



Quarterly Results

Telefónica del Perú S.A.A.

January-March 2022

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1. FIRST-QUARTER HIGHLIGHTS

IN Q122, WE CONTINUED TO BOOST THE RETURN TO GROWTH.



IN THE FIRST QUARTER 2022, TELEFÓNICA'S REVENUES CONTINUED TO GROW.



	Mobile Services	Fixed Services
Revenues	+13%	+2,8%
Accesses	11.3 million	4.7 million

Telefónica brought 4G connectivity to rural areas as part of its Canon investment commitments.

By January 2022, Telefónica del Perú (TDP) had placed a total of 39 base stations providing 4G internet access to potentially more than 14,000 people, thus fulfilling 100% of its Canon investment commitments made with the Ministry of Transportation and Communications in 2021.



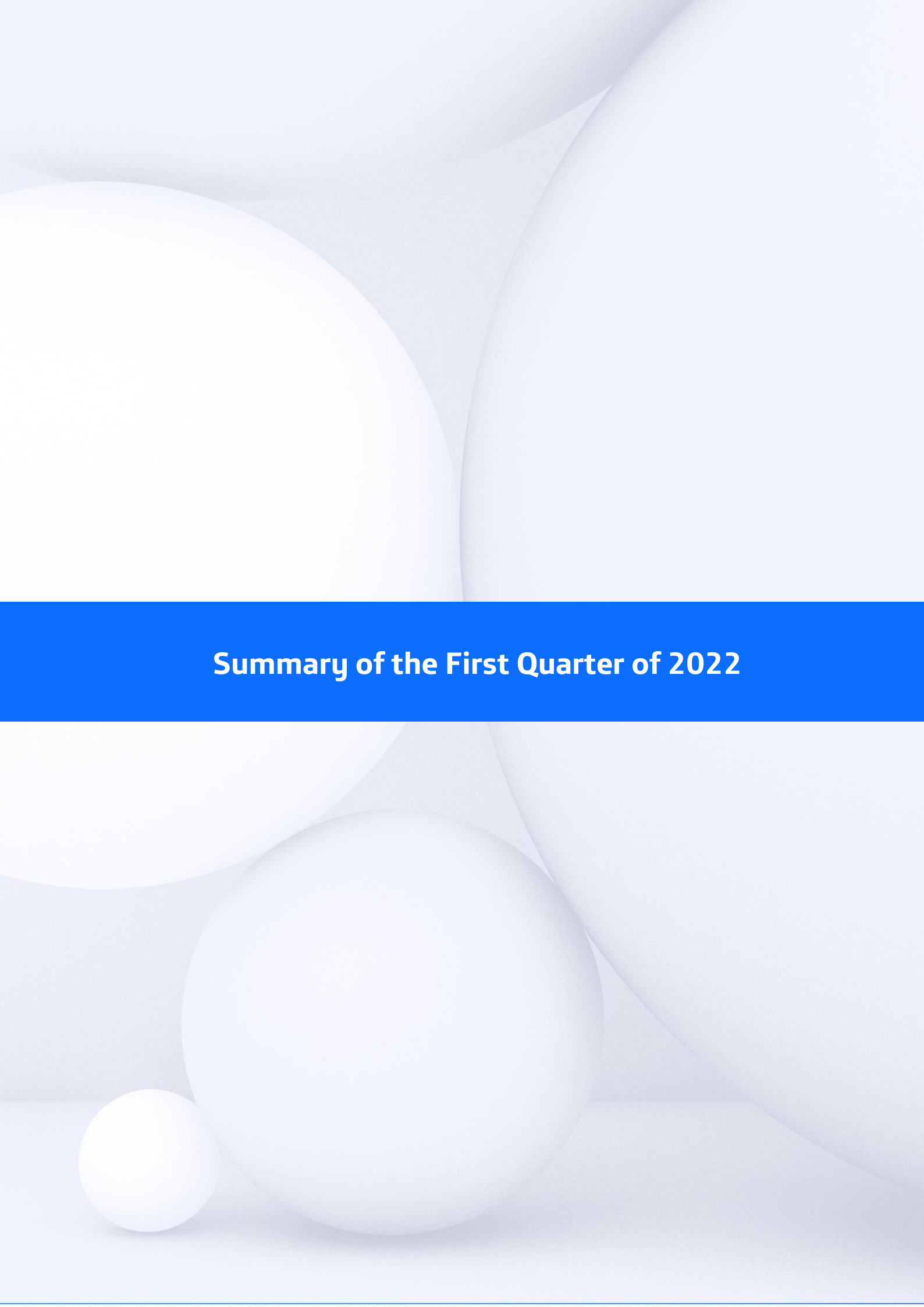
The 'Mujeres en Red' project surpassed the milestone of 250 women hired and announces expansion to new areas in Movistar.

