



## **TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES**

### **REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2020 (not audited), December 31, 2019 and June 30, 2019 (not audited)

(Translation of interim consolidated financial statements originally issued in Spanish – See Note 2c)

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ThCh\$ : Thousands of Chilean Pesos

MCh\$ : Millions of Chilean Pesos

	Notes	06.30.2020	12.31.2019
		ThCh\$	ThCh\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	(5)	213,962,347	234,466,421
Other current financial assets	(6)	48,447,677	24,825,391
Other current non-financial assets	(7)	40,542,039	41,185,320
Current trade and other accounts receivable	(8a)	299,821,354	233,716,006
Current receivables from related companies	(9a)	18,994,614	21,109,235
Inventory	(10a)	72,973,536	59,288,009
Current tax assets	(11b)	7,436,734	7,531,100
<b>TOTAL CURRENT ASSETS</b>		<b>702,178,301</b>	<b>622,121,482</b>
<b>NON-CURRENT ASSETS</b>			
Other non-current financial assets	(6)	237,575,373	195,990,996
Other non-current non-financial assets	(7)	23,209,584	12,877,869
Non-current trade and other accounts receivable	(12a)	30,164,641	27,422,344
Intangible assets other than goodwill, net	(13a)	159,186,948	159,339,848
Goodwill	(14)	504,774,872	504,774,872
Property, plant and equipment, net	(15a)	1,403,112,938	1,447,850,314
Investment properties	(16)	4,213,519	-
Deferred tax assets	(11c)	123,967,910	116,368,421
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,486,205,785</b>	<b>2,464,624,664</b>
<b>TOTAL ASSETS</b>		<b>3,188,384,086</b>	<b>3,086,746,146</b>

The accompanying notes 1 to 31 are an integral part of these consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2020 (not audited), and December 31, 2019



	Notes	06.30.2020	12.31.2019
		ThCh\$	ThCh\$
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Other current financial liabilities	(16)	408,422,240	204,817,950
Trade and other payables	(17a)	274,362,167	304,290,564
Current payables to related companies	(9b)	60,320,131	66,055,208
Other current provisions	(19a)	1,959,289	1,601,625
Current tax liabilities	(11f)	10,708,530	5,252,731
Current employee benefits accrual	(20a)	10,314,758	9,397,635
Other current non-financial liabilities	(21)	34,401,870	51,935,044
<b>TOTAL CURRENT LIABILITIES</b>		<b>800,488,985</b>	<b>643,350,756</b>
<b>NON-CURRENT LIABILITIES</b>			
Other non-current financial liabilities	(16)	805,095,542	905,710,265
Trade and other payables non-current	(17a)	1,780,945	2,160,741
Current payables to related companies non-current	(9c)	40,736,662	38,027,645
Other non-current provisions	(19b)	17,496,321	18,800,555
Deferred tax liabilities	(11c)	89,518,264	93,901,530
Non-current employee benefits accrual	(20a)	26,896,633	26,723,862
Other non-current non-financial liabilities	(21)	6,457,015	7,656,136
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>987,981,382</b>	<b>1,092,980,734</b>
<b>TOTAL LIABILITIES</b>		<b>1,788,470,367</b>	<b>1,736,331,490</b>
<b>NET SHAREHOLDERS' EQUITY</b>			
Issued capital	(22a)	1,364,872,285	1,329,872,285
Retained earnings		482,571,262	472,507,995
Other reserves	(22d)	(453,282,263)	(457,825,500)
Shareholders' equity attributable to owners of the parent		1,394,161,284	1,344,554,780
Non-controlling interest	(22e)	5,752,435	5,859,874
<b>TOTAL NET SHAREHOLDERS' EQUITY</b>		<b>1,399,913,719</b>	<b>1,350,414,656</b>
<b>TOTAL NET LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		<b>3,188,384,086</b>	<b>3,086,746,146</b>

The accompanying notes 1 to 31 are an integral part of these consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

As of June 30, 2020 and 2019 (not audited), and December 31, 2019



	Notes	For the period from	For the six-month	For the period	For the six-month
		April 1 to June 30,	period ended June 30,	from April 1 to June 30,	period ended June 30,
		2020	2020	2019	2019
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>					
Income from ordinary operations	(24a)	332,333,724	678,244,222	373,711,194	751,531,547
Other income	(24b)	4,138,727	8,139,496	1,407,736	2,739,578
Employee benefits expenses	(20d)	(33,026,850)	(64,435,641)	(32,902,851)	(63,907,089)
Depreciation and amortization expense	(13b) (15b)	(83,764,451)	(165,644,536)	(85,018,801)	(166,273,314)
Other expenses, by nature	(24c)	(201,498,636)	(423,795,045)	(221,369,627)	(450,596,652)
<b>Profit from operating activities</b>		<b>18,182,514</b>	<b>32,508,496</b>	<b>35,827,651</b>	<b>73,494,070</b>
Interest income	(24d)	902,261	1,772,889	1,319,436	2,894,816
Interest expense	(24d)	(13,940,913)	(26,839,382)	(11,523,154)	(22,124,093)
Foreign exchange differences	(24e)	278,997	183,746	(663,228)	(447,464)
Income from indexation units	(24f)	(151,866)	319,132	(408,955)	(172,936)
<b>Profits before tax from continuing operations</b>		<b>5,270,993</b>	<b>7,944,881</b>	<b>24,551,750</b>	<b>53,644,393</b>
Income tax expense	(11e)	590,230	2,014,286	(56,254)	(8,476,864)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>5,861,223</b>	<b>9,959,167</b>	<b>24,495,496</b>	<b>45,167,529</b>
<b>Profit attributable to holders of equity instruments of the controller and minority interest:</b>					
Profit attributable to owners of the parent		5,880,281	9,988,197	24,428,837	45,074,383
Profit attributable to non-controlling interest	(22e)	(19,058)	(29,030)	66,659	93,146
<b>PROFIT (LOSS)</b>		<b>5,861,223</b>	<b>9,959,167</b>	<b>24,495,496</b>	<b>45,167,529</b>
<b>EARNINGS PER SHARE</b>					
<b>Earnings per basic share</b>					
Earnings per basic share for continuing operations	(23)	0.00616	0.01044	0.026	0.048
Earnings per basic share for discontinuing operations					
Earnings per basic share		0.00616	0.01044	0.026	0.048
<b>Diluted earnings per share</b>					
Diluted earnings per share from continuing operations		0.00616	0.01044	0.026	0.048
Diluted earnings per share from discontinuing operations					
Diluted earnings per share		0.00616	0.01044	0.026	0.048

The accompanying notes 1 to 31 are an integral part of these consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
As of June 30, 2020 and 2019 (not audited), and December 31, 2019



	For the period from April 1 to June 30,	For the six-month period ended June 30,	For the period from April 1 to June 30,	For the six-month period ended June 30,
	2020 ThCh\$	2020 ThCh\$	2019 ThCh\$	2019 ThCh\$
<b>STATEMENTS OF OTHER COMPREHENSIVE INCOME</b>				
<b>PROFIT (LOSS)</b>	<b>5,861,223</b>	<b>9,959,167</b>	<b>24,495,496</b>	<b>45,167,529</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Components of other comprehensive income that will not be reclassified to income for the period</b>				
Other comprehensive income, before taxes. profits (losses) on new measurements of defined benefits plans	(1,553,231)	(1,229,915)	(2,590,485)	(2,611,107)
Other comprehensive income, before taxes. profits (losses) from investment in equity instruments	(513,977)	(1,489,567)	(149,750)	64,330
<b>Total other comprehensive income that will not be reclassified to income for the period</b>	<b>(2,067,208)</b>	<b>(2,719,482)</b>	<b>(2,740,235)</b>	<b>(2,546,777)</b>
<b>Components of other comprehensive income that will be reclassified to income for the period</b>				
Profit (loss) on cash flow hedges	3,967,110	9,496,642	(1,977,055)	49,609
<b>Total Components of other comprehensive income that will be reclassified to income for the period</b>	<b>3,967,110</b>	<b>9,496,642</b>	<b>(1,977,055)</b>	<b>49,609</b>
<b>Total other components of other comprehensive income. before taxes</b>	<b>1,899,902</b>	<b>6,777,160</b>	<b>(4,717,290)</b>	<b>(2,497,168)</b>
<b>Income taxes associated to components of other comprehensive income which will not be reclassified to income for the period</b>				
Income taxes associated to new measurements of defined benefits plans of other comprehensive income	419,372	332,077	699,431	704,998
<b>Total income taxes associated to components of other comprehensive income which will not be reclassified to income for the period</b>	<b>419,372</b>	<b>332,077</b>	<b>699,431</b>	<b>704,998</b>
<b>Income taxes associated to components of other comprehensive income which will be reclassified to income for the period</b>				
Income tax related to hedging cash flows from other comprehensive income	(1,758,851)	(2,564,091)	1,144,453	(13,395)
<b>Total income taxes associated to components of other comprehensive income</b>	<b>(1,339,479)</b>	<b>(2,232,014)</b>	<b>1,843,844</b>	<b>691,603</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>560,423</b>	<b>4,545,146</b>	<b>(2,873,406)</b>	<b>(1,805,565)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>6,421,646</b>	<b>14,504,313</b>	<b>21,622,090</b>	<b>43,361,964</b>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Comprehensive income attributable to owners of the parent	6,465,602	14,531,435	21,519,938	43,229,634
Comprehensive income attributable to non-controlling interest	(43,956)	(27,122)	102,152	132,330
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>6,421,646</b>	<b>14,504,313</b>	<b>21,622,090</b>	<b>43,361,964</b>

The accompanying notes 1 to 31 are an integral part of these consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

As of June 30, 2020 and 2019 (not audited)



	Changes in capital (Note 22 a)	Changes in the other reserves (Note 22 d)				Retained earnings	Equity attributable to owners of the parent	Non controlling interests (Note 22 e)	Total Equity	
	Issued capital	Cash flow hedge reserves	Reserves of actuarial gains or losses on defined benefit plans	Accrual of profits or losses on remeasurement of financial assets available for sale	Other miscellaneous reserves					Total other reserves
<b>Balance at the beginning of the period</b>	1,329,872,285	1,099,249	(9,945,809)	2,155,257	(451,134,197)	(457,825,500)	472,507,995	1,344,554,780	5,859,874	1,350,414,654
<b>Changes in equity</b>										
<b>Comprehensive income</b>										
Profit	-	-	-	-	-	-	9,988,198	9,988,198	(29,030)	9,959,168
Other comprehensive income	-	6,913,905	(893,902)	(1,476,766)	-	4,543,237	-	4,543,237	1,908	4,545,145
<b>Comprehensive income</b>	-	6,913,905	(893,902)	(1,476,766)	-	4,543,237	9,988,198	14,531,435	(27,122)	14,504,313
Dividends	-	-	-	-	-	-	75,069	75,069	(80,317)	(5,248)
Capital increase	35,000,000	-	-	-	-	-	-	35,000,000	-	35,000,000
Other increase (decrease) from transfers and other changes	-	-	-	-	-	-	-	-	-	-
<b>Total changes in shareholders' equity</b>	35,000,000	6,913,905	(893,902)	(1,476,766)	-	4,543,237	10,063,267	35,075,069	(107,439)	49,499,065
<b>Ending balance as of 06.30.2020</b>	1,364,872,285	8,013,154	(10,839,711)	678,491	(451,134,197)	(453,282,263)	482,571,262	1,394,161,284	5,752,435	1,399,913,719
<b>Balance at the beginning of the period</b>	1,294,872,285	338,921	(8,203,551)	1,271,402	(451,134,197)	(457,727,425)	465,582,534	1,302,727,394	5,604,555	1,308,331,949
<b>Changes in equity</b>										
<b>Comprehensive income</b>										
Profit	-	-	-	-	-	-	45,074,383	45,074,383	93,146	45,167,529
Other comprehensive income	-	(10,748)	(1,897,777)	63,776	-	(1,844,749)	-	(1,844,749)	39,184	(1,805,565)
<b>Comprehensive income</b>	-	(10,748)	(1,897,777)	63,776	-	(1,844,749)	45,074,383	43,229,634	132,330	43,361,964
Dividends	-	-	-	-	-	-	40,008	40,008	(40,620)	(612)
Capital increase	35,000,000	-	-	-	-	-	-	35,000,000	-	35,000,000
Other increase (decrease) from transfers and other changes (1)	-	-	-	-	-	-	(261,326)	(261,326)	(19)	(261,345)
<b>Total changes in shareholders' equity</b>	35,000,000	(10,748)	(1,897,777)	63,776	-	(1,844,749)	44,853,065	78,008,316	9,691	78,100,007
<b>Ending balance as of 06.30.2019</b>	1,329,872,285	328,173	(10,101,328)	1,335,178	(451,134,197)	(459,572,174)	510,435,599	1,380,735,710	5,696,246	1,386,431,956

(1) Movements in equity correspond to the effects of the first-time application of IFRS 16 both at the Parent Company and subsidiary Telefónica Chile S.A. effective from January 1, 2019.

The accompanying notes 1 to 31 are an integral part of these consolidated financial statements



Notes	For six-month periods ended June 30,	
	2020	2019
	ThCh\$	ThCh\$
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
<b>Types of operating activity charges</b>		
<b>Proceeds from sale of assets and services rendered</b>		
Proceeds from sales and services	795,487,369	825,585,079
Proceeds from related entities	785,606,127	823,266,087
	9,881,242	2,318,992
	<b>(702,505,739)</b>	<b>(713,037,217)</b>
<b>Types of payments</b>		
Payments to suppliers for supplying goods and services	(417,021,936)	(455,181,135)
Payments to and on account of employees	(73,481,039)	(82,537,189)
Payments from related entities	(48,045,696)	(28,062,357)
Other operating activities payments (1)	(163,95,068)	(147,256,536)
<b>Net cash flows provided by (used in) operating activities</b>	<b>92,981,630</b>	<b>112,547,862</b>
Income taxes paid reimbursed classified as operating activities (less)	(6,655,647)	(1,072,224)
<b>Cash flows provided by (used in) operating activities</b>	<b>86,325,983</b>	<b>111,475,638</b>
<b>CASH FLOWS PROVIDED BY (USED IN) INVESTMENT ACTIVITIES</b>		
Amounts from sales of property, plant and equipment, classified as investment activities	1,828,703	-
Additions to property, plant and equipment, classified as investing activities	(152,657,988)	(182,075,833)
Interest received, classified as investing activities	1,297,110	1,771,784
Other cash inputs (outputs)	1,000	(19,995,290)
<b>Net cash flows provided by (used in) investment activities</b>	<b>(149,531,175)</b>	<b>(200,299,339)</b>
<b>CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
(Payments) collections loans to related entities	582,080	(720,100)
Proceeds from loans	119,999,216	-
Reimbursement of loans, classified as financing activities	(57,408,140)	(47,000,000)
Proceeds from shares issued	35,000,000	35,000,000
Lease obligation payments in accordance with IFRS 16	(40,579,838)	(17,171,105)
Interest paid (2)	(16,371,843)	(16,350,089)
(Payments) dividends	(81,249)	(40,625)
Other cash inputs (outputs)	1,560,892	(2,390,984)
<b>Net cash flows provided by (used in) financing activities</b>	<b>42,701,118</b>	<b>(48,672,903)</b>
<b>Increase (decrease) in cash and cash equivalents, before the effects of changes in he exchange rate</b>	<b>(20,504,074)</b>	<b>(137,496,604)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>(20,504,074)</b>	<b>(137,496,604)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>234,466,421</b>	<b>263,376,456</b>
(5)	<b>213,962,347</b>	<b>125,879,852</b>

(1) Corresponds to the net amount of factoring, portfolio sales, VAT payments and fee transactions.

(2) Corresponds to interest paid on bonds and loans, See note 17.

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements



## 1. Corporate information:

Telefónica Móviles Chile S.A. (formerly Inversiones Telefónica Móviles Holding S.A., (hereinafter “the Company”), was established as a limited liability company on July 12, 2004. On December 30, 2011 the partners agreed to change it to a closely held company. The Company’s capital is divided into 10 billion common, single series registered shares, without par value, which have been fully subscribed and paid. The Company’s line of business is: i) operating the public telephone service concessions which it may become the owner by virtue of Supreme Decrees issued by the Ministry of Transportation and Telecommunications; ii) performing all types of activities in the field of telecommunications services (fixed and mobile), comprising the installation, operation, exploitation and management, in general, of all types of networks, systems and services; iii) purchasing and selling all types of articles and products in the communications area; iv) offering data processing services to third parties; v) performing research and development activities in the telecommunications and telematics fields; vi) investing in tangible and intangible personal property, in shares of public companies, rights in other companies, bonds, commercial papers and other transferable securities, as well as their administration and operation. The Company is located at Avenida Providencia No, 111, Santiago, Chile.

Telefónica Móviles Chile S.A. is part of the Telefónica Group, where its majority shareholder Inversiones Telefónica Internacional Holding SpA. is an indirect subsidiary of Telefónica S.A., which has its headquarters in Spain.

The subsidiary registered in the Securities Registry is:

Subsidiary	Taxpayer No.	Registration No.	Participation percentage (direct and indirect)	
			06.30.2020 %	12.31.2019 %
Telefónica Chile S.A.	90.635.000-9	009	99.1405597	99.140.5597

## 2. Significant accounting principles:

### a) Accounting period

The Interim Consolidated Financial Statements (hereinafter, the “financial statements”) cover the following periods: Interim Consolidated Statement of Financial Position, ended as of June 30, 2020 and Annual Consolidated Statements of Financial Position ended as of December 31, 2019; Interim Consolidated Statements of Changes in Shareholders’ Equity, Interim Consolidated Statements of Comprehensive Income and Interim Consolidated Statement of Cash Flows for the six-month periods ended as of June 30, 2020 and 2019.

### b) Basis of presentation

The Interim Consolidated Financial Statements for June 30, 2020 and December 31, 2019 and their corresponding notes are shown in a comparative manner in accordance with Note 2a). Certain minor reclassifications have been made for comparison purposes to the 2019 financial statements, for better comparison with the financial statements as of June 30, 2020.

### c) Basis of preparation

The Interim Consolidated Financial Statements as of June 30, 2020, and the Interim Consolidated Statements of Comprehensive Income, Interim Consolidated Statements of Changes in Shareholders’ Equity, and Interim Consolidated Statement of Cash Flows for the six-month periods ended as of June 30, 2020 and 2019 have been

prepared in accordance with International Accounting

## 2. Significant accounting principles, continued:

### c) Basis of preparation, continued

Standard 34 (IAS 34) "Interim Financial Reporting", incorporated in International Financial Reporting Standards.

The figures included in these consolidated financial statements are expressed in thousands of Chilean pesos, since the Chilean peso is the Company's functional and reporting currency. All values are rounded to the nearest thousands, except when otherwise indicated.

The Company's Board of Directors is responsible for the information contained in these consolidated financial statements, and it expressly manifests its responsibility for the consistent and reliable nature of the application of IFRS.

### d) Exchange Method

Balances of monetary assets and liabilities denominated in foreign currency are presented valued at the closing exchange rate for each year. Foreign currency translation differences arising from the application of this standard are recognized in income for the period through the "Foreign currency translation differences account and differences resulting from valuation of the UF are recognize in income for the period in the "income from indexation units" account.

Non-monetary items in foreign currency, which are measured in terms of historical cost, are converted using the exchange rate on the transaction date and non-monetary items that are measured at fair value in a foreign currency, are converted using the exchange rates for the date on which this fair value is measured.

When a loss or profit derived from a non-monetary item is recognized in other comprehensive income, any foreign currency translation difference included in that loss or profit, is also recognized in other comprehensive income. On the other hand, when the loss or profit, derived from a non-monetary item, is recognized in income for the period, any foreign currency translation difference, included in this loss or profit, will also be recognized in income for the period.

Assets and liabilities in US\$ (United States dollars), Euros, Brazilian Real and UF ("*Unidades de Fomento*"), have been converted to Chilean pesos at the observed exchange rates as of the closing date of each period, detailed as follows:

DATE	USD	EURO	REAL	UF
06.30.2020	821.23	922.73	151.73	28,696.42
12.31.2019	748.74	839.58	186.51	28,309.94
06.30.2019	679.15	772.11	176.95	27,903.30

### e) Basis of consolidation

The interim consolidated financial statements comprise the financial statements of the parent company and its subsidiaries (hereinafter, "the Company"), including assets, liabilities, income, expenses and cash flows after making adjustments and eliminations related to transactions between the companies that are part of the consolidation, Minority investments have been recognized under "Non-controlling Interests" (note 23e).

## 2. Significant accounting principles, continued:

### e) Basis of consolidation, continued

Control is achieved when the Company is exposed to or has rights to variable returns from its interest in the investee and has the capacity to influence these returns through its power over it, In order to comply with the definition of control the following points must be fulfilled:

- Power over the investee (existing rights that give it the capacity to direct the relevant activities of the investee),
- Exposure, or right to variable returns from its interest in the investee; and
- Capacity to use its power over the investee to influence the amount of the returns of the investor

The financial statements of the consolidated companies cover the periods ended on the same dates as the individual financial statements of the parent Company, Telefónica Móviles Chile S.A. and have been prepared using the same accounting policies.

Non-controlling interest represents the portion of net income or loss and net assets of certain subsidiaries that are not owned by the parent company and are presented in the consolidated statements of income and equity, separately from shareholders' equity.

The following subsidiaries are included in consolidation:

Taxpayer No.	Company Name	Origin Country	Currency	% of participation 06.30.2020			12.31.2019
				Direct	Indirect	Total	Total
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	Chile	CLP	100.0000000	-	100.0000000	100.0000000
90.635.000-9	Telefónica Chile S.A.	Chile	CLP	99.1405597	-	99.1405597	99.1405597
76.703.410-1	Telefónica Empresas Chile S.A.	Chile	CLP	-	99.9999973	99.9999973	99.9999973
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	Chile	CLP	49.0000000	51.0000000	100.0000000	100.0000000
77.122.635-3	InfraCo SpA (1)	Chile	CLP	-	100.0000000	100.0000000	-

On November 22, 2019, Telefónica Móviles Chile S.A. purchased from Telefónica Chile S.A. the shares of Telefónica Móviles Soluciones y Aplicaciones S.A., becoming 100% owner of the shares, generating the dissolution of the Company.

(1) On January 31, 2020, Telefónica Chile S.A. purchased a million registered shares of InfraCo SpA, obtaining 100% interest in this company.



