasing the average daily top-up, as achieved by the double and triple campaigns. Likewise, the momentum of digital recharging increased from 8% in 1Q20 to 18.7% in 1Q21

Revenues from **Mobile Wholesale** services reached S/ 36.1 million in 1Q21, 10% higher than in 1Q20 due to the higher volume of calls.

### **Results from other operating activities**

The result from operating activities in 1Q21 was -S/ 81 million, S/ 6 million more than that recorded in 1Q20. This was mainly due to the increase in other net income and operating expenses.

## **Non-Operating Result**

The non-operating result in 1Q21 was minus -S/ 71 million, yet this was an improvement of S/ 8.5 compared to 1Q20. This result is mainly explained by lower financial expenses and a greater impact of the exchange difference.

## **Net yearly income**

The net result for the fiscal year in 1Q21 was S/ 308 million. The result was S/ 453 million greater compared to 1Q20 and explained by the income tax that in 1Q21 was positively impacted by the ruling of the Constitutional Court published in February 2021. The Court granted the amparo action requested by the Company regarding the excess of time taken in resolving the appeals filed regarding the legal deadlines that SUNAT and the Tax Court had to rule on the 2000 and 2001 periods.

## **7. Statement of Financial Position**

Total current assets in 1Q21 amounted to S/ 3,107 million, S/ 67 million more than the previous quarter. This result is partially explained by an increase in Inventories and Other non-financial assets, as well as an increase in cash due to the monetization of Accounts Receivable, which has had a positive effect on liquidity.

Total non-current assets closed at the first quarter of 2021 at S/ 10,477 million, lower by S/ 159 million than in 4Q2020. The result is mainly due to higher quarterly depreciation.

On the back of the foregoing, total assets were S/ 13,584 million, an amount S/ 92 million lower than that recorded at the end of 4Q20.

At the end of 1Q21, total current liabilities were S/ 4,935 million, S/ 331 million less than 4Q20. The variation is mainly explained by the decrease in the Other Income Tax Liability after the ruling of the Constitutional Court. This is explained in the net fiscal result, which was partially offset by the increase in Other Financial Liabilities and Lease Liabilities

Total non-current liabilities amounted to S/ 4,268 million at the end of the 1Q21. This is a balance of S/ 80 million greater than the previous quarter. This variation is mainly due to the decrease in Other Accounts Payable, partially offset by the increase in contractual liabilities.

Finally, total Equity increased by S/ 329 million in 1Q21 to S/ 4,381 million, largely due to the fiscal year results.

### **Relevant Financial Ratios**

At the end of 1Q21, liquidity ( $[\text{Total current assets} - \text{Cash and cash equivalents}] / \text{Total current liabilities}$ ) closed at 0.44x. This figure is a ratio higher than that obtained in the previous quarter, which closed at 0.41x. The difference is mainly due to the monetization of Accounts Receivable, whose positive effect on cash has increased our liquidity.

Financial leverage ( $\text{Financial liabilities}^* / \text{Total equity}$ ) reached the level of 0.73x in the first quarter of the year compared to 0.76x in the previous quarter, thus remaining at low industry levels.

\* Does not include the lease debt recorded by the alignment to IFRS 16.

TELEFONICA DEL PERU S.A.A.

INCOME STATEMENT IN SOLES (000) FOR THE PERIOD ENDED MARCH 31, 2021 AND 2020

(Prepared in accordance with International Financial Reporting Standards - IFRS)