For more than 13 months, the "Mujeres en Red" project has been promoting the training and employability of women in technical telecommunications service hand in hand with its collaborating companies. The project, which began in the company's technical service area, will promote its vision of gender equity with inclusion in the areas of field maintenance, logistics, and B2B.

Movistar brought together female leaders who break stereotypes in various work spaces.

Within the framework of International Women's Day, Movistar held the discussion "Women who inspire". The discussion sought to promote gender equity, emphasizing that the only way to make a difference is by breaking stereotypes and the need to increase female representation in leadership positions.





Summary of the First Quarter of 2022

2. SUMMARY OF THE FIRST QUARTER OF 2022

Telefónica del Perú reported financial results for the first quarter of 2022

- Telefónica del Perú's revenues for the first quarter of 2022 were S/1,768 million, which is an increase by 7.8% compared to the same period in 2021.
- In this quarter, Telefónica fulfilled 100% of its Canon investment commitments made with the Ministry of Transport and Communications in 2021, which allowed the expansion of 4G internet access to more than 14 thousand people.
- However, the improvement in operating income was affected by higher financial and other expenses, which led to a quarterly net loss of S/197.6 million.

Lima, April 19, 2022.- Total Telefónica del Perú's revenues for the first quarter of 2022 were S/1,768 million, which is an increase by 7.8% compared to the same period in 2021.

"These results are based on efficiency and cost containment efforts in all internal areas, as well as on the constant digital transformation adopted by the company. In addition, we have continued to promote digitization hand in hand with the consolidation of hybrid work that many companies have been adopting," said Pedro Cortez, Telefónica del Perú CEO.

Mobile Business

Regarding the mobile business, at the end of 1Q22, there were 11.3 million mobile accesses, which was an increase by 2.6% compared to 1Q21, including 4.5 million postpaid (+4.2% versus 1Q21) and 6.8 million prepaid (+1.4% versus 1Q21).

In addition, revenues in the mobile business were S/903 million, which was an increase by 13% versus Q121. This was driven by higher postpaid revenues –which grew by 15.3% compared to 1Q21–, a 42% increase in postpaid portability, and programming schedule update. To this, we have to add revenues from handset sales, which were S/223.1 million (+1.1% versus 1Q21).

Fixed Business

During Q122, the company continued to lead the fixed market with 4.7 million total accesses, including 1.9 million broadband, 1.3 million Pay TV, and 1.5 million fixed voice.

Accordingly, in 1Q22, Telefónica reported S/ 865 million in total fixed revenues, which was an increase by 2.8 % compared to the same period in 2021, mainly driven by fixed broadband revenues (+14.9%). To this, we have to add the revenue in the Data and Information Technology category (17.3%), made up mostly of services to the B2B segment.

Quarter Results

The operating income for 1Q22 improved by S/41.7 million compared to 1Q21, due to higher revenues from fixed and mobile services. However, this improvement in operating activities was affected by higher financial and other expenses, which generated a quarterly net loss of S/197.6 million.