## 2. Significant accounting principles, continued

### e) Basis of consolidation, continued

The summarized financial information at June 30, 2020 of the companies included in the consolidation is as follows:

Taxpayer No.	Company Name	% Participation (*)	Currents assets	Non-currents assets	Total Assets	Currents liabilities	Non-currents liabilities	Total liabilities	Equity	Revenues from ordinary operations	Profit (loss), Net
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100,000000	9,040,171	407,018	9,447,189	7,845,518	3,001	7,848,519	1,598,673	(160,995)	(522,636)
78.703.410-1	Telefónica Empresas Chile S.A.	99,9999973	194,544,475	85,050,874	279,595,349	172,704,333	4,369,654	177,073,987	102,521,362	144,501,451	(4,631,609)
90.635.000-9	Telefónica Chile S.A.	99,1405597	246,676,808	1,322,547,144	1,569,223,952	288,498,978	608,131,600	896,630,578	672,593,374	213,942,388	(2,929,803)
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda.	100,0000000	131,262,137	50,633,997	181,896,134	89,754,607	30,666,160	120,420,767	61,475,367	89,538,066	2,444,476
77.122.635-3	InfraCo SpA (1)	100,0000000	1,000	-	1,000	-	-	-	1,000	-	-

(\*) Direct and indirect participation.

(1) On January 31, 2020, Telefónica Chile S.A. purchased a million registered shares of InfraCo SpA, obtaining 100% interest in this company.

The summarized financial information at June 30, 2019 of the companies included in the consolidation is as follows:

Taxpayer No.	Company Name	% Participation (*)	Currents assets	Non-currents assets	Total Assets	Currents liabilities	Non-currents liabilities	Total liabilities	Equity	Revenues from ordinary operations	Profit (loss), Net
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
76.378.279-4	Telefónica Investigación y Desarrollo Chile SpA	100.000000	8,236,483	244,782	8,481,265	6,403,511	11,419	6,414,930	2,066,335	725,620	24,705
78.703.410-1	Telefónica Empresas Chile S.A.	99.999999	192,867,080	87,467,895	280,334,975	164,063,046	5,981,785	170,044,831	110,290,144	163,652,976	3,285,919
90.635.000-9	Telefónica Chile S.A.	99.140559	219,833,332	1,252,908,996	1,472,742,328	284,814,997	522,744,682	807,559,679	665,182,649	230,976,910	11,321,131
76.086.148-0	Telefónica Chile Servicios Corporativos Ltda. Telefónica Móviles Soluciones y Aplicaciones	100.000000	83,038,724	56,017,426	139,056,150	49,804,844	32,164,302	81,969,146	57,087,004	90,402,048	3,510,510
96.990.810-7	S.A.	100.000000	1,694,629	-	1,694,629	816,695	-	816,695	877,934	-	(14,937)

(\*) Direct and indirect participation.

## 2. Significant accounting principles, continued

### f) Financial assets and liabilities

#### 1. Financial assets other than derivatives

##### Classification and presentation

The Company classifies its financial assets into the following categories: loans and accounts receivable, financial assets at fair value through profit and loss, financial assets held to maturity and assets-held-for-sale. The classification depends on the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets at the time of initial recognition.

##### i) Amortized cost

Financial assets that comply with the following two conditions will be measured at amortized cost: the objective of the business model supporting them is to hold the financial assets to obtain contractual cash flows and in turn, the contractual conditions of the financial assets lead to cash flows composed of principal and interest payments only on specific dates.

The Company's financial assets that comply with the conditions established in IFRS 9, for valuation at amortized cost are: accounts receivable, loans and cash and cash equivalents.

Trade receivables are recognized for the amount of the invoice, and an adjustment is recorded if there is objective evidence of customer payment risk.

The estimated impairment of accounts receivable, is determined on the basis of the expected loss throughout the lives of the assets, determined by assessing the historical payment behavior and current information demonstrating the present and future condition of customers from the various segments that compose the portfolio. Recoverability matrices are prepared for this assessment, composed of aging periods, which provide the percentages of uncollectible based on past behavior, in addition to gathering timely customer information and monitoring changes in macroeconomic factors, thus recognizing impairment which are from inception.

Loans and accounts receivable are included in "Trade and other accounts receivable" in the consolidated statement of financial position, except for those with due dates in excess of 12 months from the closing date which are classified as Non-current trade and other accounts receivable. They are recorded at amortized cost using the effective interest rate method, which is its initial fair value.

## 2. Significant accounting principles, continued

### f) Financial assets and liabilities, continued

#### 1. Financial assets other than derivatives, continued

##### Classification and presentation, continued

##### i) Amortized cost, continued

The effective interest rate method is a method for calculating the amortized cost of a financial asset or liability and imputing finance income or expenses throughout the relevant period. The effective interest rate is the discount rate that exactly matches the estimated cash flows receivable or payable throughout the expected life of the financial instrument (or, when adequate in a shorter period) with the net carrying amount of the financial asset or liability.

Short-term trade receivables are not discounted. The Company has determined no difference between the amount invoiced and the amortized cost, as the transaction has no significant associated costs.

Cash and cash equivalents recognized in the financial statements includes cash balances, checking accounts, time deposits and investments in instruments with original maturity of ninety days or less. These items are recorded at their historical cost, which does not significantly differ from their realization value. There are no restrictions on the use of cash and cash equivalents contained in this heading.

##### ii. Financial assets at fair value through other comprehensive income

Financial assets that comply with the following two conditions are measured at fair value through other comprehensive income: they are classified within a business model whose objective is to hold financial assets both to collect contractual cash flows and to sell them and in turn, contractual conditions lead to payment of principal and interest on the amount of the outstanding principal.

The Company will apply this valuation to factoring transactions, as long as the following conditions are met by sales subject to this transaction: significant, frequent sales, not motivated by credit risk and far from their due date.

##### iii) Financial assets at fair value through profit or loss

Financial assets will be considered in this category when they are not classified in the two previous categories or are irrevocably designated at their initial recognition at fair value through profit or loss.

They are recorded in the statement of financial position at fair value, and changes in their value are recorded directly in income when they occur, as are the costs of the initial transaction.

## 2. Significant accounting principles, continued

### f) Financial assets and liabilities, continued

#### 2. Financial liabilities, continued

The Company irrevocably determines the classification of its financial liabilities at the time of their initial recognition.

Financial liabilities are initially recognized at fair value and in the case of loans, include costs directly attributable to the transaction. Subsequent measurement of financial liabilities depends on their classification: amortized cost, fair value through profit or loss or held for trading.

Financial liabilities are derecognized when the obligation is cancelled, liquidated or expires, When an existing financial liability is replaced by another from the same lender under substantially different terms, or the terms of an existing liability are substantially modified, that exchange or modification is treated as an accounting derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

#### i) Financial liabilities at amortized cost

The Company classifies all its financial liabilities at amortized cost, except for liabilities held for trading or that decrease an accounting asymmetry, which are valued at fair value through profit or loss.

#### ii) Financial liabilities at fair value through profit or loss

Financial liabilities are classified in the category of financial liabilities at fair value through profit or loss when they are initially recognized at fair value through profit or loss, in order to reduce accounting asymmetries.

This classification includes derivatives designated as effective hedging instruments (see note 19,2).

The underlying items associated to these derivatives, which are measured at amortized cost, consider the amount determined by rate risk at fair value.

### 3. Derivative financial instruments

The Company holds hedge derivatives to manage its exposure to interest and/or exchange rate risks (see Note 19, 2) to manage its risks associated to changes in interest rate and exchange rate. The Company's objective in respect to derivatives is to minimize these risks using the most effective method to eliminate or reduce the impact on underlying hedged transactions.

## 2. Significant accounting principles, continued

### f) Financial assets and liabilities, continued

#### 3. Derivative financial instruments, continued

Derivative instruments are recognized at fair value on the date of the statement of financial position under “Other financial assets” or “Other financial liabilities” depending on whether their fair value is positive or negative respectively. They are classified as current or non-current depending on whether they mature in less than or more than twelve months. Derivative instruments that meet all the requirements for being treated as hedge instruments for long-term items are presented as non-current assets or liabilities, based on their balance separately from the hedged items, as indicated in IFRS 9.

Hedges for risks of variations, in exchange rates, in firmly committed transactions. May be treated indistinctly as either a fair value hedge or cash flow hedge.

Variations in the fair value of derivatives that have been designated as and meet the requirements for being treated as fair value hedge instruments, are recorded in the comprehensive income statement netting the effects of the part of the underlying for which the risk is being hedged.

In the case of cash flow hedges, changes in the fair value of derivatives are recorded, for the effective part of those hedges, in an equity reserve called “Cash flow hedge reserve”. The accumulated deficit or profit in that heading is transferred to the comprehensive statement of income to the extent that the underlying has an impact on the comprehensive income statement for the hedged risk, netting that effect. The part of the hedge considered to be ineffective is recorded directly in the comprehensive income statement.

Initially, the Company formally documents the hedge relationship between the derivative and the hedged item, as well as the objectives and risk management strategies pursued in establishing the hedge. This documentation includes identifying the hedge instrument, hedged item or transaction as well as the nature of the hedged risk. It also specifies the method for assessing the degree of effectiveness when offsetting the exposure to changes in the hedged element, whether in its fair value or in the cash flows attributable to the hedged risk. The effectiveness assessment is performed prospectively and retroactively, both at inception of the hedge relationship and systematically throughout the period for which it were designated.

The fair value of the derivative portfolio reflects estimates based on calculations performed using observable market data, employing specific valuation and risk management tools widely used by diverse financial entities.



## 2. Significant accounting principles, continued

### g) Inventory

Materials for consumption and replacement are valued at cost or net realization value, whichever is lower.

The net realizable value is the estimated sales value during the normal course of business, less costs related to the sale and costs related to finishing the product.

When cash flows related to inventory purchases are covered by an effective hedge, the corresponding gains and losses accumulated in equity become part of the cost of acquired inventory.

Obsolescence is determined on the basis of the age and commercial turnover of equipment and accessories. According to the Company's policies, a provision for items that have been in inventory for more than 360 days since their purchase date and whose turnover is greater than 12 months has been established. Likewise, stored scrapped products or accessories are considered to be a total loss.

### h) Impairment of non-current assets

At each year-end non-current assets are evaluated for possible indications of impairment. If such indications exist, the Company estimates the asset's recoverable amount, which is its value in use or its fair value, less cost to sell, whichever is greater. Value in use is determined by discounting estimated future cash flows. When an asset's recoverable amount is less than its net book value, impairment is recorded.

To calculate impairment, the Company estimates the return on assets assigned to the different cash generating units based on expected cash flows.

### i) Leases

Leases are recognized in accordance with IFRS 16, as a right of use asset and a corresponding liability as of the date on which the leased asset is available for use by the Company. The financial cost is charged to income over the term of the lease. The right of use asset is depreciated using the straight-line method over the useful life of the asset or the term of the lease, whichever is shorter.

#### 1) Initial recognition

Right of use assets are measured at cost including the following:

- The initial measurement amount of the lease liability
- Any lease payment made on or before the commencement date less any lease incentive received.
- Any direct initial cost and
- Restoration or decommissioning costs.

## 2. Significant accounting principles, continued

### i) Leases, continued

#### 1) Initial recognition, continued

Lease liabilities include the present value, as of the commencement date of the lease, net of the following payments:

- Fixed payments (including those that are so in substance), less lease incentives receivable.
- Variable lease payments based on an index or rate.
- The amounts that are expected to be payable by the lessee as guarantee for the residual value;
- Payment of fines for lease contract termination, if the lease termination reflects the lessee that exercises that option.

#### 2) Subsequent measurement

The right of use asset must be measured using the cost model, that is, cost less accumulated depreciation and any accumulated impairment loss, adjusted for any new measurement of the lease liability, including restatement of indexation units (UF).

The lease liability will be measured increasing the carrying amount to reflect the interest on the lease liability and reducing the carrying amount to reflect lease payments made. In addition, it must include new evaluations or modifications.

Lease payments are discounted using the implicit interest rate in the lease contract, if it can be determined, or the incremental interest rate.

Payments associated to short-term leases and low value asset leases are recognized in income as an expense, based on accrual of the service. Short-term leases are those that are equal to or less than 12 months (that do not contain a purchase option). Low value assets comprise equipment for information processes, office furniture and equipment.

### j) Income taxes

The income tax expense for each year comprises current and deferred income taxes.

Tax assets and liabilities for the current and prior periods are measured at the amount the Company estimates it will recover or pay to tax authorities. Tax rates and government regulations used to calculate these amounts are those in force as of each period, being 27% as of June 30, 2020 and December 31, 2019, respectively.

The deferred tax amount is obtained from analyzing temporary differences that arise due to differences between the tax and book values of assets and liabilities, mainly allowance for doubtful accounts, depreciation of Property, plant and equipment and staff severance indemnities.

## 2. Significant accounting principles, continued

### j) Income taxes, continued

Under Chilean tax regulations, the tax loss from previous periods can be used in the future as a tax benefits with no expiration period.

Temporary differences generally become taxable or deductible when the related liability is settled or the related asset is recovered. A deferred tax liability or asset represents the amount of tax payable or refundable in future years under the currently enacted tax laws and rates as a result of temporary differences determined as of the date of issuance of the financial statements. Deferred tax assets and liabilities are not discounted at their current value and are classified as non-current.

### k) Goodwill

Represents the difference between the acquisition cost and the fair values of the assets acquired, liabilities assumed and identifiable contingent liabilities acquired from an associate. After initial recognition, goodwill is recorded at cost, less any accumulated impairment loss.

The Company tests goodwill impairment annually and when there are indicators that the net carrying amount might not be fully recoverable. The impairment test which is based on fair value is performed for each cash generating unit, for which the goodwill has been allocated. If that fair value is less than the carrying amount, an irreversible impairment loss is recognized in the income statement.

### l) Intangibles

#### i) Administrative concessions

Concession licenses correspond to the cost incurred to obtain mobile cellular telephone public services concessions. They are presented at their acquisition cost less accumulated amortization and less any impairment loss, should there be any. The Company amortizes these licenses over the concession period (30 years from the date of publication of the decree that accredits the respective license in the Official Gazette, which began in December 2003).

#### ii) Licenses and software

Intangibles includes software licenses and the right to use underwater cable, which are recorded at acquisition or production cost, less accumulated amortization and less any accumulated impairment loss. Also includes intangible assets being developed which correspond to commercial systems applications, mainly billing, collecting and collections, to be used by the Company in the normal course of its operations in relation to its customer, these intangible assets being developed are recorded at acquisition cost plus all costs associated to their implementation and are amortized over the period in which their use is expected to generate income.

Software licenses and rights to use underwater cable have finite useful lives and are amortized over their estimated useful lives. As of the close of each period date there is an analysis underway to determine whether there are events or changes that indicate that the net book value might not be recoverable, in which case impairment tests will be carried out.

## 2. Significant accounting principles, continued

### l) Intangibles, continued

#### ii) Licenses and software, continued

The methods and periods of amortization applied are reviewed as of each year-end and, if applicable, adjusted in a prospective manner.

The Company amortizes software licenses and the right to use underwater cable using the straight-line method over their estimated useful lives, which for software licenses is 3 years and for rights to use underwater cables, a maximum of 20 years.

There are no restrictions on ownership of software licenses or the right of use of underwater cable, and they have not been pledged as guarantee of compliance with obligations.

#### m) Property, plant and equipment

Property, plant and equipment items are valued at acquisition cost, less accumulated depreciation and less applicable impairment losses. Land is not depreciated.

Acquisition cost includes external costs plus internal costs necessary to carry out the investment, comprised of direct costs, direct labor costs used in the installation and any other cost necessary to carry out the investment. In addition, the Company recognizes an obligation for assets that will be dismantled, corresponding to future disbursements that the company must make for removal of certain installations. These future disbursements are incorporated in the restated value of the asset, recognizing the corresponding dismantling provision.

Changes in the valuation of existing dismantling liabilities, derived from changes in the amount or temporary structure of outflow of resources that incorporate economic benefits required to settle the obligation, or a change in the discount rate, shall be added to or deducted from the cost of the corresponding asset in the current period. The amount deducted from the cost of the asset must not exceed its carrying amount. If the decrease in the liability should exceed the carrying amount of the asset, the excess is immediately recognized in income for period.

There are no restrictions on ownership of property, plant and equipment assets and they have not been pledged as guarantee of compliance with obligations.

An asset's dismantling provisioned cost is recognized in the income statement through depreciation over its useful life, under depreciation and amortization expense. The provision discount process is recognized in income for the period as finance cost.

Interest and other financial expenses incurred and directly attributable to the acquisition or construction of qualifying assets, may be capitalized. Qualifying assets, under the criteria of the Telefónica Group, are assets that require at least 18 months of preparation for their use or sale. At the end of the 2020 and 2019 periods there are no capitalized interests.

## 2. Significant accounting principles, continued

### m) Property, plant and equipment, continued

Costs for improvements that result in increased productivity, efficiency, or extension of the useful lives of assets, are capitalized as higher cost of such assets when they comply with the requirements to be recognized as an asset.

Repair and maintenance expenses are charged to the income statement account for the period in which they are incurred.

### n) Depreciation of property, plant and equipment

The Company depreciates Property, plant and equipment from the moment when the assets are in condition to be used, distributing the cost of the assets on a straight-line basis over the respective estimated useful life. Projects classified under building in progress, for which their estimated termination date as of each closing period has expired, but are in usable condition are also included.

The average annual financial depreciation rate of the Company is approximately 10.14% and 10.25% at June 30, 2020 and 2019, respectively.

Estimated useful lives are summarized in the following detail:

Assets	Useful lives in years	
	Minimum	Maximum
Buildings	5	40
Transportation equipment	7	10
Supplies and accessories	7	10
Office equipment	10	10
Information equipment	4	4
Network and communications equipment	5	20
Other property, plant and equipment	2	7

Estimated residual values, as well as the methods and applied amortization periods are reviewed as of each closing period and, if appropriate, adjusted prospectively.

### ñ) Investment properties

Investment properties correspond to buildings held for the purpose of obtaining income instead of using them in the production process, or in the supply of goods or services, or for administrative purposes, or to sell them in the course of the company's ordinary activities.

If the elements can be disaggregated for rental, they receive a separate accounting treatment. They are recognized as an asset when it is probable that they will generate future benefits that will flow to the company and their cost can be reliably measured.

Investment properties are initially recognized at cost, and the standard subsequently establishes two valuation alternatives, at fair value or cost. The latter includes the original cost, plus accumulated amortization, less accumulated impairment losses.

The criterion chosen by the Telefónica Group is to value them at cost.

## 2. Significant accounting principles, continued

### o) Provisions

#### i) Post-employment benefits

The Company is obligated to pay staff severance indemnities in respect of collective negotiation agreements. This obligation is provisioned using the actuarial value of the accrued benefit cost method, using an nominal annual discount rate of 3.13% and 3.59% at June 30, 2020 and December 31, 2019 respectively, considering estimations such as future permanence, employee mortality rate and future salary increases determined on the basis of actuarial calculations, Discount rates are determined by reference to market interest curves.

#### ii) Provision for dismantling expenses

Corresponds to the cost that will be incurred in the future for dismantling microwave antennas from the telecommunications infrastructure once the third-party site rental contract ends. This cost is calculated at current value and recorded as a property, plant and equipment item in assets and as a non-current accrual for future obligations. That property, plant and equipment item is amortized over the duration of the asset associated to that accrual.

#### iii) Other provisions

Provisions are recognized when the Company has a present legal or constructive obligation, as a result of a past event, whose settlement requires an outflow of resources that is considered likely and can be reliably estimated. This obligation can be legal or constructive, derived from among other factors, regulations, contracts, common practices or public commitments that create a valid third-party expectation that the Company will assume certain responsibilities.

### p) Income and expenses

Income and expenses are recognized in the income statement based on the accrual criteria, regardless of the moment at which the cash flows or financing derived from it is produced.

The Company's income is produced mainly by providing the following:

#### i) Telecommunications

It is composed of traffic voice and broadband, international business (carrier payments), multiservice network services and capacities, television, interconnection, network and equipment rental, sale of equipment and other services, such as value added services or maintenance. Products and services can be sold separately or jointly, in commercial packages.

In the case of commercial offers where the customer pays a flat rate, which can include minutes, broadband and pay TV plans, revenue is recognized in a straight-line over the period covered by the rate paid by the customer.

In the case of revenue generated only by traffic, it is recorded as it is consumed.

## 2. Significant accounting principles, continued

### p) Income and expenses, continued

#### i) Telecommunications, continued

In equipment sales, revenue is recognized at the time of delivery of the equipment to the customer; in case of sales including installation, configuration, startup or other complementary activities, revenue is recognized upon satisfactory reception by the customer.

Revenue from capacity and multi-service networks, is accrued as the services are rendered.

Interconnection revenue derived from fixed-mobile and mobile-fixed calls, as well as from other services used by customers, is recognized in the period in which such calls are placed.

The Company has current agreements with foreign correspondents, with conditions which are established to regulate international traffic and their collection or payment is performed in accordance with net traffic exchange and the rates set in each agreement. Accounting for this exchange is on an accrual basis, recognizing the costs and income in the period in which they are produced, recording balances receivable or payable for each correspondent under "Trade and other accounts receivable" or "Trade and Other Payables", as applicable.

In the case of prepayment, the amount corresponding to the paid traffic pending generates a deferred income which is recorded within liabilities. Electronic top-ups usually have an expiry period of up to 90 days, and any unused prepaid traffic is recognized directly in income when traffic is consumed or when the top-up expires, since from that moment the Company has no remaining obligations to provide the service.

Monthly fees are recognized as income using the straight-line method in the corresponding period, Rentals and other services are recognized as income as the service is provided.

In accordance with IFRS 15, income from commercial package offers that combine different goods and services for fixed telephone service, data, Internet and television. the Company determines whether it is necessary to separate the different elements identified, applying the appropriate revenue recognition criterion for each case. Total revenue for the package is allocated to its identified elements on the basis of their respective fair values (i.e, the fair value of each individual component, in relation to the total fair value of the package), unlike the criteria applied up to last year (in accordance with IAS 18) where no amounts contingent on delivery of the remaining elements to be provided to customers were allocated. To the extent that packages are commercialized with an equipment discount, the application of the new criteria will involve an increase in the recognition of income from sale of equipment, which will generally be recognized coinciding with the time of delivery to the customer, at the expense of periodic income from providing services in subsequent periods.

Likewise, due to IFRS 15 the Company will recognize an asset for the cost of obtaining contracts as long as these are incremental, it is estimated that they will be recovered, they can be allocated to a contract and it is estimated that they will be amortized over more than one year. In addition, the Company will recognize an asset for contract compliance costs as long as these are directly identified with a specific contract,

## 2. Significant accounting principles, continued

### p) Income and expenses, continued

#### i) Telecommunications, continued

generate or improve the Company's resources that will be used to satisfy or continue to satisfy compliance obligations in the future and the Company expects to recover those costs over time. For both cases the amortization period is determined based on the transfer of the goods or services related to those assets to the customer.