|                                                          | 1Q21      |       | 1Q20      | Var. Abs.<br>1Q20-1Q21 | Var. %<br>1Q20-1Q21 |
|----------------------------------------------------------|-----------|-------|-----------|------------------------|---------------------|
|                                                          |           | %     |           |                        | %                   |
| Income from ordinary activities                          | 1,639,353 | 100.0 | 1,773,656 | 100.0                  | (7.6)               |
| Fixed Income                                             | 840,305   | 51.3  | 973,056   | 54.9                   | (13.6)              |
| Income from services (Voice + BB + TV)                   | 682,346   | 41.6  | 734,860   | 41.4                   | (7.1)               |
| Data + IT                                                | 90,695    | 5.5   | 157,614   | 8.9                    | (42.5)              |
| Wholesaler                                               | 40,418    | 2.5   | 39,676    | 2.2                    | 1.9                 |
| Equipment (Voice + BB + TV)                              | 17,447    | 1.1   | 21,051    | 1.2                    | (17.1)              |
| Other Fixed Incomes                                      | 9,399     | 0.6   | 19,855    | 1.1                    | (52.7)              |
| Mobile Income                                            | 799,048   | 48.7  | 800,600   | 45.1                   | (0.2)               |
| Postpaid                                                 | 401,518   | 24.5  | 426,989   | 24.1                   | (6.0)               |
| Terminals (Recruitment + Loyalty)                        | 220,594   | 13.5  | 199,396   | 11.2                   | 10.6                |
| Pre-paid                                                 | 143,598   | 8.8   | 134,353   | 7.6                    | 6.9                 |
| Wholesaler                                               | 36,111    | 2.2   | 32,697    | 1.8                    | 10.4                |
| Other Mobile Income                                      | (2,773)   | (0.2) | 7,165     | 0.4                    | (138.7)             |
| Operating Expenses                                       | 1,741,896 | 106.3 | 1,862,871 | 105.0                  | (6.5)               |
| General and Administrative                               | 798,898   | 48.7  | 819,109   | 46.2                   | (2.5)               |
| Cost of equipment sales                                  | 274,414   | 16.7  | 238,396   | 13.4                   | 15.1                |
| Depreciation and Amortization                            | 292,666   | 17.9  | 325,830   | 18.4                   | (10.2)              |
| Depreciation of use rights                               | 48,871    | 3.0   | 49,706    | 2.8                    | (1.7)               |
| Personnel                                                | 155,035   | 9.5   | 183,350   | 10.3                   | (15.4)              |
| Interconnection Expenses                                 | 59,076    | 3.6   | 55,422    | 3.1                    | 6.6                 |
| Estimate for doubtful accounts and inventory devaluation | 82,126    | 5.0   | 155,918   | 8.8                    | (47.3)              |
| Fees for transfer of technical and management capacity   | 30,810    | 1.9   | 35,140    | 2.0                    | (12.3)              |
| Operating result before other income and expenses, net   | (102,543) | (6.3) | (89,215)  | (5.0)                  | 14.9                |
| Other operating income - expenses, net                   | 21,897    | 1.3   | 2,721     | 0.2                    | 704.7               |
| Income from operating activities                         | (80,646)  | (4.9) | (86,494)  | (4.9)                  | (6.8)               |
| Financial Income                                         | 2,583     | 0.2   | 10,021    | 0.6                    | (74.2)              |
| Financial Expenses                                       | (74,910)  | (4.6) | (86,099)  | (4.9)                  | (13.0)              |
| Exchange Difference, net                                 | 9,602     | 0.6   | (3,875)   | (0.2)                  | (347.8)             |
| Share in Income of related parties                       | (8,079)   | (0.5) | 641       | 0.0                    | (1,360.4)           |
| Non-Operating Result                                     | (70,804)  | (4.3) | (79,312)  | (4.5)                  | (10.7)              |
| Result before income tax                                 | (151,450) | (9.2) | (165,806) | (9.3)                  | (8.7)               |
| Income tax                                               | 459,805   | 28.0  | 21,482    | 1.2                    | 2,040.4             |
| Profit / (loss) for fiscal year                          | 308,355   | 18.8  | (144,324) | (8.1)                  | (313.7)             |

We recommend reading this document with the corresponding Financial Statements and their accompanying notes simultaneously, which are an integral part of this document and contain complementary information.

**TELEFONICA DEL PERU S.A.A.**  
**STATEMENT OF FINANCIAL POSITION IN SOLES (000) AS OF MARCH 31, 2021**  
**(Prepared in accordance with International Financial Reporting Standards - IFRS)**