More connectivity and social inclusion

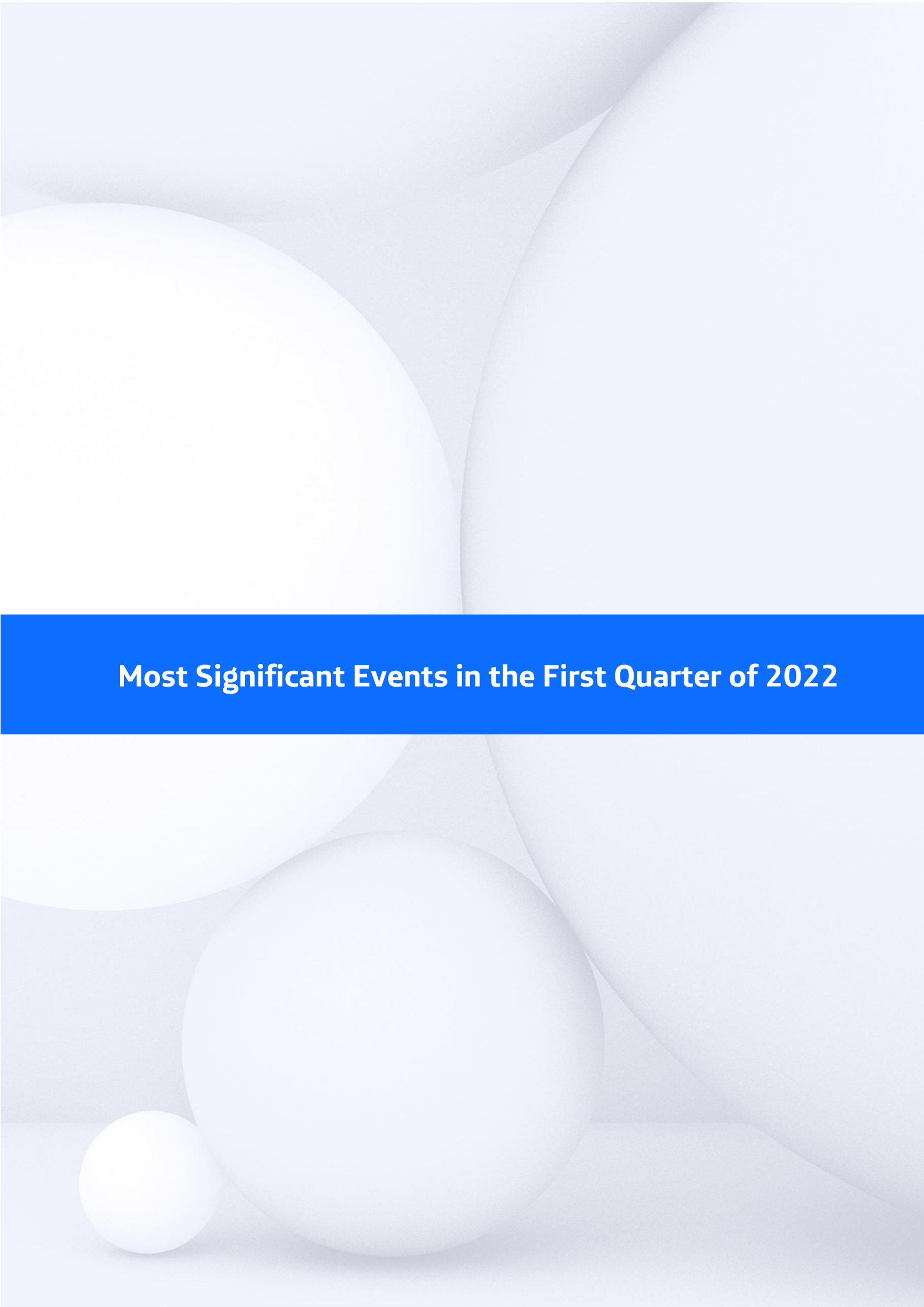
During the first quarter 2021, Telefónica fulfilled 100% of the infrastructure expansion commitments made with the Ministry of Transport and Communications (MTC) within the framework of the Canon program for 2021. As a milestone marking the end of this initiative, a base station was placed in the Yacari Tisñachuro community, in the province of Juli in Puno. Just as Yacari Tisñachuro, by

January, 39 base stations, bringing 4G internet access to potentially more than 14,000 people living in rural areas of Apurímac, Ayacucho, Cajamarca, Cusco, Huancavelica, Ica, and Puno, had been placed.