All costs directly associated to obtaining revenue are recognized in profit and loss to the extent that the revenue is generated. The rest of the expenses are recognized in profit and loss when they are accrued.

#### ii) Customer loyalty program:

The Company has a customer loyalty program called "Club Movistar" which provides multiple benefits to customers which can be provided by third parties or by the Company. These benefits will be reflected as a discount in revenue when points are exchanged for products. As of June 30, 2020 and December 31, 2019, the valuation of this loyalty program is immaterial in relation to the contracts for which it was generated.

#### iii) Government subsidies:

Operating subsidiaries Telefónica Chile S.A. and Telefónica Móviles Chile S.A. participate in tenders for State projects associated to the Telecommunications Development Fund, for the purpose of receiving resources to install operating assets for the operation and exploitation of public services. These resources, called government subsidies, are initially recorded as deferred income, under other non-financial liabilities, and charged against income over the useful lives of the assets associated to those subsidies (Note 22).

Subsidiary Telefónica Investigación y Desarrollo Chile SpA participates in tenders for State projects associated to the Innova Chile Committee, in order to carry out research and development, technology transfer and marketing activities, in the area of information and communication technologies. These government subsidies are initially recorded as deferred revenue under "other non-financial liabilities", and are recoded in income as the projects progress in their development (Note 22).



## 2. Significant accounting principles, continued

### q) Use estimates

The following section shows the main future hypotheses assumed and other relevant sources of uncertainty in estimates as of the reported periods that could have a significant effect on the financial statements in the future.

#### i) Property, plant and equipment and intangibles

The accounting treatment for Property, plant and equipment and intangible assets uses estimates to determine useful life for the purpose of calculating depreciation and amortization.

Determination of useful lives requires estimates regarding expected technological progress and alternative use of assets. Hypotheses regarding technological framework and its future development imply a significant degree of judgment, as the timing and nature of future technological change is difficult to predict.

#### ii) Deferred taxes

The Company evaluates probability of recovery of deferred tax assets based on estimates of future earnings. This probability of recovery ultimately depends on the Company's capacity to generate taxable income throughout the period in which the deferred tax assets are deductible.

This analysis takes into consideration the forecasted reversal calendar for deferred tax liabilities as well as estimates of taxable income, based on internal projections that are updated to reflect recent trends.

Determining the proper classification of tax items depends on various factors, including timing estimates, realization of deferred tax assets and the expected timing of tax payment. The real flows of income tax payments and recoveries. May differ from estimates made by the Company as a consequence of changes in tax legislation or of unforeseen future transactions that May affect tax balances.

As described in Note 1 and Note 11 d), during 2017 the Company merged by absorption with its subsidiary Telefónica Móviles Chile S.A., generating an impact on income in the amount of ThCh\$140,423,552. That amount arises from the allocation of tax goodwill generated in the merger, to the non-monetary assets of the absorbed entity, which is ultimately reflected in the recording of a deferred tax asset under IFRS. This allocation requires that management determine the fair value of those assets using their best estimate. As of March 31, 2018 the Company has concluded the process of estimating the fair value of non-monetary assets involved in the merger and has determined deferred taxes in the amount of ThCh\$ 148,606,473, which will be amortized over the useful lives of the corresponding assets.

## 2. Significant accounting principles, continued

### q) Use estimates, continued

#### iii) Provisions

Given the uncertainty inherent to estimates used to determine provisions, real disbursements. May differ from the amounts originally recognized using these estimates.

Determination of the amounts of provisions is based on the best estimate of the disbursements that must be made for the corresponding obligations, taking into consideration all information available as of period-end, including the opinion of independent experts, such as legal advisors and consultants.

#### iv) Post-employment benefits

The cost of defined benefit post retirement plans as well as the present value of the obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. All assumptions are reviewed once a year. In determining the appropriate discount rate management considers the interest rates of instruments issued by the Central Bank of Chile. The mortality rate is based on publicly available mortality tables for the specific country.

Future salary increases and pension increases are based on expected future inflation rates for the specific country. View details of the actuarial hypotheses used in Note 21a).

#### v) Financial assets and liabilities

Where the fair value of financial assets and financial liabilities recorded in the balance sheet and disclosed in the notes can not be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instrument.

### r) Methods of consolidation

Consolidation has been carried out using the global integration method for companies where there is control, whether through effective control or the existence of agreements with the rest of the shareholders.

All balances and transactions between consolidated companies have been eliminated in the consolidation process. Likewise, the margins included in these operations performed by companies dependent on other companies of the Company for capitalized goods or services have been eliminated in the consolidation process.

## 2. Significant accounting principles, continued

### r) Methods of consolidation, continued

The accounts in the statement of comprehensive income and consolidated cash flows gather, respectively, the income, expenses and cash flows of companies that stop being a part of the Company up to the date on which the participation has been sold or the company has been liquidated. Likewise, in the case of new acquisitions, income and expenses and cash flows of the new companies are gathered from the date of purchase of those companies.

The value of the participation of non-controlling shareholders in the equity and income of dependent companies consolidated using the global integration method is presented in “non-controlling interests” and “income attributable to non-controlling interests”, respectively.

### s) New IFRS and Interpretations of the IFRS Interpretations Committee

#### i. Publication of new standards

IFRS improvements and amendments, as well as interpretations that have been published during the period, are detailed below. As of the closing date, these standards are still not in forced and the Company has not opted for early application of any of them:

	New Standard	Mandatory application date
IFRS 17	Insurance Contracts	January 1, 2021

#### IFRS 17 “Insurance Contracts”

Published in May 2017, it replaces current IFRS 4, IFRS 17 will mainly change accounting for all entities that issue insurance contracts and investment contracts with discretionary participation characteristics. The standard is applicable to annual years commencing as of January 1, 2021. Early application is allowed only when IFRS 15, “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” are applied.

Based on the analysis performed to date, the Company believes that the application of many of these standards, will not have a significant impact on the financial statements in the period of initial application.

#### ii. Publication of standards modifications

	Improvements and amendments	Mandatory application date
NIC 1	Presentation of financial statements	January 1, 2022
NIIF 3	Business combinations, implementation guide review	January 1, 2022
NIC 16	Property, plant and equipment	January 1, 2022
NIC 37	Provisions, contingent liabilities and contingent assets	January 1, 2022
NIIF 10 y NIC 28	Interim consolidated financial statements and investments in associates and joint ventures.	To determinate

## 2. Significant accounting principles, continued

### s) New IFRS and Interpretations of the IFRS Interpretations Committee, continued

#### ii. Publication of standards modifications, continued

##### **IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”**

Published in October 2018. It uses a definition of materiality that is consistent with all IFRS and the Conceptual Framework for Financial Reporting, it clarifies the explanation of the definition of material and incorporates some of the guidelines in IAS 1 on immaterial information.

##### **IFRS 3 “Business Combinations”**

It revises the definition of a business. Based on the feedback received by the IASB, the application of the guidelines is often thought to be too complex and results in too many transactions that qualify as business combinations.

##### **IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”**

Published in September 2019. These amendments provide certain simplifications in relation to the benchmark interest rate Reform. The simplifications are related to hedge accounting and have an effect on the IBOR Reform which generally should not result in the end of hedge accounting. However, any hedging inefficiency must continue being recorded in income.

##### **IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”**

Published in September 2014. This amendment addresses an inconsistency in the requirements of IFRS 10 and IAS 28 related to the treatment of the sale or contributions of assets between an investor and its associate or joint venture. The main consequence of the amendment is that a full gain or loss is recognized when the transaction involves a business (whether it is in a subsidiary or not) and a partial gain or loss when the transaction involves assets that do not constitute a business, even if these are in a subsidiary.

Based on the analysis performed to date, the Company believes that the application of many of these amendments will not have a significant impact on the financial statements in the period of initial application.

## 2. Significant accounting principles, continued

### s) New IFRS and Interpretations of the IFRS Interpretations Committee, continued

#### iii) Application of new standards and amendment of standards

Improvements and amendments		Mandatory application date
NIC 1	Presentation of financial statements	January 1, 2020
NIIF 3	Business combinations	January 1, 2020
NIIF 9, NIC 39 y NIIF 7	Benchmark interest rate reform	January 1, 2020
NIIF 16	Lease concessions	January 1, 2020
Conceptual framework	financial reports	January 1, 2020

The application of these standards and standard amendments have not had a significant impact as of the closing date of these financial statements.

#### t) Statement of cash flows

The statement of cash flows includes movements of cash performed during the period, determined using the direct method. Cash flows are understood to be cash inflows and outflows or inflows and outflows of other equivalent means, such as highly liquid time deposits maturing in less than three months with low risk of change in value. The following expressions are used in the following sense:

- i. Operating activities: are activities that constitute the main source of the Company's ordinary income, as well as other activities that can not be qualified as from investing or financing activities.
- ii. Investing activities: are activities such as acquisition, alienation or disposal of non-current assets by other means and other investments not included in cash and cash equivalents.
- iii. Financing activities: are activities that produce changes in the size and composition of total shareholders' equity and in liabilities of a financial nature.

## 3. Changes in Accounting Policy and Disclosures

International Financial Reporting Standards have been consistently applied in the period covered by these financial statements.

#### 4. Financial information by segment

Telefónica Móviles Chile S.A. discloses segment information in accordance with IFRS 8, "Operating Segments" which establishes the standards for reporting operating segments and related disclosures for products and services and geographical areas. Operating segments are defined as components of an entity for which there is separate financial information that is regularly used by the main decision maker to decide how to assign resources and to evaluate performance. The Company presents segment information that is used by management for internal decision making purposes.

The Company manages and measures the performance of its operations by business segment. Since the Company's corporate organization coincides basically with that of the businesses, and therefore the segments, distribution established in the information presented below, is based on the financial information of the companies. These are integrated in each segment. Assets and liabilities correspond to those directly attributable to the segment.

The operating segments reported internally are as follows:

##### a) Mobile Telecommunications

Mobile Telecommunications services mainly include revenue from the providing of mobile telecommunications services, sale of electronic prepaid top-up and the sale of handheld equipment. Revenue is recognized as the services are provided.

##### b) Fixed Telecommunications

Landline telephone services include basic telephone services, connections and line installations, value added services, broadband, dedicated lines, international long-distance services, marketing of handsets, and circuit media rental and others. According to the financial statements, the income is recognized as the services are provided or the equipment is sold.

##### c) Television Services

Multimedia services include direct and indirect development, installation, maintenance, marketing and operations of television services via cable, satellite, broadband or any other physical means using any physical or technical means, including individual paid services or multiple basic channels, special or paid, videos on demand and interactive or multimedia television services. Corresponding with the financial statements, income is recognized as the services are delivered.

##### d) Corporate Communications and Data

Corporate communications services include revenue from the sale and rental of telecommunications equipment and the sale of networks to corporate customers, rental of networks associated to public or private projects and data transmission services. Revenue is recognized as the services are provided.

##### e) Others

"Other" includes logistics, personnel and management services.

#### 4. Financial information by segment, continued

Relevant information regarding Telefónica Móviles Chile S.A. and its subsidiaries, which represent different segments, together with information regarding other subsidiaries, corresponding to June 30, 2020, December 31, 2019 and June 30, 2019, is detailed as follows:

For the exercise ended as of June 30, 2020	Mobile Telecommunications	Fixed Telecommunications	Corporate Communication and Data	Television Services	Other	Eliminations	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income from external customers	389,465,384	150,414,318	79,238,593	59,125,927	-	-	678,244,222
Income from ordinary activities arising from transactions with other operating segments of the same entity	3,098,879	63,528,070	6,136,931	-	89,538,066	(162,301,946)	-
<b>Total income from operating activities from external customers and transactions with other operating segments of the same entity</b>	<b>392,564,263</b>	<b>213,942,388</b>	<b>85,375,524</b>	<b>59,125,927</b>	<b>89,538,066</b>	<b>(162,301,946)</b>	<b>678,244,222</b>
Cost of sales	130,930,713	19,022,220	60,404,323	43,251,545	-	57,729,319	311,338,120
Administrative expenses	157,006,738	113,889,925	27,554,888	11,288,733	10,559,784	(207,843,143)	112,456,925
Employee benefits expenses	647,441	76,068	-	-	73,888,959	(10,176,827)	64,435,641
Cost of interest	19,045,561	12,492,896	82,695	230,197	733,031	(5,744,998)	26,839,382
Interest income	1,869,430	4,929,066	609,618	-	109,772	(5,744,997)	1,772,889
Depreciation and amortization	78,185,879	78,972,069	6,696,863	2,034,063	1,106,290	(1,350,628)	165,644,536
Participation in profit of associated companies accounted for using the equity method	(1,706,831)	(3,416,705)	31,778	-	-	5,091,758	-
Income tax expense	(672,945)	(104,011)	128,701	1,990,877	882,248	(210,584)	2,014,286
Other significant non-cash items	3,060,363	5,964,615	(445,620)	94,891	(33,050)	1,175	8,642,374
<b>Profits(loss) before tax</b>	<b>9,970,894</b>	<b>(3,033,814)</b>	<b>(9,167,469)</b>	<b>2,416,280</b>	<b>3,326,724</b>	<b>4,432,266</b>	<b>7,944,881</b>
<b>Profit (loss) for the period from continuing operations</b>	<b>9,297,949</b>	<b>(3,137,825)</b>	<b>(9,038,768)</b>	<b>4,407,157</b>	<b>4,208,972</b>	<b>4,221,682</b>	<b>9,959,167</b>
<b>Profit (loss) for the period from discontinuing operations</b>							
<b>Profit (loss) for the period</b>	<b>9,297,949</b>	<b>(3,137,825)</b>	<b>(9,038,768)</b>	<b>4,407,157</b>	<b>4,208,972</b>	<b>4,221,682</b>	<b>9,959,167</b>
Assets	2,471,530,164	1,569,223,952	123,021,954	156,573,395	181,896,134	(1,313,861,513)	3,188,384,086
Investments in associates accounted for using the equity method	696,935,764	133,075,616	799,180	-	-	(830,810,560)	-
Increases in non-current assets	45,291,901	58,618,202	6,874,872	-	279,976	-	111,064,951
Liabilities	1,068,836,366	896,630,578	99,161,433	77,912,554	120,420,767	(474,491,331)	1,788,470,367
Shareholders' equity	1,402,693,795	672,593,374	23,860,521	78,660,841	61,475,367	(839,370,179)	1,399,913,719
Liabilities & Shareholders' equity	<b>2,471,530,161</b>	<b>1,569,223,952</b>	<b>123,021,954</b>	<b>156,573,395</b>	<b>181,896,134</b>	<b>(1,313,861,510)</b>	<b>3,188,384,086</b>
Cash flows provided by (used in) operating activities	84,792,707	98,879,740	(16,515,617)	(19,894,473)	(66,916,304)	5,979,930	86,325,983
Cash flows provided by (used in) investment activities	(34,053,814)	(99,878,622)	(2,234,698)	(3,972,797)	-	(9,391,244)	(149,531,175)
Cash flows provided by (used in) from in financing activities	(49,115,927)	(24,702,883)	18,398,900	22,487,544	66,242,246	9,391,238	42,701,118

## 4. Financial information by segment, continued

For the period ended as of December 31, 2019	Mobile Telecommunications	Fixed Telecommunications	Corporate Communication and Data	Television Services	Other	Eliminations	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income from external customers	858,683,220	331,703,403	167,707,061	145,384,806	-	-	1,503,478,490
Income from ordinary activities arising from transactions with other operating segments of the same entity	9,113,737	129,212,087	15,442,700	-	179,743,289	(333,511,813)	-
<b>Total income from operating activities from external customers and transactions with other operating segments of the same entity</b>	<b>867,796,957</b>	<b>460,915,490</b>	<b>183,149,761</b>	<b>145,384,806</b>	<b>179,743,289</b>	<b>(333,511,813)</b>	<b>1,503,478,490</b>
Cost of sales	289,946,721	44,431,389	121,144,183	94,202,465	-	(138,123,541)	411,601,217
Administrative expenses	331,473,190	230,279,089	55,261,789	36,119,115	25,034,018	(168,568,068)	509,599,133
Employee benefits expenses	1,351,094	195,606	4,157	-	144,084,632	(22,569,365)	123,066,124
Cost of interest	32,940,630	21,882,681	630,646	203,870	1,916,914	(6,792,991)	50,781,750
Interest income	4,893,517	5,201,144	1,219,354	-	825,761	(6,792,991)	5,346,785
Depreciation and amortization	154,975,164	157,307,885	13,769,708	5,243,970	1,846,571	(2,523,400)	330,619,898
Participation in profit of associated companies accounted for using the equity method	32,152,011	12,948,179	80,552	-	-	(45,180,742)	-
Income tax expense	16,159,607	7,381,986	(680,085)	3,714,292	1,567,808	-	28,143,608
Other significant non-cash items	5,915,154	11,781,980	9,648,244	-	77,218	29,370	27,451,966
<b>Profits(loss) before tax</b>	<b>100,070,840</b>	<b>36,750,143</b>	<b>3,287,428</b>	<b>9,615,386</b>	<b>7,764,133</b>	<b>(46,878,811)</b>	<b>110,609,119</b>
<b>Profit (loss) for the period from continuing operations</b>	<b>83,911,233</b>	<b>29,368,157</b>	<b>3,967,513</b>	<b>5,901,094</b>	<b>6,196,325</b>	<b>(46,878,811)</b>	<b>82,465,511</b>
<b>Profit (loss) for the period from discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) for the period</b>	<b>83,911,233</b>	<b>29,368,157</b>	<b>3,967,513</b>	<b>5,901,094</b>	<b>6,196,325</b>	<b>(46,878,811)</b>	<b>82,465,511</b>
Assets	2,372,658,197	1,540,217,136	129,497,179	164,814,592	150,572,258	(1,271,013,216)	3,086,746,146
Investments in associates accounted for using the equity method	708,160,121	146,581,758	779,073	-	-	(855,520,952)	-
Increases in non-current assets	64,970,201	161,860,868	16,598,541	-	-	-	243,429,610
Liabilities	1,020,228,549	864,272,442	101,066,105	79,409,082	90,643,496	(419,288,184)	1,736,331,490
Shareholders' equity	1,352,429,648	675,944,694	28,431,074	85,405,510	59,928,762	(851,725,034)	1,350,414,654
Liabilities & Shareholders' equity	2,372,658,197	1,540,217,136	129,497,179	164,814,592	150,572,258	(1,271,013,218)	3,086,746,146
Cash flows provided by (used in) operating activities	209,936,521	181,094,399	13,476,926	16,234,110	(21,921,027)	30,956,907	429,777,836
Cash flows provided by (used in) investment activities	(58,658,413)	(235,188,434)	2,025,482	3,600,857	3,490,951	(4,686,248)	(289,415,805)
Cash flows provided by (used in) financing activities	(132,824,442)	(26,478,805)	(15,410,280)	(18,834,787)	19,590,000	4,686,248	(169,272,066)



#### 4. Financial information by segment, continued

For the period ended as of June 30, 2019	Mobile Telecommunications	Fixed Telecommunications	Corporate Communication and Data	Television Services	Other	Eliminations	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income from external customers	428,918,565	165,673,984	77,342,787	79,596,211	-	-	751,531,547
Income from ordinary activities arising from transactions with other operating segments of the same entity	3,677,645	65,302,926	6,713,978	-	90,402,048	(166,096,597)	-
<b>Total income from operating activities from external customers and transactions with other operating segments of the same entity</b>	<b>432,596,210</b>	<b>230,976,910</b>	<b>84,056,765</b>	<b>79,596,211</b>	<b>90,402,048</b>	<b>(166,096,597)</b>	<b>751,531,547</b>
Cost of sales	143,231,757	18,138,756	44,991,665	61,488,486	-	(67,525,284)	200,325,380
Administrative expenses	163,813,935	117,517,772	23,345,626	19,436,894	10,517,994	(84,360,949)	250,271,272
Employee benefits expenses	622,891	146,751	-	-	74,465,985	(11,328,538)	63,907,089
<b>Income from ordinary activities arising from interest</b>	12,918,746	10,377,121	290,381	33,284	919,271	(2,414,710)	22,124,093
Interest expense	2,312,333	1,992,029	567,154	-	487,241	(2,463,941)	2,894,816
Interest income	78,672,852	78,116,727	7,285,647	2,730,698	710,268	(1,242,878)	166,273,314
Depreciation and amortization	12,929,049	5,030,642	45,637	-	-	(18,005,328)	-
Participation in profit of associated companies accounted for using the equity method	3,317,189	2,553,134	(737,288)	2,475,498	868,331	-	8,476,864
Income tax expense	546,363	1,049,521	354,081	-	88,133	81,080	2,119,178
Other significant non-cash items	49,123,774	14,751,975	9,110,318	(4,093,151)	4,363,904	(19,612,427)	53,644,393
<b>Profits(loss) before tax</b>	<b>45,806,585</b>	<b>12,198,841</b>	<b>9,847,606</b>	<b>(6,568,649)</b>	<b>3,495,573</b>	<b>(19,612,427)</b>	<b>45,167,529</b>
<b>Profit (loss) for the period from continuing operations</b>	-	-	-	-	-	-	-
<b>Profit (loss) for the period from discontinuing operations</b>	<b>45,806,585</b>	<b>12,198,841</b>	<b>9,847,606</b>	<b>(6,568,649)</b>	<b>3,495,573</b>	<b>(19,612,427)</b>	<b>45,167,529</b>
<b>Profit (loss) for the period</b>	<b>2,338,229,667</b>	<b>1,472,742,328</b>	<b>123,347,389</b>	<b>156,987,586</b>	<b>140,750,779</b>	<b>(1,208,828,663)</b>	<b>3,023,229,086</b>
Assets	688,316,369	138,662,382	742,249	-	-	(827,721,000)	-
Investments in associates accounted for using the equity method	36,104,886	91,725,167	10,665,241	-	-	-	138,495,294
Increases in non-current assets	950,576,270	807,559,679	95,225,105	74,819,726	82,785,841	(374,169,491)	1,636,797,130
Liabilities	1,387,653,397	665,182,649	28,122,284	82,167,860	57,964,938	(834,659,172)	1,386,431,956
Shareholders' equity	2,338,229,667	1,472,742,328	123,347,389	156,987,586	140,750,779	(1,208,828,663)	3,023,229,086
Liabilities & Shareholders' equity	62,220,303	92,898,041	(3,190,851)	(3,843,654)	(49,935,512)	13,327,332	111,475,659
Cash flows provided by (used in) operating activities	(57,864,382)	(129,241,683)	(3,890,046)	(6,915,638)	2,298,657	(4,686,247)	(200,299,339)
Cash flows provided by (used in) investment activities	(82,093,901)	(55,937,728)	8,233,862	10,063,609	48,060,003	23,001,252	(48,672,903)
Cash flows provided by (used in) financing activities	428,918,565	165,673,984	77,342,787	79,596,211	-	-	751,531,547

There are no differences in the criteria used, in respect to the previous period, in relation to measurement and valuation of segment income and valuation of their assets and liabilities, as well as transactions between segments.