| Assets                                          |            |            |              |              |              | Liabilities and equity                      |            |            |            |            |            |      |
|-------------------------------------------------|------------|------------|--------------|--------------|--------------|---------------------------------------------|------------|------------|------------|------------|------------|------|
|                                                 | 1Q21       | 4Q20       | 3Q20         | 2Q20         | 1Q20         |                                             | 1Q21       | 4Q20       | 3Q20       | 0          | 2Q20       | 1Q20 |
| Current Assets                                  |            |            |              |              |              | Current liabilities                         |            |            |            |            |            |      |
| Cash and cash equivalents                       | 954,490    | 869,917    | 532,850      | 552,682      | 268,802      | Other financial liabilities                 | 243,296    | 153,762    | 157,868    | 229,361    | 424,360    |      |
| Trade accounts receivable, net                  | 1,067,684  | 1,178,284  | 1,393,112    | 1,744,841    | 1,837,458    | Lease Liabilities                           | 354,922    | 336,268    | 309,465    | 300,048    | 279,392    |      |
| Contractual assets                              | 33,039     | 39,016     | 48,874       | 54,434       | 84,502       | Trade accounts payable                      | 1,746,911  | 1,708,191  | 1,374,293  | 1,246,034  | 1,693,739  |      |
| Accounts receivable from related companies      | -          | -          | 485,325      | -            | 7,186        | Contract liabilities                        | 149,813    | 149,664    | 144,403    | 155,339    | 150,737    |      |
| Other accounts receivable, net                  | 251,921    | 281,695    | 171,420      | 160,606      | 127,431      | Other accounts payable to related companies | 5,848      | 5,284      | 654,356    | 642,044    | 3,641      |      |
| Inventories                                     | 207,419    | 168,288    | 173,085      | 273,153      | 269,788      | Other accounts payable                      | 250,320    | 270,641    | 305,641    | 323,633    | 327,622    |      |
| Income tax assets                               | 141,012    | 135,715    | 154,751      | 141,210      | 196,064      | Deferred Income                             | 30,543     | 29,277     | 36,776     | 40,559     | 41,959     |      |
| Other non-financial assets                      | 451,806    | 367,335    | 413,399      | 380,472      | 409,401      | Other provisions                            | 397,636    | 395,322    | 381,490    | 382,839    | 382,050    |      |
| Available-for-sale assets                       | -          | -          | 59,316       | -            | -            | Income tax liabilities                      | 1,755,905  | 2,217,840  | 2,220,905  | 2,210,832  | 2,178,817  |      |
| Total current assets                            | 3,107,371  | 3,040,250  | 3,432,132    | 3,307,398    | 3,200,632    | Total current liabilities                   | 4,935,194  | 5,266,249  | 5,585,197  | 5,530,689  | 5,482,317  |      |
|                                                 |            |            |              |              |              |                                             |            |            |            |            |            |      |
| Trade accounts receivable, net                  | 1,604      | 503        | 526          | 412          | 3,013        | Other financial liabilities                 | 2,946,207  | 2,943,715  | 2,973,363  | 2,972,546  | 3,038,760  |      |
| Accounts receivable from related companies      | -          | -          | -            | -            | -            | Lease Liabilities                           | 786,953    | 790,481    | 813,316    | 850,030    | 888,213    |      |
| Contractual assets                              | 3,527      | 4,461      | 3,406        | 1,257        | 2,850        | Other accounts payable                      | 47,453     | 132,642    | 114,085    | 113,742    | 118,239    |      |
| Other accounts receivable, net                  | 61,765     | 65,158     | 179,825      | 180,194      | 175,191      | Other accounts payable to related companies | 2,777      | 2,589      | 987        | 1,882      | 2,320      |      |
| Investments in subsidiaries and associates      | 259,424    | 267,553    | 268,079      | 266,731      | 274,293      | Contractual liabilities                     | 68,901     | 59,669     | 52,255     | 53,539     | 56,453     |      |
| Property, plant and equipment                   | 28,944,115 | 28,893,401 | 28,493,326   | 28,826,374   | 28,826,695   | Deferred Income                             | 77,520     | 81,359     | 93,103     | 97,923     | 98,856     |      |
| Accumulated depreciation                        | #####      | #####      | (22,786,839) | (22,919,146) | (22,680,154) | Other provisions                            | 259,790    | 259,231    | 284,567    | 281,408    | 278,238    |      |
|                                                 | 5,425,037  | 5,567,517  | 5,706,487    | 5,907,228    | 6,146,541    | Non-current income tax liabilities          | 78,462     | 78,380     | 77,866     | 77,495     | 93,413     |      |
|                                                 |            |            |              |              |              | Deferred tax liabilities                    |            |            | -          | -          | -          |      |
|                                                 |            |            |              |              |              | Total non-current liabilities               | 4,268,063  | 4,348,066  | 4,409,542  | 4,448,565  | 4,574,492  |      |
| Intangible assets other than capital gain (net) | 1,918,251  | 1,927,888  | 1,927,660    | 1,998,206    | 2,025,289    | Total liabilities                           | 9,203,257  | 9,614,315  | 9,994,739  | 9,979,254  | 10,056,809 |      |
| Rights-of-use assets                            | 945,761    | 953,798    | 949,454      | 994,456      | 1,049,598    | Equity                                      |            |            |            |            |            |      |
| Deferred tax assets                             | 365,225    | 369,919    | 299,372      | 266,754      | 250,535      | Issued capital                              | 2,876,152  | 2,876,152  | 2,876,152  | 2,876,152  | 2,876,152  |      |
| Capital gains                                   | 1,215,145  | 1,215,145  | 1,215,145    | 1,215,145    | 1,215,145    | Issuance premiums                           | 77,899     | 77,899     | 77,899     | 77,899     | 77,899     |      |
| Other non-financial assets                      | 280,819    | 263,207    | 263,262      | 260,427      | 320,519      | Other equity reserves                       | 600,063    | 587,847    | 582,513    | 582,513    | 582,513    |      |
| Total non-current assets                        | 10,476,558 | 10,635,149 | 10,813,216   | 11,090,810   | 11,462,974   | Accumulated results                         | 829,636    | 521,281    | 716,477    | 884,789    | 1,072,493  |      |
|                                                 |            |            |              |              |              | Other equity reserves                       | (3,078)    | (2,095)    | (2,432)    | (2,399)    | (2,260)    |      |
|                                                 |            |            |              |              |              | Total equity                                | 4,380,672  | 4,061,084  | 4,250,609  | 4,418,954  | 4,606,797  |      |
| Total assets                                    | 13,583,929 | 13,675,399 | 14,245,348   | 14,398,208   | 14,663,606   | Total liability and equity                  | 13,583,929 | 13,675,399 | 14,245,348 | 14,398,208 | 14,663,606 |      |

We recommend reading this document with the corresponding Financial Statements and their accompanying notes simultaneously, which are an integral part of this document and contain complementary information.