Moreover, through “Internet para Todos” (IPT), a company created by Telefónica in conjunction with its partners Facebook, IDB, and CAF, the expansion of connectivity in Peruvian rural and remote areas continues. Nearly three years after its start of operations, IPT has been successful at bringing 4G internet access to more than 13,000 rural communities in Peru.

Additionally, in January 2022, the 'Mujeres en Red' project – an initiative started by Telefónica and its collaborating companies – surpassed the milestone of 250 women hired to work in technical telecommunications services. This figure represents 10% of the field technical services staff. This year, the project will extend its reach to other technology and telecommunications related areas in the company.

Also, within the framework of International Women's Day, Movistar held the discussion "Women who inspire", a space where leaders who promote female participation in traditionally male-dominated fields got together. In this vein, Movistar announced that since 2011 it has recognized 24 women for their work in more than 70 projects winning the 'ConectaRSE para Crecer' Award. This award identifies and promotes rural community development projects through the use of ICTs.



Most Significant Events in the First Quarter of 2022

3. MOST SIGNIFICANT EVENTS IN THE FIRST QUARTER OF 2022

The following are the most significant events that occurred during the first quarter of 2022:

1. On January 14, the following was reported regarding File No. 2022001552:

- Start of operations of Pangeaco S.A.C.
- Incorporation of Pangeaco S.A.C. to the economic group Telefónica.

2. On February 15, the following was reported regarding File No. 2022006470:

Board of Directors Meeting from the date on which the following points were discussed:

- The Board of Directors prepared the separate financial statements for the fourth quarter and preliminary annual financial statements for fiscal year 2021, which are recorded in stand-alone documents. From the financial information, we can see a sustained improvement in the operating income for the year, with revenues of S/7,049 million, and an operating cash flow of S/626 million, as well as increases in broadband accesses, mobile services, and Pay TV, among other positive indicators. However, the company reports a net loss of S/1,626 million in fiscal year 2021, incurred mainly by adjustments arising from the results of tax contingencies existing with Sunat for more than two decades, an adjustment for impairment of assets, the tough competitive environment, and the impact of the measures adopted in the context of the pandemic. The Company has a plan to reverse this situation by maintaining revenue and customer growth, through operating efficiencies, and by reinforcing the convergent offer in mobile and fixed services.
- Delegation of powers to call to order the general meeting of shareholders.

3. On March 29, the following was reported regarding File No. 2022012658:

The General Shareholders' Meeting was held, where the following agreements were approved:

- Approval of Social Management (F/S and Annual Report)
- Appointment of external auditors for the year 2022: Approve the appointment of the firm GAVEGLIO, APARICIO Y ASOCIADOS S. CIVIL DE R. L., a member of PricewaterhouseCoopers, as external auditor for the year 2022.
- Annual remuneration of directors: Approve the annual remuneration of directors for the year 2022.
- Modification of the issue of debentures agreement in order to extend the authorized term: Approve the modification of the issue of debentures agreement.



First Quarter 2022 Competitive Environment

4. FIRST QUARTER 2022 COMPETITIVE ENVIRONMENT

So far in 2022, we have overcome the impacts of the pandemic: the vaccination progress has made it possible to improve health and flow of people. However, the country's political situation is ensnared in a permanent crisis, and there seems to be no solution in the short term. This political uncertainty, the deterioration of public management, and the Russian crisis could reduce the potential for economic growth in Peru.

In a context of greater uncertainty, TdP, leveraged in its new growth model, continued on its growth path, allowing its total revenues to increase by 7.8% compared to 1Q21. Mobile revenues grew by 13.0%, and fixed revenues grew by 2.8%. In addition, Telefónica remains the leader in the share of accesses of all the services where it competes.

Mobile Business

According to official information from Osiptel, as of 4Q21, TdP maintained the leadership in the mobile market with a 30.7% share of accesses.

According to Facebook, mobile commercial activity, measured in adds, decreased by -1% compared to 1Q21; however, the intense competition continued to heat up, focusing on postpaid and handset sales. According to Osiptel, postpaid Port-In in the market in 1Q22 grew by 35% versus 1Q21; in addition, the greater demand for better devices to improve connectivity allowed operators to keep focusing on the handset sales as a capture and shielding strategy.