Accounting criteria regarding transactions between subsidiaries of Telefónica Móviles Chile S.A. which are performed at market prices, independently and in a manner similar to transactions with third parties, consider that balances, transactions and profits or losses remain in the segment of origin and are only eliminated in the consolidated financial statements of the entity.

## 5. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Concepts	Currency	06.30.2020 ThCh\$	12.31.2019 ThCh\$
<b>Cash (a)</b>		<b>696,457</b>	<b>320,322</b>
	CLP	696,457	320,322
<b>Banks (b)</b>		<b>102,663,230</b>	<b>82,702,268</b>
	CLP	97,887,039	75,244,771
	USD	4,039,046	7,379,053
	EUR	260,925	65,979
	Others currencies	76,220	12,465
<b>Time deposits (c)</b>		<b>111,002,660</b>	<b>151,443,831</b>
	CLP	111,002,660	151,443,831
<b>Total cash and cash equivalents</b>		<b>213,962,347</b>	<b>234,466,421</b>
<b>Sub-total by currency</b>	<b>CLP</b>	<b>209,586,156</b>	<b>227,008,924</b>
	<b>USD</b>	<b>4,039,046</b>	<b>7,379,053</b>
	<b>EUR</b>	<b>260,925</b>	<b>65,979</b>
	<b>Others currencies</b>	<b>76,220</b>	<b>12,465</b>

Each item within cash and cash equivalents is detailed as follows:

### a) Cash

The cash balance is made up of funds to be rendered destined to minor expenses and the book value is the same as the fair value.

### b) Banks

The balance in banks is made up of money held in checking accounts and the book value is the same as the fair value.

## 5. Cash and cash equivalents, continued

### c) Time deposits

Time deposits maturing in less than 90 days are recorded at fair value and as of June 30, 2020 and December 31, 2019 are detailed as follows:

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh\$	Accrued interest in local currency ThCh\$	06.30.2020 ThCh\$
Time deposits	CLP	111,000,000	0.42%	9	111,000,000	2,660	111.002.660
<b>Total</b>					<b>111,000,000</b>	<b>2,660</b>	<b>111,002,660</b>

Type of investment	Currency	Principal in original currency (thousands)	Average annual rate	Average days to maturity	Principal in local currency ThCh\$	Accrued interest in local currency ThCh\$	12.31.2019 ThCh\$
Time deposits	CLP	151,400,000	1.92%	4	151,400,000	43,831	151.443.831
<b>Total</b>					<b>151,400,000</b>	<b>43,831</b>	<b>151,443,831</b>

In accordance with working capital management policies, all investments in time deposits are only with well-known domestic banks that are rated with the highest credit.

## 6. Other current and non-current financial assets

Other current and non-current financial assets are detailed as follows:

Concepts		06.30.2020		12.31.2019	
		Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Hedging instruments	(See Note 19.2)	43,779,495	231,160,602	20,248,206	188,086,659
Other credits	(a)	4,587,738	-	4,496,741	-
Guarantees established	(b)	80,444	50,468	80,444	50,468
Other investments	(c)	-	6,364,303	-	7,853,869
<b>Total</b>		<b>48,447,677</b>	<b>237,575,373</b>	<b>24,825,391</b>	<b>195,990,996</b>

a) Other loans in the amount of ThCh\$4,587,738 and ThCh\$4,496,741, in 2020 and 2019 respectively, correspond to the loan granted to Digital Holding SpA for the sale of the Data Center and to interest accrued on this transaction as of the date of the corresponding financial statements. This loan expires in July 2020.

b) Guarantees are those established for clients, official organizations and other institutions.

## 6. Other current and non-current financial assets, continued

c) Other current and non-current investments are detailed as follows:

Participation	Country	Investment currency	06.30.2020 ThCh\$	12.31.2019 ThCh\$
Telefónica Brasil (1) (2)	Brazil	REAL	6,360,328	7,849,897
Other participation	Chile	CLP	3,975	3,972
<b>Total</b>			<b>6,364,303</b>	<b>7,853,869</b>

(1) This investment is valued at market value through the trading of its shares, information obtained in the Sao Paulo Stock Exchange (Bovespa), and variations in their value are recorded when they occur, directly in equity under other reserves.

(2) As of June 30, 2020 and 2019, dividends in the amount of ThCh\$38,455 and ThCh\$412,248, respectively, have been received.

## 7. Other current and non-current non-financial assets

Other non-financial assets correspond to prepayments detailed as follows:

Concepts	06.30.2020		12.31.2019	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
Other prepaid expenses (1)	22,778,906	22,097,955	14,818,996	11,882,149
Franchisee commissions (2)	4,207,285	-	4,085,301	-
Support and repair services (3)	4,140,149	19,791	2,083,463	25,532
Deferred cost of handsets (4)	4,139,183	-	7,566,293	-
Advance leases	2,313,356	1,091,838	2,318,902	970,188
Insurance	481,924	-	1,221,391	-
Other Taxes (5)	2,481,236	-	9,090,974	-
<b>Total</b>	<b>40,542,039</b>	<b>23,209,584</b>	<b>41,185,320</b>	<b>12,877,869</b>

(1) This item includes capitalization of compliance costs associated to television and broadband equipment in the amount of ThCh\$22,044,201 and ThCh\$14,419,167 in current and ThCh\$ 22,097,955 and ThCh\$ 11,882,149 in non-current, respectively for 2020 and 2019. In the first quarter of 2020 the contractual conditions of the broadband service changed, which generated the capitalization of associated compliance costs. The Company annually reviews the behavior of the average life of customers in order to calculate the expense to be amortized for this concept.

(2) Mainly corresponds to capitalization of commissions for customer acquisition additions which are amortized over an 18-month period.

(3) Current assets correspond to support and repair Services in the amount of MCh\$4,140,149 and MCh\$2,083,463, respectively for 2020 and 2019.

(4) Includes operating leases classified outside IFRS 16.

(5) This item includes remaining VAT credit and recoverable taxes.

## 8. Current trade and other accounts receivable

a) The composition of current trade and other accounts receivables is as follows:

Concepts	06.30.2020			12.31.2019		
	Gross value	Allowance for doubtful accounts	Net value	Gross value	Allowance for doubtful accounts	Net value
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Receivables on current loan transactions</b>	<b>509,763,061</b>	<b>(236,241,667)</b>	<b>273,521,394</b>	<b>423,049,240</b>	<b>(223,356,438)</b>	<b>199,692,802</b>
Invoiced services (1)	382,746,612	(234,149,660)	148,596,952	307,725,835	(221,264,838)	86,460,997
Services provided and not invoiced	108,142,457	(1,188,390)	106,954,067	92,279,760	(1,154,434)	91,125,326
Contractual asset (2)	18,873,992	(903,617)	17,970,375	23,043,645	(937,166)	22,106,479
<b>Miscellaneous receivables (3)</b>	<b>26,299,960</b>	<b>-</b>	<b>26,299,960</b>	<b>34,023,204</b>	<b>-</b>	<b>34,023,204</b>
<b>Total</b>	<b>536,063,021</b>	<b>(236,241,667)</b>	<b>299,821,354</b>	<b>457,072,444</b>	<b>(223,356,438)</b>	<b>233,716,006</b>

- (1) As of the June 2020 and December 2019 closing dates, there were large company portfolio sales, mass services and mobile handset installments for a total amount of MCh\$32,660 and MCh\$112,102, respectively. The Company has become the collection agent for mass service transactions.
- (2) Under IFRS 15, contractual assets correspond to the difference between revenue from the sale of post-payment handsets and the amount received from the customer at the beginning of the contract.
- (3) This item includes mainly personnel loans in the amount of MCh\$9,044, sale of real estate in the amount of MCh\$2,321, advances to suppliers in the amount of MCh\$5.800 and Voissnet contingency (see Note 28a) (i).

b) The composition of current trade and other accounts receivable with overdue net balances that have not been collected and have not been provisioned as a whole is detailed as follows:

Concepts	06.30.2020					12.31.2019				
	Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months	Total	Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months	Total
Miscellaneous receivables	41,216,658	13,817,325	4,582,887	-	59,616,870	41,065,554	12,141,347	-	-	53,206,901
<b>Total</b>	<b>41,216,658</b>	<b>13,817,325</b>	<b>4,582,887</b>	<b>-</b>	<b>59,616,870</b>	<b>41,065,554</b>	<b>12,141,347</b>	<b>-</b>	<b>-</b>	<b>53,206,901</b>

The Company has evaluated impairment of trade accounts receivable due to Covid-19 and considers the following:

- Regulatory measures due to the health contingency.
- Company measures related to new service plans offered to customers.
- Differentiated analysis by segment.
- Update of rates as of June 2020 for each of the segments resulting from recoverability matrices under the habitual procedure.
- Evolution and follow-up of collection.

Based on the analyses performed, as of the closing date of these financial statements, an additional expected loss in respect to the normal process was determined (which is already impacted by recoverability rates due to the contingency), in the amount of MCh\$4,640 recorded as an allowance for doubtful accounts. In addition, there are certain gaps in customer payments that the Company believes will not generate additional expected losses in excess of those already calculated, but they do have an impact on the portfolio increase.

## 8. Current trade and other accounts receivable, continued

c) The movement of allowance for doubtful accounts, which includes “Current trade and other accounts receivable” and “Non-current trade and other accounts receivable” found in Note 12, is detailed as follows:

Movements	06.30.2020	12.31.2019
	ThCh\$	ThCh\$
<b>Beginning balance</b>	<b>226,399,971</b>	<b>206,149,882</b>
Increases	32,490,255	65,902,786
Eliminations/ Additions	(18,712,713)	(45,652,697)
<b>Movements, subtotal</b>	<b>13,777,542</b>	<b>20,250,089</b>
<b>Ending balance</b>	<b>240,177,513</b>	<b>226,399,971</b>

d) Allowance for doubtful account movements according to the composition of the portfolio as of June 30, 2020 and December 31, 2019 are detailed as follows:

Provisions and write-offs	06.30.2020	12.31.2019
	ThCh\$	ThCh\$
Provision for non renegotiated portfolio	32,628,427	66,342,696
Provision for renegotiated portfolio	(138,172)	(229,785)
Write-offs for the exercise	(18,712,713)	(45,862,822)
<b>Total</b>	<b>13,777,542</b>	<b>20,250,089</b>

e) As of June 30, 2020 and December 31, 2019 the portfolio of returned documents and those in judicial collection is detailed as follows:

Portfolio of returned documents and judicial collection as of 06.30.2020	Returned notes receivable portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	1,422	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh\$)	1,135,773	-	-	-

Portfolio of returned documents and judicial collection as of 12.31.2019	Returned notes receivable portfolio w/o guarantee	Returned notes receivable, portfolio w/guarantee	Notes receivable in judicial collection, portfolio w/o guarantee	Notes receivable in judicial collection, portfolio w/guarantee
Number of customers in portfolio of returned documents or those in judicial collection	1,432	-	-	-
Portfolio of returned documents or those in judicial collection (ThCh\$)	1,142,026	-	-	-

Notes to the interim consolidated financial statements, continued

As of Jun 30, 2020 (not audited), and December 31, 2019



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of June 30, 2020 is detailed as follows:

Stratification of portfolio by segment for the period June 30, 2020	Up to date ThCh\$	From 1 to 30 days ThCh\$	From 31 to 60 days ThCh\$	From 61 to 90 day ThCh\$	From 91 to 120 days ThCh\$	From 121 to 150 days ThCh\$	From 151 to 180 days ThCh\$	From 181 to 210 days ThCh\$	From 211 to 250 days ThCh\$	More than 250 days ThCh\$	Total portfolio w/o guarantee ThCh\$
<b>Fixed Telecommunications</b>											
Number of clients w/o renegotiation (1)	636,701	108,441	54,171	70,457	62,109	57,162	57,180	42,269	26,728	3,054,558	4,169,776
Net portfolio w/o renegotiation	36,424,868	7,062,554	178,112	1,513,609	520,042	1,607,570	487,896	0	0	0	47,794,651
Debt	38,174,213	8,941,872	1,342,550	6,331,532	1,620,346	3,064,210	1,335,363	1,100,883	1,074,606	87,636,307	150,621,882
Accrual	(1,749,345)	(1,879,318)	(1,164,438)	(4,817,923)	(1,100,304)	(1,456,640)	(847,467)	(1,100,883)	(1,074,606)	(87,636,307)	(102,827,231)
Number of clients w/renegotiation	44,037	7,641	1,411	841	358	190	172	175	206	89,562	144,593
Net renegotiated portfolio	75,021	480	1	1	-	-	-	-	-	-	75,503
Debt	430,759	73,177	14,685	8,904	3,573	1,790	1,591	1,628	1,959	821,373	1,359,439
Accrual	(355,738)	(72,697)	(14,684)	(8,903)	(3,573)	(1,790)	(1,591)	(1,628)	(1,959)	(821,373)	(1,283,936)
<b>Total number of clients</b>	<b>680,738</b>	<b>116,082</b>	<b>55,582</b>	<b>71,298</b>	<b>62,467</b>	<b>57,352</b>	<b>57,352</b>	<b>42,444</b>	<b>26,934</b>	<b>3,144,120</b>	<b>4,314,369</b>
<b>Total Fixed Telephone Portfolio</b>	<b>36,499,889</b>	<b>7,063,034</b>	<b>178,113</b>	<b>1,513,610</b>	<b>520,042</b>	<b>1,607,570</b>	<b>487,896</b>	-	-	-	<b>47,870,154</b>
Debt	38,604,972	9,015,049	1,357,235	6,340,436	1,623,919	3,066,000	1,336,954	1,102,511	1,076,565	88,457,680	151,981,321
Accrual	(2,105,083)	(1,952,015)	(1,179,122)	(4,826,826)	(1,103,877)	(1,458,430)	(849,058)	(1,102,511)	(1,076,565)	(88,457,680)	(104,111,167)
<b>Corporate Communication and Data</b>											
Number of clients w/o renegotiation (1)	2,272	1,430	925	44	873	21	553	465	529	4,534	11,646
Net portfolio w/o renegotiation	42,783,580	7,275,198	3,196,944	258,718	3,061,028	135,734	1,658,784	274,342	349,100	3,959,445	62,952,873
Debt	42,991,531	8,013,213	3,766,870	331,477	4,346,197	170,912	2,179,753	591,053	752,116	8,530,399	71,673,521
Accrual	(207,951)	(738,015)	(569,926)	(72,759)	(1,285,169)	(35,178)	(520,969)	(316,711)	(403,016)	(4,570,954)	(8,720,648)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of clients</b>	<b>2,272</b>	<b>1,430</b>	<b>925</b>	<b>44</b>	<b>873</b>	<b>21</b>	<b>553</b>	<b>465</b>	<b>529</b>	<b>4,534</b>	<b>11,646</b>
<b>Total Corporate Communication and Data Portfolio</b>	<b>42,783,580</b>	<b>7,275,198</b>	<b>3,196,944</b>	<b>258,718</b>	<b>3,061,028</b>	<b>135,734</b>	<b>1,658,784</b>	<b>274,342</b>	<b>349,100</b>	<b>3,959,445</b>	<b>62,952,873</b>
Debt	42,991,531	8,013,213	3,766,870	331,477	4,346,197	170,912	2,179,753	591,053	752,116	8,530,399	71,673,521
Accrual	(207,951)	(738,015)	(569,926)	(72,759)	(1,285,169)	(35,178)	(520,969)	(316,711)	(403,016)	(4,570,954)	(8,720,648)
<b>Television</b>											
Number of clients w/o renegotiation (1)	261,306	33,095	19,542	26,573	24,180	24,358	25,450	19,163	10,256	222,290	666,213
Net portfolio w/o renegotiation	9,597,290	459,784	78,928	42,955	13,523	2,834	1,898	-	-	-	10,197,212
Debt	9,616,809	706,179	449,506	600,628	528,741	518,637	267,786	280,229	251,760	9,407,354	22,627,629
Accrual	(19,519)	(246,395)	(370,578)	(557,673)	(515,218)	(515,803)	(265,888)	(280,229)	(251,760)	(9,407,354)	(12,430,417)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of clients</b>	<b>261,306</b>	<b>33,095</b>	<b>19,542</b>	<b>26,573</b>	<b>24,180</b>	<b>24,358</b>	<b>25,450</b>	<b>19,163</b>	<b>10,256</b>	<b>222,290</b>	<b>666,213</b>
<b>Total Television Portfolio</b>	<b>9,597,290</b>	<b>459,784</b>	<b>78,928</b>	<b>42,955</b>	<b>13,523</b>	<b>2,834</b>	<b>1,898</b>	-	-	-	<b>10,197,212</b>
Debt	9,616,809	706,179	449,506	600,628	528,741	518,637	267,786	280,229	251,760	9,407,354	22,627,629
Accrual	(19,519)	(246,395)	(370,578)	(557,673)	(515,218)	(515,803)	(265,888)	(280,229)	(251,760)	(9,407,354)	(12,430,417)

(1) The information mentioned in this line represents the number of current customers and to those that have been commercially eliminated and which are still in collections management

8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of June 30, 2020 is detailed as follows, continued

Stratification of portfolio by segment for the period June 30, 2020	Up to date ThCh\$	From 1 to 30 days ThCh\$	From 31 to 60 days ThCh\$	From 61 to 90 day ThCh\$	From 91 to 120 days ThCh\$	From 121 to 150 days ThCh\$	From 151 to 180 days ThCh\$	From 181 to 210 days ThCh\$	From 211 to 250 days ThCh\$	More than 250 days ThCh\$	Total portfolio w/o guarantee ThCh\$
<b>Mobile Business</b>											
Number of clients w/o renegotiation (1)	782,724	248,471	50,414	54,252	60,728	52,846	36,599	48,880	53,068	1,993,306	3,381,288
Net portfolio w/o renegotiation	106,987,134	10,726,049	4,332,564	6,087,494	1,723,387	2,568,884	2,035,745	-	-	-	134,461,257
Debt	115,484,881	12,503,354	6,753,897	7,611,233	7,150,985	9,677,489	6,073,698	5,524,306	5,110,982	67,142,405	243,033,230
Accrual	(8,497,747)	(1,777,305)	(2,421,333)	(1,523,739)	(5,427,598)	(7,108,605)	(4,037,953)	(5,524,306)	(5,110,982)	(67,142,405)	(108,571,973)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	12,019	12,019
Net renegotiated portfolio	66,256	2,170	1,097	-	-	-	-	-	-	-	69,523
Debt	66,475	2,196	1,123	26	26	26	26	9	44	1,503,417	1,573,368
Accrual	(219)	(26)	(26)	(26)	(26)	(26)	(26)	(9)	(44)	(1,503,417)	(1,503,845)
<b>Total number of clients</b>	<b>782,724</b>	<b>248,471</b>	<b>50,414</b>	<b>54,252</b>	<b>60,728</b>	<b>52,846</b>	<b>36,599</b>	<b>48,880</b>	<b>53,068</b>	<b>2,005,325</b>	<b>3,393,307</b>
<b>Total Other Portfolio</b>											
<b>Debt</b>	<b>115,551,356</b>	<b>12,505,550</b>	<b>6,755,020</b>	<b>7,611,259</b>	<b>7,151,011</b>	<b>9,677,515</b>	<b>6,073,724</b>	<b>5,524,315</b>	<b>5,111,026</b>	<b>68,645,822</b>	<b>244,606,598</b>
<b>Accrual</b>	<b>(8,497,966)</b>	<b>(1,777,331)</b>	<b>(2,421,359)</b>	<b>(1,523,765)</b>	<b>(5,427,624)</b>	<b>(7,108,631)</b>	<b>(4,037,979)</b>	<b>(5,524,315)</b>	<b>(5,111,026)</b>	<b>(68,645,822)</b>	<b>(110,075,818)</b>
<b>Contractual asset and Other</b>											
Number of clients w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	44,270,335	-	-	-	-	-	-	-	-	-	44,270,335
Debt	45,173,952	-	-	-	-	-	-	-	-	-	45,173,952
Accrual	(903,617)	-	-	-	-	-	-	-	-	-	(903,617)
Number of clients w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Accrual	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of clients</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Other Portfolio</b>	<b>44,270,335</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,270,335</b>
<b>Debt</b>	<b>45,173,952</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,173,952</b>
<b>Accrual</b>	<b>(903,617)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(903,617)</b>
<b>Consolidated Portfolio</b>											
Number of clients w/o renegotiation (1)	1,683,003	391,437	125,052	151,326	147,890	134,387	119,782	110,777	90,581	5,274,688	8,228,923
Net portfolio w/o renegotiation	240,063,207	25,523,585	7,786,548	7,902,776	5,317,980	4,315,022	4,184,323	274,342	349,100	3,959,445	299,676,328
Debt	251,441,386	30,164,618	12,312,823	14,874,870	13,646,269	13,431,248	9,856,600	7,496,471	7,189,464	172,716,465	533,130,214
Accrual	(11,378,179)	(4,641,033)	(4,526,275)	(6,972,094)	(8,328,289)	(9,116,226)	(5,672,277)	(7,222,129)	(6,840,364)	(168,757,020)	(233,453,886)
Number of clients w/renegotiation	44,037	7,641	1,411	841	358	190	172	175	206	101,581	156,612
Net renegotiated portfolio	141,277	2,650	1,098	1	-	-	-	-	-	-	145,026
Debt	497,234	75,373	15,808	8,930	3,599	1,816	1,617	1,637	2,003	2,324,790	2,932,807
Accrual	(355,957)	(72,723)	(14,710)	(8,929)	(3,599)	(1,816)	(1,617)	(1,637)	(2,003)	(2,324,790)	(2,787,781)
<b>Total number of clients</b>	<b>1,727,040</b>	<b>399,078</b>	<b>126,463</b>	<b>152,167</b>	<b>148,248</b>	<b>134,577</b>	<b>119,954</b>	<b>110,952</b>	<b>90,787</b>	<b>5,376,269</b>	<b>8,385,535</b>
<b>Total Consolidated Portfolio</b>	<b>240,204,484</b>	<b>25,526,235</b>	<b>7,787,646</b>	<b>7,902,777</b>	<b>5,317,980</b>	<b>4,315,022</b>	<b>4,184,323</b>	<b>274,342</b>	<b>349,100</b>	<b>3,959,445</b>	<b>299,821,354</b>
<b>Debt</b>	<b>251,938,620</b>	<b>30,239,991</b>	<b>12,328,631</b>	<b>14,883,800</b>	<b>13,649,868</b>	<b>13,433,064</b>	<b>9,858,217</b>	<b>7,498,108</b>	<b>7,191,467</b>	<b>175,041,255</b>	<b>536,063,021</b>
<b>Accrual</b>	<b>(11,734,136)</b>	<b>(4,713,756)</b>	<b>(4,540,985)</b>	<b>(6,981,023)</b>	<b>(8,331,888)</b>	<b>(9,118,042)</b>	<b>(5,673,894)</b>	<b>(7,223,766)</b>	<b>(6,842,367)</b>	<b>(171,081,810)</b>	<b>(236,241,667)</b>