During 1Q22, operators maintained discounts on fixed charges for portability, focus on second lines accompanied by promotions of handsets with financing, discounts for portability and/or upgrade, and cash discounts. In this context, TdP has been coming back on top, managed to increase postpaid portability by 42%, and increased its share compared to 1Q21. In mobile revenues, TdP mobile revenues grew by 13.0%, driven by postpaid service revenues. Revenues from handset sales grew by 1.1% versus 1Q21.

In 1Q22, TdP reached 11.3 million mobile accesses, which was an increase by 2.6% compared to 1Q21. In postpaid, we reached 4.5 million accesses, which was a variation by +4.2% compared to 1Q21, and in prepaid we reached 6.8 million accesses, which was an increase by +1.4% compared to 1Q21.

Fixed Business

According to information from OSIPTEL as of 4Q21, TdP leads the fixed market with a 64.2% share in fixed telephony, 59.6% in broadband, and 61.5% in Pay TV.

During 1Q22, fixed broadband continued to be the most demanded fixed service; therefore, the operators continued their aggressive offers and expansion plans. The market continued with discounts on fixed charges, the launch of new programming schedules, speed increases, among others. By 1Q22, TdP had managed to increase its total fixed revenue by 2.8% compared to 1Q21.

As of 1Q22, TdP maintained the leadership of the fixed market with 4.7 million total accesses, including 1.9 million broadband, 1.3 million Pay TV, and 1.5 million fixed voice accesses.

5. ECONOMIC ENVIRONMENT

Economic activity slowed down the year-on-year growth rate to 3.2% in 4Q21. This trend was explained by a higher comparison base, by the year-on-year contraction in public spending, and by the slowdown in private investment affected by political noise and social conflicts. Still, the GDP grew by 13.3% in 2021, exceeding the pre-crisis level by 0.8%. The economic acceleration in 2021 was driven by the relaxation of health restrictions, in the context of mass vaccination of target population, as well as by fiscal stimulus and an expansionary monetary policy. However, at the beginning of 2022, the weakening of both public and private investment was confirmed. As a result, growth expectations for 2022 have decreased and gone from 3.0% in Jan-22 to 2.7% in Mar-22.

Consumption, Investment, and Public Spending

Private consumption increased by 5.5% year-on-year in 4Q21 (2.7% above its pre-crisis level). Larger in-store capacity and longer opening hours, as well as consumers more willing to go to commercial establishments following the vaccination progress generated an acceleration of sales dynamics. Moreover, private investment in 4Q21 showed an increase of 2.8% year-on-year (14.4% above its pre-crisis level). This is explained by higher investment in the mining sector (+22%) and the slight increase in non-mining investment (+0.2%), the latter being affected by political uncertainty. Meanwhile, public spending contracted by 7.9% year-on-year in 4Q21. And this is mainly explained by the lower volume of execution of certain reconstruction projects, lower level of acquisition of tablets, and slower progress of the rest of the projects, not to mention lower spending on maintenance, conditioning and repairs of highways, roads and bridges, and lower level of acquisition of medical supplies.

Inflation, Exchange Rate and Rates

Year-on-year inflation went from 6.4% in Dec-21 to 6.8% in Mar-22, explained by the increase in fuel prices, due to higher international prices, continuous pressures on food prices and education services at the beginning of the school year. These inflationary pressures have led the Central Bank to raise the interest rate at a faster pace (+375bp from 0.25% in Jul-21 to 4% in Mar-22). The Peruvian Sol appreciated by 7.6% in 2022 mainly guided by its fundamentals; the exchange rate fell to S/3.63 in mid-Mar-22, and jumped to S/3.71 in early Apr-22 due to strong social protests.

Financial Markets

Fitch has downgraded Peru's rating from BBB+ to BBB, while Standard and Poor's, despite maintaining the rating, revised the outlook from stable to negative.

6. FIRST QUARTER 2022 RESULTS

Revenues from Ordinary Activities

Revenues were S/1,768 million in Q122, +7.8% compared to 1Q21, due to greater business activity and rate increases in 2021 (May and November) as well as the increase in the mobile plant (63% of the plant) in February 2022.

Revenues from **Services (Voice + BB+ TV)** reached S/697.3 million, +2.2% compared to 1Q21. These higher revenues are mainly explained by the rate increases for the plant (fixed broadband component).

Revenues from **Data and Information Technology** reached S/106.3 million in 1Q22, up 17.3% compared to 1Q21, which are explained by higher revenues from the B2B segment.

Revenues from **Mobile Telephony** in Q122 reached S/903.1 million, up 13% compared to Q121 equaling S/104 million.

Revenues from **Postpaid** in 1Q22 were at S/462.9 million, up S/61.4 MM compared to 1Q21, due to the increase in business activity that generated 64 thousand additional adds compared to 1Q21.

Moreover, in 1Q22 there was a rate increase for 2.4 million customers, which allowed higher revenues to be collected (in addition to those collected due to the 2021 increases). Additionally, campaigns continued to help increase adds through discounts on portability for 6 and 12 months and promotions in targeted channels (online and onsite).

Revenues from **Sale of handsets** in 1Q22 were S/223.1 million, up 1.1% compared to 1Q21, which is explained by trade openness, the lifting of mobility restrictions, and businesses reopening.

Meanwhile, competition in the handset market became more intense, which is why cash discount campaigns on devices in specific channels (online and onsite), as well as the sale of unlocked cellphones with discounts got stronger.

With respect to **Prepaid**, revenues were S/.139.9 MM in 1Q22; this performance is mainly a consequence of strong competition in the market, not to mention the impact of inflation and market price increases, which had impact on target customers.

Revenues from **Mobile Wholesale** services reached S/33.4 million in Q122, down 7.6% compared to Q121, which is explained by the lower interconnection charge.

Income from operating activities

Income from Operating Activities in 1Q22 was -S/38.4 million, up S/41.7 million compared to 1Q21, due to higher fixed and mobile revenues.

Non-operating income

Non-Operating Income in 1Q22 was negative, S/100.9 million, down -S/29.7 million compared to 1Q21, mainly due to higher financial expenses.

Income tax

Income tax in 1Q22 was negative, S/58.3 million, down S/517.9 compared to Q121, due to the positive impact of the Constitutional Court's decision in 1Q21, corresponding to the excess time, beyond the legal deadlines, that SUNAT and the Tax Court took to resolve the appeals filed in relation to the 2000 and 2001 periods.

Net income for the year

The net income for the year in 1Q22 was -S/197.6 million, generating a loss of S/506.0 million more than in 1Q21.

7. STATEMENT OF FINANCIAL POSITION

Total current assets as of Q122 were S/2,661 million, down S/80.9 million compared to the previous quarter. This result is mainly explained by a reduction in Cash and cash equivalents, as a consequence of the payment of our restructuring plans, as well as a reduction in our Trade Accounts Receivable.

As of the first quarter of 2022, total non-current assets were S/9,820 million, a decrease by S/260.4 million compared to the previous quarter, mainly due to the depreciation recorded in the quarter.

With this, total assets were S/12,481 million, a decrease by S/341.3 million compared to what was recorded at the end of 4Q21.

At the end of 1Q22, total current liabilities were S/6,032 million, a decrease by S/85.4 million compared to 4Q21. This variation is mainly due to a reduction in our Trade Accounts Payable.

Total non-current liabilities were S/4,210 million at the end of the first quarter of 2022, a decrease by S/51.9 million compared to the previous quarter. This variation is mainly explained by a reduction in non-current lease Liabilities, which is due to the company's strategy to reduce its leverage levels.

Finally, Total Equity decreased by S/204.0 million in Q122, to S/2,239 million; such variation is mainly explained by the result for the year.

Relevant Financial Ratios

At the end of 1Q22, liquidity ($[\text{Total current assets} - \text{Cash and equivalents}] / \text{Total current liabilities}$) was 0.35x, a ratio equal to that obtained in the previous quarter which was 0.35x.