(1) The information mentioned in this line represents the number of current customers and to those that have been commercially eliminated and which are still in collections management





8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2019 is as follows, continued

Stratification of portfolio by segment As of December 31, 2019	Up to date	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 120 days	From 121 to 150 days	From 151 to 180 days	From 181 to 210 days	From 211 to 250 days	More than 250 days	Total portfolio w/o guarantee
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Fixed Telecommunications</b>											
Number of customers w/o renegotiation (1)	670,218	283,048	76,151	47,298	62,845	69,603	44,844	62,006	66,440	2,922,723	4,305,176
Gross portfolio w/o renegotiation	19,180,998	6,419,055	1,129,367	2,742,475	932,538	453,987	788,434	-	-	-	31,646,854
Debt	19,371,760	7,097,728	2,624,559	3,675,548	2,075,325	1,777,154	1,631,368	960,914	1,092,639	90,491,419	130,798,414
Provision	(190,762)	(678,673)	(1,495,192)	(933,073)	(1,142,787)	(1,323,167)	(842,934)	(960,914)	(1,092,639)	(90,491,419)	(99,151,560)
Number of customers w/renegotiation	46,443	9,044	2,337	1,422	683	620	779	844	1,098	86,123	149,393
Net renegotiated portfolio	90,364	559	9	2	-	-	-	-	-	-	90,934
Debt	454,475	90,262	25,346	15,513	7,507	5,770	7,068	7,621	9,943	790,734	1,414,239
Provision	(364,111)	(89,703)	(25,337)	(15,511)	(7,507)	(5,770)	(7,068)	(7,621)	(9,943)	(790,734)	(1,323,305)
<b>Total number of customers</b>	<b>716,661</b>	<b>292,092</b>	<b>78,488</b>	<b>48,720</b>	<b>63,528</b>	<b>70,223</b>	<b>45,623</b>	<b>62,850</b>	<b>67,538</b>	<b>3,008,846</b>	<b>4,454,569</b>
<b>Total Fixed Telephone Portfolio</b>	<b>19,271,362</b>	<b>6,419,614</b>	<b>1,129,376</b>	<b>2,742,477</b>	<b>932,538</b>	<b>453,987</b>	<b>788,434</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,737,788</b>
Debt	19,826,235	7,187,990	2,649,905	3,691,061	2,082,832	1,782,924	1,638,436	968,535	1,102,582	91,282,153	132,212,653
Provision	(554,873)	(768,376)	(1,520,529)	(948,584)	(1,150,294)	(1,328,937)	(850,002)	(968,535)	(1,102,582)	(91,282,153)	(100,474,865)
<b>Corporate Communication and Data</b>											
Number of customers w/o renegotiation (1)	3,801	2,220	839	41	544	553	357	277	386	2,468	11,486
Gross portfolio w/o renegotiation	35,789,835	11,645,455	665,168	1,946,875	4,470,981	844,835	555,190	-	-	-	55,918,339
Debt	35,877,578	11,857,142	731,021	2,224,253	4,788,224	1,100,719	871,459	279,638	698,587	5,837,887	64,266,508
Provision	(87,743)	(211,687)	(65,853)	(277,378)	(317,243)	(255,884)	(316,269)	(279,638)	(698,587)	(5,837,887)	(8,348,169)
Number of customers w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of customers</b>	<b>3,801</b>	<b>2,220</b>	<b>839</b>	<b>41</b>	<b>544</b>	<b>553</b>	<b>357</b>	<b>277</b>	<b>386</b>	<b>2,468</b>	<b>11,486</b>
<b>Total Corporate Communication and Data Portfolio</b>	<b>35,789,835</b>	<b>11,645,455</b>	<b>665,168</b>	<b>1,946,875</b>	<b>4,470,981</b>	<b>844,835</b>	<b>555,190</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,918,339</b>
Debt	35,877,578	11,857,142	731,021	2,224,253	4,788,224	1,100,719	871,459	279,638	698,587	5,837,887	64,266,508
Provision	(87,743)	(211,687)	(65,853)	(277,378)	(317,243)	(255,884)	(316,269)	(279,638)	(698,587)	(5,837,887)	(8,348,169)
<b>Television</b>											
Number of customers w/o renegotiation (1)	13,065	30,483	29,610	14,747	20,072	28,063	15,591	20,061	19,607	153,173	344,472
Gross portfolio w/o renegotiation	6,805,221	273,982	103,455	25,101	12,158	2,338	1,785	-	-	-	7,224,040
Debt	6,826,057	435,048	675,154	339,931	454,780	648,166	367,078	485,015	568,239	9,356,274	20,155,742
Provision	(20,836)	(161,066)	(571,699)	(314,830)	(442,622)	(645,828)	(365,293)	(485,015)	(568,239)	(9,356,274)	(12,931,702)
Number of customers w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of customers</b>	<b>13,065</b>	<b>30,483</b>	<b>29,610</b>	<b>14,747</b>	<b>20,072</b>	<b>28,063</b>	<b>15,591</b>	<b>20,061</b>	<b>19,607</b>	<b>153,173</b>	<b>344,472</b>
<b>Total Television Portfolio</b>	<b>6,805,221</b>	<b>273,982</b>	<b>103,455</b>	<b>25,101</b>	<b>12,158</b>	<b>2,338</b>	<b>1,785</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,224,040</b>
Debt	6,826,057	435,048	675,154	339,931	454,780	648,166	367,078	485,015	568,239	9,356,274	20,155,742
Provision	(20,836)	(161,066)	(571,699)	(314,830)	(442,622)	(645,828)	(365,293)	(485,015)	(568,239)	(9,356,274)	(12,931,702)

(1) The information mentioned in this line represents the number of current customers and to those that have been commercially eliminated and which are still in collections management

Notes to the interim consolidated financial statements, continued

As of Jun 30, 2020 (not audited), and December 31, 2019



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2019 is as follows, continued

Stratification of portfolio by segment As of December 31, 2019	Up to date	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 120 days	From 121 to 150 days	From 151 to 180 days	From 181 to 210 days	From 211 to 250 days	More than 250 days	Total portfolio w/o guarantee
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Mobile Business</b>											
Number of customers w/o renegotiation (1)	849,343	226,843	58,179	60,881	40,610	53,899	52,759	53,546	64,361	1,870,818	3,331,239
Gross portfolio w/o renegotiation	62,438,933	7,310,058	3,671,880	5,131,803	1,225,807	1,996,806	856,488	-	-	-	82,631,775
Debt	70,192,340	8,931,685	5,881,123	6,522,074	6,177,989	8,482,751	4,540,747	5,040,418	4,663,298	61,261,238	181,693,663
Provision	(7,753,407)	(1,621,627)	(2,209,243)	(1,390,271)	(4,952,182)	(6,485,945)	(3,684,259)	(5,040,418)	(4,663,298)	(61,261,238)	(99,061,888)
Number of customers w/renegotiation	50	47	17	12	6	16	4	6	4	12,618	12,780
Net renegotiated portfolio	74,071	198	112	-	-	-	-	-	-	-	74,381
Debt	70,508	5,380	3,127	2,444	2,036	1,718	782	627	348	1,590,059	1,677,029
Provision	3,563	(5,182)	(3,015)	(2,444)	(2,036)	(1,718)	(782)	(627)	(348)	(1,590,059)	(1,602,648)
<b>Total number of customers</b>	<b>849,393</b>	<b>226,890</b>	<b>58,196</b>	<b>60,893</b>	<b>40,616</b>	<b>53,915</b>	<b>52,763</b>	<b>53,552</b>	<b>64,365</b>	<b>1,883,436</b>	<b>3,344,019</b>
<b>Total Other Portfolio</b>	<b>62,513,004</b>	<b>7,310,256</b>	<b>3,671,992</b>	<b>5,131,803</b>	<b>1,225,807</b>	<b>1,996,806</b>	<b>856,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,706,156</b>
Debt	70,262,848	8,937,065	5,884,250	6,524,518	6,180,025	8,484,469	4,541,529	5,041,045	4,663,646	62,851,297	183,370,692
Provision	(7,749,844)	(1,626,809)	(2,212,258)	(1,392,715)	(4,954,218)	(6,487,663)	(3,685,041)	(5,041,045)	(4,663,646)	(62,851,297)	(100,664,536)
<b>Contractual asset and Other</b>											
Number of customers w/o renegotiation (1)	-	-	-	-	-	-	-	-	-	-	-
Net portfolio w/o renegotiation	56,129,683	-	-	-	-	-	-	-	-	-	56,129,683
Debt	57,066,849	-	-	-	-	-	-	-	-	-	57,066,849
Provision	(937,166)	-	-	-	-	-	-	-	-	-	(937,166)
Number of customers w/renegotiation	-	-	-	-	-	-	-	-	-	-	-
Net renegotiated portfolio	-	-	-	-	-	-	-	-	-	-	-
Debt	-	-	-	-	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-	-
<b>Total number of customers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Contractual Asset and Other Portfolio</b>	<b>56,129,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,129,683</b>
Debt	57,066,849	-	-	-	-	-	-	-	-	-	57,066,849
Provision	(937,166)	-	-	-	-	-	-	-	-	-	(937,166)
<b>Consolidated Portfolio</b>											
Number of customers w/o renegotiation (1)	1,536,427	542,594	164,779	122,967	124,071	152,118	113,551	135,890	150,794	4,949,182	7,992,373
Net portfolio w/o renegotiation	180,344,670	25,648,550	5,569,870	9,846,254	6,641,484	3,297,966	2,201,897	-	-	-	233,550,691
Debt	189,334,584	28,321,603	9,911,857	12,761,806	13,496,318	12,008,790	7,410,652	6,765,985	7,022,763	166,946,818	453,981,176
Provision	(8,989,914)	(2,673,053)	(4,341,987)	(2,915,552)	(6,854,834)	(8,710,824)	(5,208,755)	(6,765,985)	(7,022,763)	(166,946,818)	(220,430,485)
Number of customers w/renegotiation	46,493	9,091	2,354	1,434	689	636	783	850	1,102	98,741	162,173
Net renegotiated portfolio	164,435	757	121	2	-	-	-	-	-	-	165,315
Debt	524,983	95,642	28,473	17,957	9,543	7,488	7,850	8,248	10,291	2,380,793	3,091,268
Provision	(360,548)	(94,885)	(28,352)	(17,955)	(9,543)	(7,488)	(7,850)	(8,248)	(10,291)	(2,380,793)	(2,925,953)
<b>Total number of customers</b>	<b>1,582,920</b>	<b>551,685</b>	<b>167,133</b>	<b>124,401</b>	<b>124,760</b>	<b>152,754</b>	<b>114,334</b>	<b>136,740</b>	<b>151,896</b>	<b>5,047,923</b>	<b>8,154,546</b>
<b>Total Consolidated Portfolio</b>	<b>180,509,105</b>	<b>25,649,307</b>	<b>5,569,991</b>	<b>9,846,256</b>	<b>6,641,484</b>	<b>3,297,966</b>	<b>2,201,897</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233,716,006</b>
Debt	189,859,567	28,417,245	9,940,330	12,779,763	13,505,861	12,016,278	7,418,502	6,774,233	7,033,054	169,327,611	457,072,444
Provision	(9,350,462)	(2,767,938)	(4,370,339)	(2,933,507)	(6,864,377)	(8,718,312)	(5,216,605)	(6,774,233)	(7,033,054)	(169,327,611)	(223,356,438)

(1) The information mentioned in this line represents the number of current customers and those that have been commercially removed and are still in collection management.

## 9. Receivables from and payable to related companies

### a) Currents receivables from related companies:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	06.30.2020	12.31.2019
							ThCh\$	ThCh\$
Telxius Torres Chile, S.A. (1)	76.558.575-9	Chile	Common end controller	Prest. de Serv	CLP	60 days	6,022,528	12,096,459
Telefónica Internacional Wholesale Services España	Foreign	Spain	Common end controller	Prest. de Serv	EUR	90 days	6,463,302	4,721,355
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv. Provided	CLP	60 days	2,186,109	953,832
Telxius Cable Chile	96.910.730-9	Chile	Common end controller	Serv. Provided	CLP	60 days	1,192,064	788,480
Media Networks Perú	Foreign	Peru	Common end controller	Serv. Provided	USD	90 days	825,712	195,900
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	526,422	627,459
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	352,888	254,661
Telefónica S.A.	Foreign	Spain	End controller	Serv. Provided	EUR	90 days	347,758	712,499
Wayra Chile Tecnología e Innovación Ltda.	96.672.150-2	Chile	Common end controller	Serv. Provided	CLP	60 days	343,628	147,444
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	144,401	198,813
Colombia Telecomunicaciones S.A.E.S.P	Foreign	Colombia	Common end controller	Serv. Provided	USD	90 days	142,916	3,866
Telcel Venezuela	Foreign	Venezuela	Common end controller	Serv. Provided	USD	90 days	107,145	33,091
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	79,904	125,183
Pegaso PCS, S.A. de C.V.	Foreign	Mexico	Common end controller	Serv. Provided	USD	90 days	54,626	4,845
Telefónica del Perú	Foreign	Peru	Common end controller	Serv. Provided	CLP	60 days	49,785	59,981
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	48,673	24,194
Telefónica Uk Ltd (antes O2 (UK) Ltd)	Foreign	UK	Common end controller	Serv. Provided	EUR	90 days	43,052	22,067
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	33,091	125,183
Media Networks Chile	76.243.733-3	Chile	Common end controller	Serv. Provided	CLP	60 days	27,209	27,209
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	22,170	92,113
Inversiones Telefónica Internacional Holding S.A. (2)	77.363.730-K	Chile	Shareholder	Serv. Provided	CLP	60 days	5,262	5,262
Terra Networks Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	5,148	5,148
Telefónica On The Spot Soluciones Digitales De Chile Spa	76.338.291-5	Chile	Common end controller	Serv. Provided	CLP	60 days	2,018	6,296
Telefónica Learning Services Chile Capacitación Ltda.	76.131.334-7	Chile	Common end controller	Serv. Provided	CLP	60 days	1,368	1,453
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 days	526	582
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv. Provided	USD	60 days	-	1,043
<b>Total</b>							<b>18,994,614</b>	<b>21,109,235</b>

There are no allowances for doubtful accounts or guarantees related to amounts included in outstanding balances.  
For amounts in excess of 5% of their total heading, the origin of the service rendered is specified.

Notes to the interim consolidated financial statements, continued

As of Jun 30, 2020 (not audited), and December 31, 2019



9. Receivables from and payable to related companies, continued

b) Current payables to related companies:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	06.30.2020	12.31.2019
							ThCh\$	ThCh\$
Telxius Torres Chile S.A.	76.558.575-9	Chile	Common end controller	<b>Subtotal</b>			<b>9,150,212</b>	<b>15,383,448</b>
				Spaces lease	CLP	60 days	5,725,753	8,942,700
				Colocalization lease	CLP	60 days	3,408,957	6,372,666
				Serv. Provided	CLP	60 days	15,502	68,082
Telefónica S.A.	Foreign	Spain	End controller	<b>Subtotal</b>			<b>12,054,500</b>	<b>8,375,772</b>
				Brand Fee	EUR/CLP	90 days	12,038,330	7,917,019
				Others	EUR	90 days	16,170	458,753
Telxius Cable Chile (Ex Telef. Int. Wholesale Services Chile SA)	96.910.730-9	Chile	Common end controller	<b>Subtotal</b>			<b>1,227,403</b>	<b>7,095,059</b>
				Data and links	CLP	60 days	728,456	2,298,835
				Commercial Mandate	CLP	60 days	88,042	87,574
				Others	CLP	60 days	23,885	275,968
				Ip voice traffic	CLP	60 days	387,020	4,432,682
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	6,122,604	5,667,001
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	180 days	10,665,603	12,209,013
Telefónica Global Technology S.A.U.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	2,755,181	573,922
Telefónica Digital España	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	5,225,154	5,798,222
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Serv. Provided	CLP	60 days	2,428,932	3,324,888
Media Networks Perú	Foreign	Peru	Common end controller	Satellite Space	USD	90 days	3,278,239	1,516,382
Telefónica USA Inc.	Foreign	USA	Common end controller	Serv. Provided	USD	60 days	151,788	48,414
Telefónica Latam Holding	Foreign	Spain	Common end controller	Management Fee	EUR	90 days	925,965	1,860,017
Telefónica Compras Electrónicas	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	1,371,292	688,623
Telefónica Móviles España S.A.	Foreign	Spain	Common end controller	Serv. Provided	EUR	90 days	223	67,643
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Serv. Provided	CLP	60 days	3,928,785	1,715,810
Terra Networks Chile S.A.	96.834.230-4	Chile	Common end controller	Serv. Provided	CLP	60 days	237,852	147,832
Telefónica de España S.A.U	Foreign	Spain	Common end controller	Serv. Provided	EUR	180 days	91,371	1,611
Telefónica O2 Germany Gmbh & Co Ohg	Foreign	Germany	Common end controller	Serv. Provided	EUR	90 days	93,643	133,778
Telefónica del Perú S.A.	Foreign	Peru	Common end controller	Serv. Provided	USD	180 days	229,916	209,586
Telefónica Brasil	Foreign	Brazil	Common end controller	Serv. Provided	USD	90 days	102,992	376,358
Telefónica Global Roaming Gmbh	Foreign	Germany	Common end controller	Serv. Provided	EUR	90 days	146,297	89,361
Colombia Telecomunicaciones S.A.E.S.P. (Telecom.)	Foreign	Colombia	Common end controller	Serv. Provided	USD	60 days	7,658	109,716
Telefónica Móviles Argentina S.A.	Foreign	Argentina	Common end controller	Serv. Provided	USD	90 days	1,766	105,127
Telefónica Learning Services Chile Capacitación Ltda	76.131.334-7	Chile	Common end controller	Serv. Provided	CLP	60 days	-	382,084
Telefónica On The Spot Soluciones Digitales de Chile Spa	76.338.291-5	Chile	Common end controller	Serv. Provided	CLP	60 days	64,019	24,475
Telefónica Global Technology Chile	59.165.120-k	Chile	Common end controller	Computer services	CLP	60 days	16,105	16,105

## 9. Receivables from and payable to related companies, continued

### b) Current payables to related companies:

Company	Taxpayer No.	Country of origin	Nature of the relationship	Transaction origin	Currency	Term	06.30.2020 ThCh\$	12.31.2019 ThCh\$
Telefónica Servicios Audiovisuales	Foreign	Spain	Common end controller	Serv. Provided	EUR	60 days	31,174	46,018
Otecel S.A.	Foreign	Ecuador	Common end controller	Serv. Provided	USD	90 days	3,961	8,762
Telefónica Móviles del Uruguay S.A.	Foreign	Uruguay	Common end controller	Serv. Provided	USD	90 days	-	7,768
Telfisa Global B.V.	Foreign	Spain	Common end controller	Administration commission	CLP	90 days	-	9,664
Tgestiona Logistica Peru Sac	Foreign	Peru	Common end controller	Serv. Provided	USD	90 days	7,496	39,305
Telefónica Móviles Panamá	Foreign	Panama	Common end controller	Serv. Provided	USD	90 days	-	4,343
Telefónica Móviles El Salvador	Foreign	El Salvador	Common end controller	Serv. Provided	USD	90 days	-	101
Telefónica Investigación y Desarrollo S.A. (TIDSA)	Foreign	Spain	Common end controller	Serv. Provided	USD	90 days	-	19,000
<b>Total</b>							<b>60,320,131</b>	<b>66,055,208</b>

There are no allowances for doubtful accounts or guarantees related to amounts included in outstanding balances.

For amounts in excess of 5% of their total heading, the origin of the service rendered is specified.

### c) Non-current payables to related companies:

Sociedad	RUT	Country of origin	Nature of the relationship	Transaction origin	Currency	06.30.2020 ThCh\$	12.31.2019 ThCh\$
Telxius Torres Chile S.A.(1)	76.558.575-9	Chile	Common end controller	Co-localization lease	CLP	39,462,933	37,179,398
Telefónica S.A.	Foreign	Spain	End controller	HR obligation	CLP	1,273,739	848,247
<b>Total</b>						<b>40,736,672</b>	<b>38,027,645</b>

(1) With the entry into force of IFRS 16, current contracts with Telxius Torres Chile S.A. as of January 1, 2019 have been recognized as a financial obligation.



9. Receivables from and payable to related companies, continued

d) The most significant transactions and their effects on Results:

Company	Taxpayer No,	Country of origin	Nature of the relationship	Transaction origin	Currency	06.30.2020		06.30.2019	
						Amount ThCh\$	Effect on income (Charge)/Credit ThCh\$	Amount ThCh\$	Effect on income (Charge)/Credit ThCh\$
Telefónica S.A.	Foreign	Spain	End controller	Brand Fee	EUR	12,038,330	(12,038,330)	12,447,633	(12,447,633)
Media Networks Perú	Foreign	Peru	Common end controller	Spaces lease	USD	2,030,808	(2,030,808)	3,143,706	(3,143,706)
Telefónica Global Technology	Foreign	Spain	Common end controller	Costs	EUR	1,409,099	(1,409,099)	2,414,167	(2,414,167)
Telefónica Ingeniería de Seguridad S.A.	59.083.900-0	Chile	Common end controller	Costs	CLP	3,540,235	(3,540,235)	3,862,869	(3,862,869)
Telefónica Argentina S.A.	Foreign	Argentina	Common end controller	Media rental	USD	2,405,489	(2,405,489)	4,197,567	(4,197,567)
Telefónica Digital España	Foreign	Spain	Common end controller	Costs	EUR	2,045,519	(2,045,519)	4,412,163	(4,412,163)
Telefónica International Wholesale Services España	Foreign	Spain	Common end controller	Sales	EUR	1,436,285	1,436,285	1,020,937	1,020,937
				Costs	EUR	1,815,507	(1,815,507)	1,931,600	(1,931,600)
Telxius Cable Chile	96.910.730-9	Chile	Common end controller	Sales		1,219,616	1,219,616	1,489,849	1,489,849
				Access and transit		5,552,019	(5,552,019)	7,190,543	(7,190,543)
Tiws Chile II Spa	76.540.944-6	Chile	Common end controller	Costs	CLP	3,336,461	(3,336,461)	3,034,487	(3,034,487)

As of June 30, 2020, only transactions between related parties in excess of ThCh\$1,000,000 are disclosed.

## 9. Receivables from and payable to related companies, continued

### d) The most significant transactions and their effects on results, continued

Title XVI of the Company's Law, and other relevant standards, requires that a publicly traded corporation's transactions with related companies are carried out under terms similar to those commonly prevailing in the market.

There have been charges and credits to current accounts in the receivables of companies due to billing for sale of materials, equipment and services. The conditions of the Mercantile Current Account and Mandate are currents, accruing interest at a variable interest rate that adjusts to market conditions.

Sales and service rendering expire in the short-term (less than one year) and the expiry conditions for each case vary by virtue of the transaction that generates them.

### e) Remuneration and benefits received by the Company's key employees:

The Company is managed by a Board of Directors composed of 10 members and its key employees are 62 and 67 executives for June 30, 2020 and 2019, respectively.

Concepts	04.01.2020 to	06.30.2020	04.01.19 to	06.30.2019
	06.30.2020	06.30.2020	06.30.19	06.30.2019
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Salaries	2,260,780	6,564,860	2,476,253	7,734,389
Post employment benefits	2,296,847	3,148,320	65,687	817,504
<b>Total</b>	<b>4,557,627</b>	<b>9,713,180</b>	<b>2,541,940</b>	<b>8,551,893</b>

## 10. Inventory

a) The detail of inventory is as follows:

Concepts	06.30.2020			12.31.2019		
	Gross value ThCh\$	Allowance for obsolescence ThCh\$	Net value ThCh\$	Gross value ThCh\$	Allowance for obsolescence ThCh\$	Net value ThCh\$
Mobile equipment	36,475,663	(220,593)	36,255,070	37,151,692	(364,271)	36,787,421
Modems and Router (1)	17,829,354	(855,393)	16,973,961	7,305,621	(748,032)	6,557,589
Basic telephony, public telephony and switchboard ("centralitas") components	8,892,696	(626,402)	8,266,294	9,548,024	(578,411)	8,969,613
Decoders and antennas	7,398,912	-	7,398,912	4,000,524	-	4,000,524
IP Solutions Projects	3,261,118	(120,112)	3,141,006	2,489,027	(381,658)	2,107,369
Mobile accessory	223,201	(26,541)	196,660	143,022	(3,290)	139,732
Other	762,953	(21,320)	741,633	782,170	(56,409)	725,761
<b>Total</b>	<b>74,843,897</b>	<b>(1,870,361)</b>	<b>72,973,536</b>	<b>61,420,080</b>	<b>(2,132,071)</b>	<b>59,288,009</b>

(1) In the first quarter of 2020 the contractual conditions of the broadband service changed with fiber optics technology, which caused the Company to record all equipment associated to that service as inventory, whereas until the previous year this was recorded as property, plant and equipment.

As of June 30, 2020 and December 31, 2019 there have been no inventory write-offs, there is no inventory in guarantee.

The Company has evaluated the possible deterioration that inventories could suffer as of Jun 30, 2020 as a result of the effects on the economy that the health emergency could generate (Covid 19). For the analysis, the following has been considered: balances and types of materials as of June 30, commercial dynamics, obsolescence analysis and net realization value, business decisions and stock planning.

Based on the previous analysis, it was determined that there is no obsolescence effect to record as a result of the contingency, as of June 30, 2020.

b) The movement of inventory is as follows:

Movements	06.30.2020 ThCh\$	12.31.2019 ThCh\$
<b>Beginning balance</b>	<b>59,288,009</b>	<b>55,566,162</b>
Purchases	125,422,432	265,136,170
Sales	(110,988,630)	(262,562,080)
Allowance for obsolescence	(748,275)	1,147,757
<b>Movement, subtotal</b>	<b>13,685,527</b>	<b>3,721,847</b>
<b>Ending balance</b>	<b>72,973,536</b>	<b>59,288,009</b>



## 11. Income Taxes

### a) Income Taxes:

As of Jun 30, 2020, the parent company, Telefónica Móviles Chile S.A. and subsidiary Telefónica Chile S.A. have established a first category income tax provision, since it determined a positive taxable base in the amount of ThCh\$23,986,913 and ThCh\$16,847,636, respectively. The rest of the companies of the Group have tax losses.

As of June 30, 2019, Telefónica Móviles Chile S.A., established a first category income tax provision, since it determined a positive taxable base of ThCh\$3,142,901.

As of June 30, 2020 and 2019, the Parent and subsidiaries presents the next tax losses of first category:

- Telefónica Empresas S.A. ThCh\$ 11,933,956 at June 30, 2019.
- Telefónica Empresas S.A. ThCh\$47,775,207 and ThCh\$29,432,701 at June 30, 2020 and 2019, respectively.
- Telefónica Chile Servicios Corporativos Ltda. ThCh\$6,310,172 and ThCh\$9.637.459 at June 30, 2020 and 2019, respectively.
- Telefónica Investigación y Desarrollo SpA. ThCh\$1,153,901 y M\$380.996 at June 30, 2020 and 2019, respectively.
- Telefónica Móviles Chile S.A. ThCh\$196,485 at June 30, 2019.

Regarding the current tax results of the parent company and its subsidiaries, it should be noted that, in the normal development of their operations, they are subject to regulation and supervision by the Internal Revenue Service, as a result of which differences may arise in the application of criteria for determining taxes.

### **Merger of Telefónica Móviles Soluciones y Aplicaciones S.A. with Telefónica Móviles S.A.**

On November 22, 2019, Telefónica Móviles Chile S.A. purchased from Telefónica Chile S.A. the shares of Telefónica Móviles Soluciones y Aplicaciones S.A., becoming the owner of 100% of its shares, generating the dissolution of the Company.

On December 5, 2019, public deed Repertoire No. 50871-2019, evidenced the dissolution of Telefónica Móviles Soluciones y Aplicaciones S.A. This company through a merger process was absorbed by Telefónica Móviles S.A., generating non-depreciable Goodwill that as of June 30, 2020 amounts to ThCh\$3,293,966.

## 11. Taxes, continued

### a) Income Taxes, continued

As of June 30, 2020, corporate income is detailed as follows:

Subsidiaries	Accumulated credit balances (SAC)								
	Control	Income subject to Global Complementary or Additional Tax (RAI)	Difference between Accelerated Devaluation And normal (DDAN)	Exempt income (REX) Non-taxable income	Accumulated as of 01.01.2017			Accumulated up to 12.31.2016 Effective rate 22,77% Entitled to return	Total Balance of Taxable Net Income (STUT)
					Subject to restitution entitled to return	No Subject to restitution entitled to return	Current loan rate (factor of 25.5%) Total available credit against final taxes (art 41 A & 41 C of IFL)		
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Telefónica Móviles Chile S.A.	96,527,233	96,527,233	-	-	16,406,811	-	-	1,071,943	4,686,247
Telefónica Chile S.A.	-	-	-	-	-	-	-	171,910,693	761,805,711
Telefónica Empresas Chile S.A.	2,910,747	-	-	2,910,747	(232,979)	-	-	-	-
Telefónica Chile Servicios Corporativos Ltda.	77,339,049	77,339,049	-	-	13,673,522	-	-	17,537,140	65,313,813
Telefónica Investigación y Desarrollo SPA	1,516,767	1,516,767	-	-	693,973	-	-	-	-
<b>Total</b>	<b>178,293,796</b>	<b>175,383,049</b>	<b>-</b>	<b>2,902,135</b>	<b>30,541,327</b>	<b>-</b>	<b>-</b>	<b>190,519,776</b>	<b>831,805,771</b>

### b) Current tax assets

As of June 30, 2020 and December 31, 2019, current income tax assets are detailed as follows:

Concepts	06.30.2020	12.31.2019
	ThCh\$	ThCh\$
Monthly prepaid tax installments (1)	223,924	1,519,311
Taxes for recovering previous years (2)	4,494,081	2,455,060
Provisional payment on absorbed profits (3)	2,718,729	2.718.729
Sence y others	-	838,000
<b>Total</b>	<b>7,436,734</b>	<b>7,531,100</b>

- (1) Corresponds to the net balance between monthly provisional payments and the income tax provision at 2021.
- (2) Corresponds to Telefónica Chile S.A. For ThCh \$ 1,572,937 (Income Statement AT2019 and AT2020), Telefónica Móviles S.A. for ThCh \$ 739,892 (Income Statement AT2017) and Telefónica Chile Servicios Corporativos Ltda. for ThCh \$ 2,171,519 (Income Statement AT2020 and previous years).
- (3) Tax refunds for Inversiones Telefónica Móviles Holding S.A. for fiscal years 2015 and 2016.

As of June 30, 2020, the tax measures adopted by the Government due to Covid-19, involved the suspension of the monthly provisional payment (PPM) during April, May and June, which implied savings of approximately MCh\$2,600.

## 11. Income Taxes, continued

### c) Deferred tax assets and liabilities

As of June 30, 2020, December 31, 2019 and June 30, 2019, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh\$ 34,449,646, ThCh\$ 22,466,891 and ThCh\$ 27,634,163, respectively and which are detailed as follows:

Disclosure of temporary differences, losses and unused tax credits June 30, 2020	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred cost of sales & deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Right of use and leasing obligations	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
<b>Deferred tax assets and liabilities</b>														
Deferred tax assets	40,032,110	427,592	4,453,358	91,556,087	5,080,039	-	15,214,482	8,428,217	14,914,606	10,027,029	4,933,162	(71,098,772)	123,967,910	123,967,910
Deferred tax liabilities	-	-	5,632,960	-	-	2,937,606	10,866,590	134,640,365	-	9,693,252	(3,153,737)	(71,098,772)	89,518,264	89,518,264
<b>Deferred tax liabilities (assets)</b>	<b>(40,032,110)</b>	<b>(427,592)</b>	<b>1,179,602</b>	<b>(91,556,087)</b>	<b>(5,080,039)</b>	<b>2,937,606</b>	<b>(4,347,892)</b>	<b>126,212,148</b>	<b>(14,914,606)</b>	<b>(333,777)</b>	<b>(8,086,899)</b>	-	<b>(34,449,646)</b>	<b>(34,449,646)</b>
<b>Deferred tax assets and liabilities, net</b>														
Deferred tax assets, net	(40,032,110)	(427,592)	-	(91,556,087)	(5,080,039)	-	(4,347,892)	-	(14,914,606)	(333,777)	(8,086,899)	-	(164,779,002)	(164,779,002)
Deferred tax liabilities, net	-	-	1,179,602	-	-	2,937,606	-	126,212,148	-	-	-	-	130,329,356	130,329,356
<b>Deferred tax expense (benefit)</b>														
Deferred tax expense (benefit)	(3,719,937)	70,661	(1,319,293)	5,324,270	(22,825)	(724,332)	2,568,198	(5,282,439)	(4,334,025)	(1,305,991)	(2,995,868)	-	(11,741,581)	(11,741,581)
Deferred tax expense (benefit) recognized in income	(3,719,937)	70,661	(1,319,293)	5,324,270	(22,825)	(724,332)	2,568,198	(5,282,439)	(4,334,025)	(1,305,991)	(2,995,868)	-	(11,741,581)	(11,741,581)
<b>Changes in deferred tax liabilities (assets)</b>														
Deferred tax liabilities (assets) – Beginning balance Dec, 2019	(36,312,173)	(498,253)	2,498,895	(96,880,357)	(5,057,214)	3,661,938	(6,584,013)	131,494,587	(10,671,484)	972,214	(5,091,031)	-	(22,466,891)	(22,466,891)
<b>Changes in deferred tax liabilities (assets)</b>														
Deferred tax expense (benefit) recognized in income	(3,719,937)	70,661	(1,319,293)	5,324,270	(22,825)	(724,332)	2,568,198	(5,282,439)	(4,334,025)	(1,305,991)	(2,995,868)	-	(11,741,581)	(11,741,581)
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	90,903	-	-	-	90,903	90,903
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	(332,077)	-	-	-	-	-	(332,077)	(332,077)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Increase (decrease) in deferred tax (assets) liabilities</b>	<b>(3,719,937)</b>	<b>70,661</b>	<b>(1,319,293)</b>	<b>5,324,270</b>	<b>(22,825)</b>	<b>(724,332)</b>	<b>2,236,121</b>	<b>(5,282,439)</b>	<b>(4,243,122)</b>	<b>(1,305,991)</b>	<b>(2,995,868)</b>	-	<b>(11,982,755)</b>	<b>(11,982,755)</b>
<b>Deferred tax liabilities (assets)</b>	<b>(40,032,110)</b>	<b>(427,592)</b>	<b>1,179,602</b>	<b>(91,556,087)</b>	<b>(5,080,039)</b>	<b>2,937,606</b>	<b>(4,347,892)</b>	<b>126,212,148</b>	<b>(14,914,606)</b>	<b>(333,777)</b>	<b>(8,086,899)</b>	-	<b>(34,449,646)</b>	<b>(34,449,646)</b>

(1) Corresponds to netting of deferred tax assets and liabilities.

## 11. Income Taxes, continued

### c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits	Other temporary differences	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred cost of sales & deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
December 31, 2019													
<b>Deferred tax assets and liabilities</b>													
Deferred tax assets	36,312,173	498,253	4,472,265	96,880,357	5,057,214	-	17,713,195	9,946,286	10,671,484	8,286,817	4,781,690	(78,251,313)	116,368,421
Deferred tax liabilities	-	-	6,971,160	-	-	3,661,938	11,129,182	141,440,873	-	9,259,031	(309,341)	(78,251,313)	93,901,530
<b>Deferred tax liabilities (assets)</b>	<b>(36,312,173)</b>	<b>(498,253)</b>	<b>2,498,895</b>	<b>(96,880,357)</b>	<b>(5,057,214)</b>	<b>3,661,938</b>	<b>(6,584,013)</b>	<b>131,494,587</b>	<b>(10,671,484)</b>	<b>972,214</b>	<b>(5,091,031)</b>		<b>(22,466,891)</b>
<b>Deferred tax assets and liabilities, net</b>													
Deferred tax assets, net	(36,312,173)	(498,253)	-	(96,880,357)	(5,057,214)	-	(6,584,013)	-	(10,671,484)	-	(5,091,031)	-	(161,094,525)
Deferred tax liabilities, net	-	-	2,498,895	-	-	3,661,938	-	131,494,587	-	972,214	-	-	138,627,634
<b>Deferred tax expense (benefit)</b>													
Deferred tax expense (benefit)	(3,041,618)	309,894	(224,954)	15,256,154	376,262	1,237,260	1,043,635	(3,760,986)	2,398,275	1,068,874	(2,388,765)	-	12,274,031
Deferred tax expense (benefit) recognized in income	(3,041,618)	309,894	(224,954)	15,256,154	376,262	1,237,260	1,043,635	(3,760,986)	2,398,275	1,068,874	(2,388,765)	-	12,274,031
<b>Changes in deferred tax liabilities (assets)</b>													
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,422)	135,255,573	(13,048,516)	-	(2,702,266)	-	(33,975,793)
<b>Changes in deferred tax liabilities (assets)</b>													
Deferred tax expense (benefit) recognized in income	(3,041,618)	309,894	(224,954)	15,256,154	376,262	1,237,260	1,043,635	(3,760,986)	2,398,275	1,068,874	(2,388,765)	-	12,274,031
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	(21,243)	(96,660)	-	-	(117,903)
Income taxes related to components of other comprehensive income	-	-	-	-	-	(647,226)	-	-	-	-	-	(647,226)	(647,226)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Increase (decrease) in deferred tax (assets) liabilities</b>	<b>(3,041,618)</b>	<b>309,894</b>	<b>(224,954)</b>	<b>15,256,154</b>	<b>376,262</b>	<b>1,237,260</b>	<b>396,409</b>	<b>(3,760,986)</b>	<b>2,377,032</b>	<b>972,214</b>	<b>(2,388,765)</b>	<b>-</b>	<b>11,508,902</b>
Deferred tax liabilities (assets)	<b>(36,312,173)</b>	<b>(498,253)</b>	<b>2,498,895</b>	<b>(96,880,357)</b>	<b>(5,057,214)</b>	<b>3,661,938</b>	<b>(6,584,013)</b>	<b>131,494,587</b>	<b>(10,671,484)</b>	<b>972,214</b>	<b>(5,091,031)</b>	<b>-</b>	<b>(22,466,891)</b>

(1) Corresponds to netting of deferred tax assets and liabilities.

Notes to the interim consolidated financial statements, continued

As of June 30, 2020 (not audited) and December 31, 2019



11. Income Taxes, continued

c) Assets and Liability by Deferred taxes, continued

Disclosure of temporary differences, losses and unused tax credits June 30, 2019	Allowance for doubtful accounts	Obsolescence provision	Deferred income	Effect or taxable goodwill on merger of subsidiary	Dismantling provision	Deferred Cost of sale and deferred sales commissions	Personnel provisions	Amortization and depreciation of assets	Tax loss	Right – of – use assets and lease obligations	Other temporary differences	Reclassification (1)	Temporary differences	Temporary differences, losses and unused tax credits
<b>Deferred tax assets and liabilities</b>														
Deferred tax assets	38,011,831	646,831	4,278,501	104,588,869	5,582,239	-	14,740,161	8,156,046	13,873,981	7,946,177	6,099,949	(87,185,419)	116,739,166	116,739,166
Deferred tax liabilities	-	-	7,428,036	-	-	2,949,365	10,937,280	142,465,736	-	10,740,308	1,769,697	(87,185,419)	89,105,003	89,105,003
<b>Deferred tax liabilities (assets)</b>	<b>(38,011,831)</b>	<b>(646,831)</b>	<b>3,149,535</b>	<b>(104,588,869)</b>	<b>(5,582,239)</b>	<b>2,949,365</b>	<b>(3,802,881)</b>	<b>134,309,690</b>	<b>(13,873,981)</b>	<b>2,794,131</b>	<b>(4,330,252)</b>		<b>(27,634,163)</b>	<b>(27,634,163)</b>
<b>Deferred tax assets and liabilities, net</b>														
Deferred tax assets, net	(38,011,831)	(646,831)		(104,588,869)	(5,582,239)	-	(3,802,881)		(13,873,981)	-	(4,330,252)	-	(170,836,884)	(170,836,884)
Deferred tax liabilities, net	-	-	3,149,535	-	-	2,949,365	-	134,309,690	-	2,794,131	-	-	143,202,721	143,202,721
<b>Deferred tax expense (benefit)</b>														
Deferred tax expense (benefit)	(4,741,276)	161,316	425,686	7,547,642	(148,763)	524,687	3,882,539	(945,883)	(3,630,997)	2,890,791	(1,627,986)	-	4,337,756	4,337,756
Deferred tax expense (benefit) recognized in income	(4,741,276)	161,316	425,686	7,547,642	(148,763)	524,687	3,882,539	(945,883)	(3,630,997)	2,890,791	(1,627,986)	-	4,337,756	4,337,756
<b>Deferred tax liabilities (assets) – Beginning balance Dec, 2017</b>														
Deferred tax liabilities (assets) – Beginning balance Dec, 2017	(33,270,555)	(808,147)	2,723,849	(112,136,511)	(5,433,476)	2,424,678	(6,980,422)	135,255,573	(13,048,516)	-	(2,702,266)	-	(33,975,793)	(33,975,793)
<b>Changes in deferred tax liabilities (assets)</b>														
Deferred tax expense (benefit) recognized in income	(4,741,276)	161,316	425,686	7,547,642	(148,763)	524,687	3,882,539	(945,883)	(3,630,997)	2,890,791	(1,627,986)	-	4,337,756	4,337,756
Deferred taxes related to items credited (charged) directly to equity	-	-	-	-	-	-	-	-	2,805,532	(96,660)	-	-	2,708,872	2,708,872
Income taxes related to components of other comprehensive income	-	-	-	-	-	-	(704,998)	-	-	-	-	-	(704,998)	(704,998)
Increase (decrease) from business combinations, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to loss of control of subsidiary, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) due to net foreign currency translation, deferred tax liabilities (assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Increase (decrease) in deferred tax (assets) liabilities</b>	<b>(4,741,276)</b>	<b>161,316</b>	<b>425,686</b>	<b>7,547,642</b>	<b>(148,763)</b>	<b>524,687</b>	<b>3,177,541</b>	<b>(945,883)</b>	<b>(825,465)</b>	<b>2,794,131</b>	<b>(1,627,986)</b>	<b>-</b>	<b>6,341,630</b>	<b>6,341,630</b>
<b>Deferred tax liabilities (assets)</b>	<b>(38,011,831)</b>	<b>(646,831)</b>	<b>3,149,535</b>	<b>(104,588,869)</b>	<b>(5,582,239)</b>	<b>2,949,365</b>	<b>(3,802,881)</b>	<b>134,309,690</b>	<b>(13,873,981)</b>	<b>2,794,131</b>	<b>(4,330,252)</b>	<b>-</b>	<b>(27,634,163)</b>	<b>(27,634,163)</b>

## 11. Income Taxes, continued

### d) Taxable Income

As of June 30, 2020 and 2019 a first category income tax provision has been established, therefore a taxable positive base was determined in the amount of ThCh\$40,834,553 and ThCh\$10,456,217, respectively for period, detailed as follows:

Concepts	Taxable Net Income			
	04.01.20 to 06.30.20	06.30.2020	04.01.19 to 06.30.19	06.30.2019
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Finance income	5,861,223	9,959,167	24,495,499	45,167,529
Recorded tax expense	(590,230)	(2,014,286)	56,254	8,476,864
Additions	117,686,856	280,689,931	217,683,665	329,886,566
Deductions	(106,315,815)	(247,800,259)	(264,918,580)	(380,388,057)
<b>Taxable net income</b>	<b>16,642,034</b>	<b>40,834,553</b>	<b>(22,683,162)</b>	<b>3,142,902</b>
<b>First category tax rate 27%</b>	<b>4,493,349</b>	<b>11,025,329</b>	<b>(6,124,454)</b>	<b>848,584</b>
Art, 21 rejected expenses tax base	698,711	1,963,031	654,534	1,617,892
<b>Art, 21 non-deductible expenses ( 40% rate)</b>	<b>279,484</b>	<b>785,212</b>	<b>261,814</b>	<b>647,157</b>
<b>Total tax provision</b>	<b>4,772,833</b>	<b>11,810,541</b>	<b>(5,862,640)</b>	<b>1,495,741</b>
Provision contingencies (1)	2,676	5,631	17,094	31,331
Hedging instrument income tax provision (2)	(2,296,649)	(2,802,451)	1,703,031	1,974,595
Settlement of derivatives of previous periods (3)	109,864	329,260	817,543	817,543
Deficit (Excess) previous period	384,314	384,314	(180,101)	(180,101)
<b>Total first category taxes (3)</b>	<b>2,973,038</b>	<b>9,727,295</b>	<b>(3,505,073)</b>	<b>4,139,109</b>

(1) Corresponds to interest and contingency provision readjustments of the parent. (See Note 28 b).