Financial leverage ($\text{Financial liabilities}^* / \text{Total equity}$) reached the level of 1.39x in the first quarter of the year compared to the level of 1.24x in the previous quarter, remaining at low levels compared to the industry.

*Does not include the lease debt recorded by the adoption of IFRS16.

TELEFONICA DEL PERU S.A.A.
INCOME STATEMENT IN SOLES (000) FOR THE PERIOD ENDED ON MARCH 31, 2022 AND 2021
(Prepared in accordance with International Financial Reporting Standards - IFRS)

	Q122		Q121	Abs. Var.	% Var.
				Q121-Q122	Q121-Q122
		%			%
Revenues from ordinary activities	1,767,897	100.0	1,640,070	127,827	7.8
Fixed revenues	864,808	48.9	841,022	23,786	2.8
Revenues from services (Voice + BB+ TV)	697,267	39.4	682,346	14,921	2.2
Data + IT	106,348	6.0	90,695	15,653	17.3
Wholesale	41,539	2.3	40,418	1,121	2.8
Devices (Voice + BB+ TV)	12,433	0.7	17,447	(5,014)	(28.7)
Other fixed revenues	7,221	0.4	10,116	(2,895)	(28.6)
Mobile revenues	903,089	51.1	799,048	104,041	13.0
Postpaid	462,925	26.2	401,518	61,407	15.3
Handsets (acquisition + loyalty)	223,118	12.6	220,594	2,524	1.1
Prepaid	139,930	7.9	143,598	(3,668)	(2.6)
Wholesale	33,361	1.9	36,111	(2,750)	(7.6)
Other mobile revenues	43,755	2.5	(2,773)	46,528	(1,677.9)
Operating expenses	1,808,336	102.3	1,741,997	66,339	3.8
General and administrative	855,260	48.4	798,908	56,352	7.1
Cost of device sales	277,862	15.7	274,414	3,448	1.3
Depreciation and amortization	284,353	16.1	292,666	(8,313)	(2.8)
Depreciation of rights of use	53,627	3.0	48,871	4,756	9.7
Personnel	145,252	8.2	155,035	(9,783)	(6.3)
Interconnection expenses	58,798	3.3	59,076	(278)	(0.5)
Estimate for doubtful accounts and inventory impairment	104,836	5.9	82,217	22,619	27.5
Fees for transfer of technical and management capacity	28,348	1.6	30,810	(2,462)	(8.0)
Operating income before other income and expenses, net	(40,439)	(2.3)	(101,927)	61,488	(60.3)
Other income - operating expenses, net	2,079	0.1	21,897	(19,818)	(90.5)
Profit from operating activities	(38,360)	(2.2)	(80,030)	41,670	(52.1)
Financial income	3,672	0.2	2,607	1,065	40.9
Financial expenses	(100,853)	(5.7)	(74,905)	(25,948)	34.6
Net exchange difference	(509)	(0.0)	9,500	(10,009)	(105.4)
Share of profit from related parties	(3,250)	(0.2)	(8,453)	5,203	(61.6)
Non-operating income	(100,940)	(5.7)	(71,251)	(29,689)	41.7
Income before income taxes	(139,300)	(7.9)	(151,281)	11,981	(7.9)
Income taxes	(58,304)	(3.3)	459,636	(517,940)	(112.7)
Net profit/(loss) for the year	(197,604)	(11.2)	308,355	(505,959)	(164.1)

It is recommended to read this report with the corresponding Financial Statements and its notes released together, which are part of the whole document and contain additional information.