(2) Taxable net income considers adjustment for derivative instruments recorded in equity.

(3) Corresponds to the deficit (surplus) in the tax provision calculated on 2016 and 2017 hedging instruments (liquidated). This tax provision deficit (surplus) is presented as higher o menor expense for the period.

## 11. Income Taxes, continued

### e) Income tax reconciliation

The income tax expense reconciliation for June 30, 2020 and 2019 are detailed as follows:

Conceptos	04.01.2020 to 06.30.2020		06.30.2020		04.01.2019 to 06.30.2019		30.06.2019	
	Taxable Base	27% Tax Rate	Taxable Base	27% Tax Rate	Taxable Base	27% Tax Rate	Taxable Base	27% Tax Rate
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Based on accounting income before taxes:</b>								
Finance income	5,861,223		9,959,167		24,495,499		45,167,529	
Recorded tax expense	(590,230)		(2,014,286)		56,254		8,476,864	
<b>Income before taxes</b>	<b>5,270,993</b>	<b>1,423,168</b>	<b>7,944,881</b>	<b>2,145,118</b>	<b>24,551,753</b>	<b>6,628,973</b>	<b>53,644,393</b>	<b>14,483,986</b>
Permanent differences	(7,457,029)	(2,013,399)	(15,405,197)	(4,159,404)	(24,343,404)	(6,572,719)	(22,248,599)	(6,007,122)
Price-level restatement of taxable equity	(6,858,439)	(1,851,779)	(31,295,179)	(8,449,698)	(30,153,911)	(8,141,556)	(30,153,911)	(8,141,556)
Price-level restatement of taxable value of investments in related companies	2,759,232	744,993	16,861,894	4,552,711	15,169,311	4,095,714	14,869,972	4,014,892
Income from investment in related parties	324,205	87,535	661,496	178,604	334,700	90,369	741,739	200,269
Contingency provision	9,912	2,676	20,856	5,631	63,311	17,094	116,041	31,331
Adjustment on deferred tax balances	(6,108,553)	(1,649,309)	(6,108,553)	(1,649,309)	-	-	-	-
Previous year deficit (surplus)	1,423,385	384,314	1,423,385	384,314	(667,041)	(180,101)	(667,041)	(180,101)
Art. 21 non-deductible expenses	1,035,130	279,485	2,908,193	785,212	969,678	261,813	2,396,878	647,157
Uncollectible debtor write-offs	406,909	109,865	1,219,483	329,260	(5,252,105)	(1,418,068)	(5,252,105)	(1,418,068)
IFRS 16 adjustment	(3,305,769)	(892,558)	(2,931,807)	(791,588)	(1,726,485)	(466,151)	(1,726,485)	(466,151)
Others (1)	2,856,959	771,379	1,835,035	495,459	(3,080,862)	(831,833)	(2,573,687)	(694,895)
<b>Total corporate tax expense</b>	<b>(2,186,036)</b>	<b>(590,230)</b>	<b>(7,460,316)</b>	<b>(2,014,286)</b>	<b>208,349</b>	<b>56,254</b>	<b>31,395,794</b>	<b>8,476,864</b>
<b>Based on taxable net income and deferred taxes calculated on the basis of temporary differences</b>								
27% income tax		2,196,700		8,222,878		(4,421,423)		2,823,179
40% income tax		279,484		785,212		261,814		647,157
Contingency provision		2,676		5,631		17,094		31,331
Hedging instrument income tax provision		109,864		329,260		817,543		817,543
Previous year deficit (surplus)		384,314		384,314		(180,101)		(180,101)
<b>Income tax expense</b>		<b>2,973,038</b>		<b>9,727,295</b>		<b>(3,505,073)</b>		<b>4,139,109</b>
Deferred tax expense (income)		(3,563,268)		(11,741,581)		3,561,327		4,337,755
<b>Total corporate tax expense</b>		<b>(590,230)</b>		<b>(2,014,286)</b>		<b>56,254</b>		<b>8,476,864</b>
<b>Effective income tax rate (2)</b>		<b>(11.20)%</b>		<b>(25.35)%</b>		<b>0.23%</b>		<b>15.80%</b>

(1) This item includes tax fines, price-level of tax loss, price-level of non-monetary assets, goodwill, IPAS to result, decoders, among others.

(2) Effective rate determined considering the tax expense accounted for in result with respect to the financial result before tax amounts to 25.35%.

## 11. Income Taxes, continued

### f) Current income tax liabilities

As of June 30, 2020 and December 31, 2019, current income tax liabilities are detailed as follows:

Concepts	06.30.2020	12.31.2019
	ThCh\$	ThCh\$
Income tax accrual (1)	9,538,452	1,830,065
Unic income tax	785,212	3,043,431
Contingency provision ( note 28 b)	257,939	252,308
Others	126,927	126,927
<b>Total</b>	<b>10,708,530</b>	<b>5,252,731</b>

(1) Annual income taxes are presented net of monthly provisional payments in the amount of ThCh\$ 1,486,876 and ThCh\$ 9,945,111.

## 12. Non-current trade and other accounts receivable

a) Non-current trade and other accounts receivable are detailed as follows:

Concepts	06.30.2020			12.31.2019		
	Gross value	Allowance for doubtful accounts	Net value	Gross value	Allowance for doubtful accounts	Net value
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Receivables on non-current loan transactions</b>	<b>23,148,447</b>	<b>(3,935,846)</b>	<b>19,212,601</b>	<b>18,284,092</b>	<b>(3,043,533)</b>	<b>15,240,559</b>
Trade receivables	21,159,623	(3,772,762)	17,386,861	15,508,627	(2,871,454)	12,637,172
Contractual asset (1)	1,988,824	(163,084)	1,825,740	2,775,465	(172,079)	2,603,386
Miscellaneous receivables (2)	10,952,040	-	10,952,040	12,181,785	-	12,181,785
<b>Total</b>	<b>34,100,487</b>	<b>(3,935,846)</b>	<b>30,164,641</b>	<b>30,465,877</b>	<b>(3,043,533)</b>	<b>27,422,344</b>

(1) Under IFRS 15, the contractual asset is the difference between revenue from sale of handsets and the amount received from the customer at the beginning of the contract.

(2) Mainly includes loans related to employees.

b) As of June 30, 2020 and December 31, 2019, Non-current trade and other accounts receivable by due date are detailed as follows:

Concepts	As of June 30, 2020								
	Gross Portfolio value in ThCh\$				Allowance for doubtful accounts ThCh\$				Net Total
	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	
Trade receivables	20,430,333	2,033,892	684,222	23,148,447	(3,862,682)	(70,508)	(2,656)	(3,935,846)	19,212,601
Miscellaneous receivables	244,176	1,094,028	9,613,836	10,952,040	-	-	-	-	10,952,040
<b>Total</b>	<b>20,674,509</b>	<b>3,127,920</b>	<b>10,298,058</b>	<b>34,100,487</b>	<b>(3,862,682)</b>	<b>(70,508)</b>	<b>(2,656)</b>	<b>(3,935,846)</b>	<b>30,164,641</b>

Concepts	As of December 31, 2019								
	Gross Portfolio value in ThCh\$				Allowance for doubtful accounts ThCh\$				Net Total
	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	1 to 3 years	3 to 5 years	Greater than 5 years	Gross Total ThCh\$	
Trade receivables	14,718,527	2,905,784	659,781	18,284,093	(2,843,717)	(195,549)	(4,267)	(3,043,532)	15,240,560
Miscellaneous receivables	276,507	1,216,639	10,688,908	12,181,784	-	-	-	-	12,181,784
<b>Total</b>	<b>14,995,034</b>	<b>4,122,153</b>	<b>11,348,690</b>	<b>30,465,877</b>	<b>(2,843,717)</b>	<b>(195,549)</b>	<b>(4,267)</b>	<b>(3,043,532)</b>	<b>27,422,344</b>



### 13. Intangible Assets other than goodwill

a) Intangible assets other than goodwill as of June 30, 2020 and December 31, 2019 are detailed as follows:

Concepts	06.30.2020			12.31.2019		
	Intangible, gross ThCh\$	Accumulated amortization ThCh\$	Intangible, net ThCh\$	Intangible, gross ThCh\$	Accumulated amortization ThCh\$	Intangible, net ThCh\$
Intangible assets in development (1)	42,427,421	-	42,427,421	31,563,423	-	31,563,423
Licenses and softwares (2)	661,296,062	(569,798,453)	91,497,609	641,270,703	(539,955,665)	101,315,038
Administratives grantings (3)	130,169,199	(105,335,311)	24,833,888	130,169,199	(104,421,195)	25,748,004
Other intangible assets (4)	21,689,823	(21,261,793)	428,030	21,689,823	(20,976,440)	713,383
<b>Total</b>	<b>855,582,505</b>	<b>(696,395,557)</b>	<b>159,186,948</b>	<b>824,693,148</b>	<b>(665,353,300)</b>	<b>159,339,848</b>

- (1) Corresponds to: operational continuity for ThCh \$ 12,248,589, evolutionary developments for ThCh \$ 19,655,243 and licenses for ThCh \$ 10,523,589.  
(2) Corresponds to IBM and Microsoft Licenses for ThCh \$ 7,827,019, FTH Software, Switching and Administrative for ThCh \$ 75,537,472 and Other Licenses and Franchises for ThCh \$ 8,133,118.  
(3) This item records licenses for right of use of spectrum.  
(4) Corresponds to cable usage rights.

b) As of June 30, 2020 the movements of intangible assets other than goodwill are detailed as follows:

Movements	Intangible assets in development, net ThCh\$	Licenses and franchises, net ThCh\$	Administratives Grantings Net ThCh\$	Other intangible assets, Net ThCh\$	Intangible, net ThCh\$
<b>Beginning balance as of 01.01.2020</b>	31,563,423	101,315,038	25,748,004	713,383	159,339,848
Additions	29,726,418	-	-	-	29,726,418
Transfer from costs of developing to service	(20,049,374)	20,049,374	-	-	-
Cancellations	-	(24,015)	-	-	(24,015)
Amortization of cancellations	-	24,015	-	-	24,015
Amortization	-	(30,253,619)	(914,116)	(285,353)	(31,453,088)
Transfer amortization	-	386,816	-	-	386,816
Transfer from work in progress (Note 15b)	1,186,954	-	-	-	1,186,954
<b>Movement, subtotal</b>	<b>10,863,998</b>	<b>(9,817,429)</b>	<b>(914,116)</b>	<b>(285,353)</b>	<b>(152,900)</b>
<b>Ending balance as of 06.30.2020</b>	<b>42,427,421</b>	<b>91,497,609</b>	<b>24,833,888</b>	<b>428,030</b>	<b>159,186,948</b>
<b>Remaining average useful life</b>	-	<b>1.51 years</b>	<b>13.58 years</b>	<b>0.75 years</b>	

As of December 31, 2019 the movements of intangible assets other than goodwill are detailed as follows:

Movements	Intangible assets in development, net ThCh\$	Licenses and franchises, net ThCh\$	Administratives Grantings Net ThCh\$	Other intangible assets, Net ThCh\$	Intangible, net ThCh\$
<b>Beginning balance as of 01.01.2019</b>	20,363,160	130,724,849	27,576,237	1,291,601	179,955,847
Additions	41,863,338	-	-	-	41,863,338
Cancellations	-	(25,035,402)	-	(142,677)	(25,178,079)
Amortization of cancellations	-	24,946,873	-	142,677	25,089,550
Amortization	-	(63,661,599)	(1,828,233)	(578,218)	(66,068,050)
Transfer from work in progress (Note 15b)	(712,307)	4,389,549	-	-	3,677,242
Transfer from costs of developing to service	(29,950,768)	29,950,768	-	-	-
<b>Movement, subtotal</b>	<b>11,200,263</b>	<b>(29,409,811)</b>	<b>(1,828,233)</b>	<b>(578,218)</b>	<b>(20,615,999)</b>
<b>Ending balance as of 12.31.2019</b>	<b>31,563,423</b>	<b>101,315,038</b>	<b>25,748,004</b>	<b>713,383</b>	<b>159,339,848</b>
<b>Remaining average useful life</b>	-	<b>1.6 year</b>	<b>14 year</b>	<b>1.2 year</b>	

Licenses correspond to software licenses, which are obtained through non-renewable contracts therefore the Company has defined that they have definite useful lives of 3 years.

### 13. Intangible Assets other than goodwill, continued

Licenses correspond to software licenses, which are obtained through non-renewable contracts therefore the Company has defined that they have definite useful lives of 3 years.

Intangible assets with defined useful lives are amortized on a straight-line basis over their estimated useful lives, Amortization for each year is recognized in the statement of comprehensive income within "Depreciation and Amortization".

Intangible assets are tested for impairment whenever there is an indication of a potential loss in value, and in any case at each year-end.

As of June 30, 2020, there were no indications of loss of value of assets, therefore no impairment testing was carried out.

The Company has evaluated the possible impairment of intangible assets as of June 30, 2020 due to the macroeconomic effects generated by the health emergency (Covid-19) and impairment testing did not result in loss of value of intangible assets.

The main additions to intangible assets, other than goodwill, as of June 30, 2020 and December 31, 2019, are investments in information application and licenses.

Items in the intangibles heading that are fully depreciated and in use are licenses and franchises and amount to ThCh\$465,093,360 and ThCh\$444,474,965, as of June 30, 2020 and December 31, 2019, respectively.

### 14. Goodwill

Current goodwill as of this period was generated before the date of transition to and adoption of International Financial Reporting Standards, and as of June 30, 2020 the value recorded as of that date remains the same.

Goodwill movement as of June 30, 2020 and December 31, 2019 is as follows:

Taxpayer No,	Company	01.01.2020 ThCh\$	Additions ThCh\$	Eliminations ThCh\$	06.30.2020 ThCh\$
76.124.890-1	Telefónica Móviles Chile S.A. (1)	483.179.725	-	-	483.179.725
96.672.160-k	Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) (2)	21.039.896	-	-	21.039.896
96.834.320-3	Telefónica Internet Empresas S.A. (3)	555.251	-	-	555.251
<b>Total</b>		<b>504.774.872</b>	<b>-</b>	<b>-</b>	<b>504.774.872</b>

(1) On May 2, 2017, subsidiary Telefónica Móviles Chile S.A. was merged by absorption, and the Company's name was changed.

(2) On April 30, 2016 Telefónica Larga Distancia S.A. was merged by incorporation with Telefónica Chile S.A. with the latter absorbing the former and acquiring its assets and liabilities and succeeding it in all its rights and obligations.

(3) On July 24, 2019, the Company sold a Data Center that was associated to this cash generating unit (CGU) therefore, on the same date goodwill was proportionately derecognized and charged to income from the sales transaction as indicated in IAS 36.

Taxpayer No,	Company	01.01.2019 ThCh\$	Additions ThCh\$	Eliminations ThCh\$	12.31.2019 ThCh\$
87.845.500-2	Telefónica Móviles Chile S.A. (1)	483.179.725	-	-	483.179.725
96.672.160-k	Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) (2)	21.039.896	-	-	21.039.896
96.834.320-3	Telefónica Internet Empresas S.A.	620.232	-	64.981	555.251
<b>Total</b>		<b>504.839.853</b>	<b>504.839.853</b>	<b>-</b>	<b>64.981</b>

The assets indicated in goodwill are subjected to impairment testing once a year, at each year-end.

#### 14. Goodwill, continued

Assets indicated in goodwill are tested for impairment once a year, at each year-end. As of December 31, 2019 impairment testing was determined taking into consideration the following estimated variables:

- i) Projected revenue and operating costs are based on the strategic plan for 2020, 2021 and 2022, projecting a fourth and fifth year as terminal value. These projections have been made considering the Company's best estimates, using sectorial projections, historical behavior of the business and expectations.
- ii) Cash flow projections are calculated at terminal value, covering a 5-year period, with the last period being the terminal value.
- iii) The rate used to discount future cash flows is 7.76% (WACC), that represents the market value of the specific business and industry risk, taking into consideration the time value of money and individual risks of the assets being analyzed. The growth rate for perpetual future cash flows is a conservative rate of 3.45%.
- iv) The valuation is determined using the Value in Use (VU) mechanism, that requires that the VU be determined through the net present value of the cash flows that the Company expects to receive from the use of the asset or Cash Generating Unit (CGUs). Two CGUs have been defined:
  - Telefónica Móviles Chile S.A., which mainly provides broadband and mobile telephone services.
  - Telefónica Chile S.A. and its subsidiary, Telefónica Empresas Chile S.A., which provide fixed broadband, television, fixed telephone and technology services for companies.

The Company has evaluated the possible impairment of goodwill as of June 30, 2020 due to the macroeconomic effects generated by the health emergency (Covid-19) and impairment testing did not result in a loss of goodwill value.

## 15. Property, plant and equipment

- a) The detail of Property, plant and equipment items for the periods June 30, 2020 and December 31, 2019, and their corresponding accumulated depreciation is as follows:

Concepts	06.30.2020		12.31.2019		12.31.2019	
	Property, plant & equipment, Gross ThCh\$	Accumulated depreciation ThCh\$	Property, plant & equipment, Net ThCh\$	Property, plant & equipment, Gross ThCh\$	Accumulated depreciation ThCh\$	Property, plant & equipment, Net ThCh\$
Land	23,695,997	-	23,695,997	23,677,584	-	23,677,584
Buildings	910,776,523	(608,053,560)	302,722,963	925,636,992	(618,001,090)	307,635,902
Transport equipment	475,562	(475,562)	-	475,562	(475,562)	-
Supplies and accessories	33,728,997	(32,298,903)	1,430,094	33,713,419	(32,051,084)	1,662,335
Office equipment	3,642,612	(2,858,084)	784,528	3,642,424	(2,756,811)	885,613
Construction in progress	160,152,849	-	160,152,849	156,074,976	-	156,074,976
Information equipment	74,596,603	(59,209,722)	15,386,881	74,847,517	(56,624,441)	18,223,076
Network and communication Equipment	3,580,785,264	(2,908,870,704)	671,914,560	3,553,656,427	(2,873,291,394)	680,365,033
Rights of use (1)	294,679,538	(92,935,065)	201,744,473	280,078,443	(59,055,594)	221,022,849
Other property, plant & equipment (2)	355,627,964	(330,347,371)	25,280,593	345,347,652	(307,044,706)	38,302,946
<b>Total</b>	<b>5,438,161,909</b>	<b>(4,035,048,971)</b>	<b>1,403,112,938</b>	<b>5,397,150,996</b>	<b>(3,949,300,682)</b>	<b>1,447,850,314</b>

1. Includes rights of use associated to lease contracts under IFRS 16, (see Note 15 d).
2. Includes subscriber equipment, private switchboards, satellite equipment and general equipment

## 15. Property, plant and equipment, continued

b) As of June 30, 2020 the movements of property, plant and equipment items are as follows:

Movements	Land	Buildings, net	Transport equipment, Net	Supplies and accessories, net	Office equipment, net	Construction in progress Net	Information equipment, net	Network and communications equipment, net	Property, plant and equipment under financial leases, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning balance as of 01.01.2020	23,677,584	307,635,902	-	1,662,335	885,613	156,074,976	18,223,076	680,365,033	221,022,849	38,302,946	1,447,850,314
Additions	-	-	-	-	-	81,338,534	-	-	12,327,506	-	93,666,040
Withdrawals	(2,942)	(16,330,187)	-	(3,552)	-	-	(1,783,444)	(19,974,726)	(128,134)	(4,047,745)	(42,270,730)
Withdrawals depreciation	-	16,297,022	-	3,552	-	-	1,783,444	19,901,223	-	4,046,469	42,031,710
Depreciation expense	-	(11,146,661)	-	(251,371)	(110,478)	-	(4,368,725)	(57,082,664)	(33,879,471)	(27,352,078)	(134,191,448)
Other Increase (decrease) (1)	21,355	10,459,160	-	19,130	15,745	(77,260,661)	1,532,530	48,720,588	2,401,723	14,331,001	240,571
Transfer of gross value to investment properties (2)	-	(8,989,442)	-	-	(15,557)	-	-	(1,617,025)	-	(2,944)	(10,624,968)
Transfer of depreciation to investment property	-	4,797,169	-	-	9,205	-	-	1,602,131	-	2,944	6,411,449
<b>Movements, subtotal</b>	<b>18,413</b>	<b>(4,912,939)</b>	<b>-</b>	<b>(232,241)</b>	<b>(101,085)</b>	<b>4,077,873</b>	<b>(2,836,195)</b>	<b>(8,450,473)</b>	<b>(19,278,376)</b>	<b>(13,022,353)</b>	<b>(44,737,376)</b>
<b>Ending balance as of 06.30.2020</b>	<b>23,695,997</b>	<b>302,722,963</b>	<b>-</b>	<b>1,430,094</b>	<b>784,528</b>	<b>160,152,849</b>	<b>15,386,881</b>	<b>671,914,560</b>	<b>201,744,473</b>	<b>25,280,593</b>	<b>1,403,112,938</b>

(1) Corresponds to the movement of transfers from intangible assets to property, plant and equipment in the amount of ThCh\$(1,186,954) (Note 13 b).

(2) Corresponds to transfer of the gross value from property, plant and equipment to investment properties (Note 16).

As of June 30, 2020, the property, plant and equipment items that are fully depreciated and still in use are detailed as follows:

	Land	Buildings, gross	Transport equipment, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress gross	Information equipment, gross	Network and communications equipment, gross	Property, plant and equipment under financial leases, gross	Other property, plant & equipment, gross	Property, plant and equipment, gross
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Fully depreciated assets still in use	-	283,259,449	475,561	29,260,202	1,742,042	-	40,004,644	2,376,385,006	-	246,981,316	2,978,108,220

Additions for the period 2020 fundamentally show the effect of incorporation of network improvement (Broadband), systems and software development (Believe, others), antennas and transmission equipment (infrastructure), energy system (Operating Continuity).