TABLE 2
TELEFONICA DEL PERU S.A.A.
STATEMENT OF FINANCIAL POSITION IN SOLES (000) AS OF MARCH 31, 2022
(Prepared in accordance with International Financial Reporting Standards - IFRS)

Assets	Liabilities and equity										
	Q122	Q421	Q321	Q221	Q121		Q122	Q421	Q321	Q221	Q121
Current assets						Current liabilities					
Cash and cash equivalents	562,921	610,520	954,602	800,265	961,431	Other financial liabilities	374,389	299,139	380,600	113,644	243,296
Trade accounts receivable, net	946,328	1,007,211	1,000,924	1,032,135	1,058,066	Lease liabilities	319,137	328,856	315,737	312,464	354,922
Contract assets	15,787	18,401	21,237	27,777	33,039	Trade Accounts Payable	1,721,710	1,825,185	1,907,788	1,809,744	1,744,571
Accounts receivable from related entities	-	-	-	-	-	Contract liabilities	159,744	168,373	174,270	151,044	149,813
Other accounts receivable, net	197,802	257,865	221,747	253,335	251,814	Other accounts payable related entities	4,121	6,297	5,544	4,557	5,848
Inventories	268,919	235,597	223,105	204,685	207,420	Other accounts payable	245,255	306,972	247,143	265,304	247,511
Income tax asset	194,882	182,992	154,565	136,320	142,183	Deferred income	39,446	29,655	38,025	39,488	30,543
Other non-financial assets	474,710	429,658	481,213	502,496	451,810	Other provisions	396,372	383,064	375,311	394,195	397,636
Assets available for sale	-	-	-	-	-	Income tax liabilities	2,772,131	2,770,193	2,741,915	2,700,256	1,755,905
Total current assets	2,661,349	2,742,244	3,057,393	2,957,013	3,105,763	Total current liabilities	6,032,305	6,117,734	6,186,333	5,790,696	4,930,045
Trade accounts receivable, net	2,377	1,780	1,441	1,728	1,604	Other financial liabilities	2,728,209	2,723,837	2,718,819	2,950,091	2,946,207
Accounts receivable from related entities	-	-	-	-	-	Lease liabilities	1,000,481	1,066,667	814,460	830,419	786,953
Contract assets	1,543	1,626	1,585	2,103	3,527	Other accounts payable	27,601	37,546	63,702	62,821	50,295
Other accounts receivable, net	82,147	92,347	100,472	59,916	61,765	Other accounts payable related entities	2,474	3,023	3,190	2,835	2,777
Investments in subsidiaries and associates	232,904	236,154	248,317	249,997	256,748	Contract liabilities	71,936	70,520	82,088	77,241	68,901
Property, plant, and equipment	29,175,079	29,145,323	29,118,928	29,030,885	28,944,115	Deferred income	58,038	67,884	71,636	76,274	77,520
Accumulated depreciation	(24,336,341)	(24,124,903)	(23,986,024)	(23,755,952)	(23,519,078)	Other provisions	282,424	268,163	261,128	233,429	259,790
	4,838,738	5,020,420	5,132,904	5,274,933	5,425,037	Income tax liabilities, non-current	38,659	24,059	67,656	81,656	78,462
Intangible assets other than goodwill (net)	1,859,341	1,902,237	1,887,086	1,898,231	1,918,251	Deferred tax liabilities					
Right-of-use assets	1,046,759	1,067,336	883,816	918,976	945,761	Total non-current liabilities	4,209,822	4,261,699	4,082,679	4,314,766	4,270,905
Deferred tax assets	435,480	465,323	475,620	437,824	367,251	Total liabilities	10,242,127	10,379,433	10,269,012	10,105,462	9,200,950
Goodwill	959,137	959,137	1,215,145	1,215,145	1,215,145	Equity					
Other non-financial assets	361,389	333,822	321,077	300,037	280,819	Issued capital	2,876,152	2,876,152	2,876,152	2,876,152	2,876,152
Total non-current assets	9,819,815	10,080,182	10,267,463	10,358,890	10,475,908	Issue premiums	77,899	77,899	77,899	77,899	77,899
Total assets	12,481,164	12,822,426	13,324,856	13,315,903	13,581,671	Other capital reserves	601,856	601,855	601,855	600,063	600,063
						Retained earnings	(1,302,375)	(1,104,771)	(498,282)	(340,750)	829,685
						Other Equity Reserves	(14,495)	(8,142)	(1,780)	(2,923)	(3,078)
						Total equity	2,239,037	2,442,993	3,055,844	3,210,441	4,380,721
						Total liabilities and equity	12,481,164	12,822,426	13,324,856	13,315,903	13,581,671

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