In the normal course of business, the Company monitors both new and existing assets and their depreciation rates, adjusting for technological evolution and development of markets in which we compete. The Company has no assets provided in guarantee.

## 15. Property, plant and equipment, continued

c) As of December 31, 2019 the movements of property, plant and equipment items are as follows:

Movements	Land	Buildings, net	Transport equipment, Net	Supplies and accessories, net	Office equipment, net	Construction in progress Net	Information equipment, net	Network and communications equipment, net	Property, plant and equipment under financial leases, net	Other property, plant & equipment, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Beginning balance as of 01.01.19</b>	<b>24,309,203</b>	<b>307,915,023</b>	<b>2,162</b>	<b>2,206,289</b>	<b>1,022,807</b>	<b>157,874,623</b>	<b>20,052,119</b>	<b>681,131,821</b>	<b>223,097,434</b>	<b>58,168,432</b>	<b>1,486,013,837</b>
Additions	-	-	-	-	-	201,606,021	-	-	60,849,464	-	252,532,839
Withdrawals depreciation	(866,507)	(71,720,316)	-	(543,568)	-	-	(2,625,728)	(84,587,885)	(4,530,205)	(29,558,379)	(199,736,881)
Acc. Dep. retirements	-	57,397,725	-	333,483	-	-	2,405,896	82,703,534	-	29,435,956	177,269,609
Depreciation expense	-	(25,479,613)	(2,162)	(627,833)	(232,204)	-	(9,328,618)	(88,135,793)	(59,055,594)	(51,676,492)	(264,551,848)
Other increase (decrease) (1)	234,888	39,523,083	-	293,964	95,010	(203,405,668)	7,719,407	89,253,356	661,750	61,946,968	(3,677,242)
<b>Movements, subtotal</b>	<b>(631,619)</b>	<b>(279,121)</b>	<b>(2,162)</b>	<b>(543,954)</b>	<b>(137,194)</b>	<b>(1,799,647)</b>	<b>(1,829,043)</b>	<b>(766,788)</b>	<b>(2,074,585)</b>	<b>10,148,053</b>	<b>(38,163,523)</b>
<b>Ending balance as of 12.31.19</b>	<b>23,677,584</b>	<b>307,635,902</b>	<b>-</b>	<b>1,662,335</b>	<b>885,613</b>	<b>156,074,976</b>	<b>18,223,076</b>	<b>680,365,033</b>	<b>221,022,849</b>	<b>68,316,485</b>	<b>1,447,850,314</b>

(1) Corresponds to the movement of transfers from construction in progress to intangible assets in the amount of ThCh\$ (5,013,839) (Note 13 b).

As of December 31, 2019 the property, plant and equipment items that are fully depreciated and still in use are detailed as follows:

	Land	Buildings, gross	Transport equipment, gross	Supplies and accessories, gross	Office equipment, gross	Construction in progress gross	Information equipment, gross	Network and communications equipment, gross	Property, plant and equipment under financial leases, gross	Other property, plant & equipment, gross	Property, plant and equipment, gross
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Fully depreciated assets still in use</b>	<b>-</b>	<b>296,418,373</b>	<b>475,561</b>	<b>29,196,537</b>	<b>1,717,836</b>	<b>-</b>	<b>40,642,659</b>	<b>2,372,264,159</b>	<b>-</b>	<b>221,848,621</b>	<b>2,962,563,745</b>

## 15. Property, plant and equipment, continued

d) As of June 30, 2020, and December 31 2019 the movements of right-of-use assets items are as follows:

Movements	Rights of use on land and natural properties, net ThCh\$	Rights of use on buildings, net ThCh\$	Rights of use on plant and machinery, net ThCh\$	Other rights of use, net ThCh\$	Advance payments for rights of use, net ThCh\$	Rights of use, net ThCh\$
<b>Beginning balance as of 01.01.20</b>	<b>47,322,970</b>	<b>148,521,581</b>	<b>19,237,278</b>	<b>5,279,270</b>	<b>661,750</b>	<b>221,022,849</b>
Additions	2,213,194	2,137,309	-	7,977,003	-	12,327,506
Withdrawals	(128,134)	-	-	-	-	(128,134)
Depreciation expense	(10,215,227)	(19,227,651)	(919,163)	(3,517,430)	-	(33,879,471)
Others	71,382	2,496,806	-	-	(166,465)	2,401,723
<b>Movements, subtotal</b>	<b>(8,058,785)</b>	<b>(14,593,536)</b>	<b>(919,163)</b>	<b>4,459,573</b>	<b>(166,465)</b>	<b>(19,278,376)</b>
<b>Ending balance as of 06.30.20</b>	<b>39,264,185</b>	<b>133,928,045</b>	<b>18,318,115</b>	<b>9,738,843</b>	<b>495,285</b>	<b>201,744,473</b>

Movements	Rights of use on land and natural properties, net ThCh\$	Rights of use on buildings, net ThCh\$	Rights of use on plant and machinery, net ThCh\$	Other rights of use, net ThCh\$	Advance payments for rights of use, net ThCh\$	Rights of use, net ThCh\$
<b>Beginning balance as of 01.01.19</b>	<b>39,179,662</b>	<b>173,919,988</b>	<b>8,697,995</b>	<b>951,936</b>	-	<b>223,097,434</b>
Additions	27,424,839	10,732,859	12,511,269	5,998,145	661,750	57,328,862
Depreciation expense	(19,281,531)	(36,131,266)	(1,971,986)	(1,670,811)	-	(59,055,594)
<b>Movements, subtotal</b>	<b>(2,127,191)</b>	<b>(25,398,407)</b>	<b>10,539,283</b>	<b>4,327,334</b>	<b>661,750</b>	<b>(11,997,231)</b>
<b>Ending balance as of 12.31.19</b>	<b>47,322,970</b>	<b>148,521,581</b>	<b>19,237,278</b>	<b>5,279,270</b>	<b>661,750</b>	<b>221,022,849</b>

The Company has evaluated the possible impairment of property, plant and equipment as of June 30, 2020 due to the macroeconomic effects generated by the health emergency (Covid-19) and impairment testing did not result in any loss of value.

## 16. Investment properties

The composition of investment properties that accrue interest is as follows:

Concepts	06.30.2020		
	Current ThCh\$	Accumulated amortization ThCh\$	Non-Current ThCh\$
Buildings	8,989,442	(4,797,169)	4,192,273
Network and communications equipment	1,617,025	(1,602,131)	14,894
Office equipment	15,557	(9,205)	6,352
Plant and equipment	2,944	(2,944)	-
<b>Total</b>	<b>10,624,968</b>	<b>(6,411,449)</b>	<b>4,213,519</b>

## 17. Other current and other non-current financial liabilities

The composition of other current and other non-current financial liabilities that accrue interest is as follows:

Concepts		06.30.2020		12.31.2019	
		Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Bank loans	(a)	238,561,191	55,885,007	204,520	163,025,228
Unguaranteed obligations (Bonds) (1)	(b)	82,963,184	642,683,230	119,507,903	614,538,045
Hedge instruments	(see Note 19.2)	9,164,169	1,470,173	3,538,527	5,599,137
Leases (2)		73,722,252	105,057,132	78,739,697	122,547,855
Other financial debts (3)		4,011,444	-	2,827,303	-
<b>Total</b>		<b>408,422,240</b>	<b>805,095,542</b>	<b>204,817,950</b>	<b>905,710,265</b>

- (1) Includes mark-to-market of loans subject to fair value hedging. As of June 2020, the amount corresponds to ThCh\$22,866,280 in non-current  
(2) Corresponds to recognition of the liability for lease agreements that qualify under IFRS 16.  
(3) Corresponds to the generation of financial liabilities for portfolio sales operations.



## 17. Other current and other non-current financial liabilities, continued

a) As of June 30, 2020 the detail of bank loans is as follows:

Types	Debtor taxpayer No	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan (1)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Foreign	Bank of Tokyo	Tokyo	USD	At maturity	1.75%	1.23%	MMUS\$150	15-04-2021
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.018.000-1	Bank Scotiabank	Chile	USD	At maturity	3.03%	3.62%	MMUS\$68,6	13-11-2023
Bilateral Loan (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Foreign	Bank of Nova Scotia	Chile	USD	At maturity	5.22%	3.05%	MMUS\$140,19	20-04-2021

Types	Debtor taxpayer No	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands)								Total nominal amounts in local currency ThCh\$	
					To Maturity									
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$		5 years and over ThCh\$
Bilateral Loan (1)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	99,057,000	-	-	-	-	-	-	-	99.057.000
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	-	-	-	-	-	47,022,556	-	47,022,556	-	47.022.556
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Nova Scotia	-	119,080,998	-	-	-	-	-	-	-	119.080.998
<b>Total</b>					-	<b>218,137,998</b>	-	-	-	<b>47,022,556</b>	-	<b>47,022,556</b>	-	<b>265,160,554</b>

Types	Debtor taxpayer No	Debtor	Debtor country	Creditor	Current			Non-current						Total Non-current as of 12.31.2019 ThCh\$	
					To Maturity		Total current as of 12.31.2019 ThCh\$	To Maturity							
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$		5 years and over ThCh\$
Bilateral Loan (1)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	48,914	122,994,482	123,043,396	-	-	-	-	-	-	-	-
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	107,678	-	107,678	-	-	-	55,885,007	-	55,885,007	-	55.885.007
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Nova Scotia	692,538	114,717,580	115,410,118	-	-	-	-	-	-	-	-
<b>Total</b>					<b>849,129</b>	<b>237,712,062</b>	<b>238,561,191</b>	-	-	-	<b>55,885,007</b>	-	<b>55,885,007</b>	-	<b>55,885,007</b>

- 1) On April 15, 2016, an international loan was obtained from The Bank of Tokyo-Mitsubishi and Export Development Canada in the amount of US\$150 million (Ch\$99,057 million), with a monthly interest rate of Libor + 0,8% for 5 years bullet, maturing on April 11, 2021.
- 2) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US\$68.6 million (Ch\$47,023 million) with an interest rate of Libor (3M) + 1% annual for a 5-year bullet term, maturing on November 13, 2023.
- 3) On April 20 de abril de 2020, a loan was obtained from Scotiabank in the amount of US\$140.19 million (Ch\$119,080 million) with an interest rate of Libor (6M) + 1.9%, maturing on April 20, 2021.

## 17. Other current and other non-current financial liabilities, continued

a) As of December 31, 2019 the detail of bank loans is as follows:

Types	Debtor taxpayer No	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bilateral Loan (1)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Foreign	Bank of Tokyo	Tokyo	USD	At expiry	3.57%	3.26%	MMUS\$150	15-04-2021
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.018.000-1	Bank Scotiabank	Chile	USD	At expiry	4.07%	3.62%	MMUS\$68.6	13-11-2023

Types	Debtor taxpayer No	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands)										
					To Maturity										Total nominal amounts in local currency ThCh\$
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 years ThCh\$	2 to 3 years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$	Total 3 to 5 years ThCh\$	5 years and over ThCh\$		
Bilateral Loan (1)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	-	-	99,057,000	-	-	99,057,000	-	-	-	-	99.057.000
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	-	-	-	-	-	-	47,022,556	47,022,556	-	-	47.022.556
<b>Total</b>					-	-	<b>99,057,000</b>	-	-	<b>99,057,000</b>	-	<b>47,022,556</b>	<b>47,022,556</b>	-	<b>146,079,556</b>

Types	Debtor taxpayer No	Debtor	Debtor country	Creditor	Current					Non-current					Total Non-current as of 12.31.2019 ThCh\$
					To Maturity		Total current as of 12.31.2019 ThCh\$	1 to 2 years ThCh\$	2 to 3 years ThCh\$	To Maturity			5 years and over ThCh\$		
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$				Total 1 to 3 years ThCh\$	3 to 4 years ThCh\$	4 to 5 years ThCh\$		Total 3 to 5 years ThCh\$	
Bilateral Loan (1)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank of Tokyo	118,852	-	118,852	112,022,697	-	112,022,697	-	-	-	-	112.022.697
Bilateral Loan (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	Bank Scotiabank	85,668	-	85,668	-	-	-	51,002,531	51,002,531	-	-	51.002.531
<b>Total</b>					<b>204,520</b>	-	<b>204,520</b>	<b>112,022,697</b>	-	<b>112,022,697</b>	-	<b>51,002,531</b>	<b>51,002,531</b>	-	<b>163,025,228</b>

1) On April 15, 2016, an international loan was obtained from The Bank of Tokyo-Mitsubishi and Export Development Canada in the amount of US\$150 million (Ch\$99,057 million), with an monthly interest rate of Libor + 0,8% for 5 years bullet, maturing on April 11, 2021.

2) On November 13, 2018, a loan was obtained from Scotiabank in the amount of US\$68.6 million (Ch\$47,023 million) with an interest rate of Libor (3M) + 1% annual for a 5-year bullet term, maturing on November 13, 2023.

**17. Other current and other non-current financial liabilities, continued**

b) As of June 30, 2020 the detail of unguaranteed obligations (Bonds) is as follows:

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor taxpayer No,	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bond 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	0-E	The Bank of New York Mellon	EE.UU.	USD	At expiry	4.06%	3.88%	US\$ 500 mm	12-10-2022
Bond series K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	At expiry	4.91%	4.90%	MM\$ 94.410	13-09-2021
Bond series F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At expiry	3.82%	3.60%	UF 3 mm	04-10-2023
Bond series I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	At expiry	2.00%	1.95%	UF 2 mm	14-08-2020
Bond series T (5)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	Banco Chile	Chile	CLP	At expiry	5.09%	4.90%	MM\$ 48.000	05-07-2023

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands) To Maturity								Total nominal amounts in local currency ThCh\$	
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 Years ThCh\$	3 to 4 Years ThCh\$	4 to 5 Years ThCh\$	Total 3 to 5 Years ThCh\$		5 years and Over ThCh\$
Bono 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	0-E	-	-	-	236,400,000	236,400,000	-	-	-	-	236.400.000
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97,036,000-K	-	-	94,410,000	-	94,410,000	-	-	-	-	94.410.000
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97,036,000-K	-	-	-	-	-	66,928,680	-	66,928,680	-	66.928.680
Bono Serie I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97,036,000-K	-	50,317,080	-	-	-	-	-	-	-	50.317.080
Bono Serie T (5)	90.635.000-9	Telefónica Chile S.A.	Chile	97,004,000-5	9,600,000	9,600,000	9,600,000	9,600,000	19,200,000	9,600,000	-	9,600,000	-	48.000.000
<b>Total</b>					<b>9.600.000</b>	<b>59.917.080</b>	<b>104,010,000</b>	<b>246,000,000</b>	<b>350,010,000</b>	<b>76,528,680</b>	-	<b>76,528,680</b>	-	<b>496,055,760</b>

## 17. Other current and other non-current financial liabilities, continued

b) As of June 30, 2020 the detail of unguaranteed obligations (Bonds) is as follows, continued:

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current		Total current as of 06.30.2020 ThCh\$	Current			Non-current				Total Non-current as of 06.30.2020 ThCh\$
					To Maturity			1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 years ThCh\$	To Maturity				
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$					3 to 4 Years ThCh\$	4 to 5 Years ThCh\$	Total 3 to 5 years ThCh\$	5 years and Over ThCh\$	
Bono 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	0-E	-	2.869.256	2.869.256	-	424.263.482	424.263.482	-	-	-	-	424.263.482
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	1.333.573	-	1.333.573	94.408.359	-	94.408.359	-	-	-	-	94.408.359
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	566.164	566.164	-	-	-	95.153.889	-	95.153.889	-	95.153.889
Bono Serie I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	57.808.353	-	57.808.353	-	-	-	-	-	-	-	-
Bono Serie T (5)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	10.757.927	9.627.912	20.385.839	9.616.447	9.632.691	19.249.138	9.608.362	-	9.608.362	-	28.857.500
<b>Total</b>					<b>69.899.853</b>	<b>13.063.332</b>	<b>82.963.184</b>	<b>104.024.806</b>	<b>433.896.173</b>	<b>537.920.979</b>	<b>104.762.251</b>	<b>-</b>	<b>104.762.251</b>	<b>-</b>	<b>642.683.230</b>

- (1) On October 12, 2012, Telefónica Chile S.A. issued a 10-year 144A Reg S bullet Bond in the American capitals market for an amount of US\$ 500,000,000 (equivalent to ThCh\$ 236,400,000 historical), with an effective annual interest rate of 3.887% in US dollars, maturing on October 12, 2022. The placement banks were Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC. The funds resulting from the issuance were destined to refinancing liabilities and to other corporate purposes.
- (2) On September 13, 2016, there was a 5-year bullet placement in the local market for an amount of ThCh\$ 94,410,000, maturing on September 13, 2021, with no covenants or control clauses.
- (3) On October 15, 2013, there was a 10-year bullet placement in the local market for an amount of UF 3,000,000, maturing on October 4, 2023
- (4) On August 20, 2015, there was a 5-year bullet placement in the local market for an amount of UF 2,000,000, maturing on August 14, 2020, with no covenants or control clauses.
- (5) On January 5, 2017, Telefónica Chile S.A. placed a 6.5-year Series T bullet Bond in the local market with a nominal annual interest rate of 4.9%, maturing on July 5, 2023. The amount collected on this transaction amounted to ThCh\$48,795,000

On June 22, 2020, Telefónica Móviles Chile S.A. paid the Banco Santander G Bond for a total capital payment of UF2,000,000 and interest in the amount of UF 21.880 equivalent to ThCh \$ 57,408,140 and ThCh \$ 628,045 respectively.

Notes to the interim consolidated financial statements, continued

As of June 30, 2020 (not audited) and December 31, 2019



17. Other current and other non-current financial liabilities, continued

b) As of December 31, 2019 the detail of unguaranteed obligations (Bonds) is as follows:

Types	Debtor taxpayer No.	Debtor	Debtor country	Creditor taxpayer No.	Creditor	Creditor country	Currency	Amortization type	Effective rate	Nominal rate	Nominal value	Term
Bono 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	0-E	The Bank of New York Mellon	EE.UU.	USD	Upon maturity	4,06%	3,88%	US\$ 500 mm	12-10-2022
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	CLP	Upon maturity	4,91%	4,90%	MM\$ 94.410	13-09-2021
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	Upon maturity	3,82%	3,60%	UF 3 mm	04-10-2023
Bono Serie I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	Upon maturity	2,00%	1,95%	UF 2 mm	14-08-2020
Bono Serie G (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	Banco Santander	Chile	U.F.	Upon maturity	2,01%	2,20%	UF 2 mm	20-06-2020
Bono Serie T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	Banco Chile	Chile	CLP	Upon maturity	5,09%	4,90%	MCh\$48,000	05-07-2023

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Nominal amounts (capital in thousands)								Total nominal amounts in local currency ThCh\$	
					To Maturity									
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$	1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 Years ThCh\$	3 to 4 Years ThCh\$	4 to 5 Years ThCh\$	Total 3 to 5 Years ThCh\$		5 years and Over ThCh\$
Bono 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	0-E	-	-	-	236,400,000	236,400,000	-	-	-	-	236,400,000
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	-	94,410,000	-	94,410,000	-	-	-	-	94,410,000
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	-	-	-	-	-	66,928,680	66,928,680	-	66,928,680
Bono Serie I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	50,317,080	-	-	-	-	-	-	-	50,317,080
Bono Serie G (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	50,108,620	-	-	-	-	-	-	-	50,108,620
Bono Serie T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	-	-	28,800,000	-	28,800,000	19,200,000	-	19,200,000	-	48,000,000
<b>Total</b>					<b>-</b>	<b>100,425,700</b>	<b>123,210,000</b>	<b>236,400,000</b>	<b>359,610,000</b>	<b>19,200,000</b>	<b>66,928,680</b>	<b>86,128,680</b>	<b>-</b>	<b>546,164,380</b>

## Notes to the interim consolidated financial statements, continued

As of June 30, 2020 (not audited) and December 31, 2019

**17. Other current and other non-current financial liabilities, continued**

b) As of December 31, 2019 the detail of unguaranteed obligations (Bonds) is as follows, continued:

Types	Debtor taxpayer No,	Debtor	Debtor country	Creditor	Current			Non-current						Total Non-current as of 12.31.2019 ThCh\$	
					To Maturity		Total current as of 12.31.2019 ThCh\$	To Maturity					Total 3 to 5 years ThCh\$		5 years and Over ThCh\$
					Up to 90 days ThCh\$	90 days to 1 years ThCh\$		1 to 2 Years ThCh\$	2 to 3 Years ThCh\$	Total 1 to 3 years ThCh\$	3 to 4 Years ThCh\$	4 to 5 Years ThCh\$			
Bono 144A (1)	90.635.000-9	Telefónica Chile S.A.	Chile	0-E	-	2,665,112	2,665,112	-	378,096,842	378,096,842	-	-	-	-	378,096,842
Bono Serie K (2)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	1,348,498	-	1,348,498	94,404,420	-	94,404,420	-	-	-	-	94,404,420
Bono Serie F (3)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	570,317	570,317	-	-	-	93,955,291	-	93,955,291	-	93,955,291
Bono Serie I (4)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	57,016,652	57,016,652	-	-	-	-	-	-	-	-
Bono Serie G (5)	76.124.890-1	Telefónica Móviles Chile S.A.	Chile	97.036.000-K	-	56,705,915	56,705,915	-	-	-	-	-	-	-	-
Bono Serie T (6)	90.635.000-9	Telefónica Chile S.A.	Chile	97.004.000-5	1,201,409	-	1,201,409	28,856,596	-	28,856,596	19,224,896	-	19,224,896	-	48,081,492
<b>Total</b>					<b>2,549,907</b>	<b>116,957,996</b>	<b>119,507,903</b>	<b>123,261,016</b>	<b>378,096,842</b>	<b>501,357,858</b>	<b>113,180,187</b>	-	<b>113,180,187</b>	-	<b>614,538,045</b>

- (1) On October 12, 2012, Telefónica Chile S.A. issued 144A Reg S bullet Bonds in the American capitals market for an amount of US\$ 500,000,000 (equivalent to ThCh\$ 236,400,000 historical), at an annual effective interest rate of 3,887%, maturing on October 12, 2022. The placement banks were Banco Bilbao Vizcaya Argentaria, S.A. Citigroup Global Markets Inc. and J.P. Morgan Securities LLC. The funds resulting from the issuance were destined to refinancing liabilities and other corporate purposes.
- (2) On September 13, 2016, a 5-year bullet placement was made in the local market for an amount of ThCh\$ 94,410,000, maturing on September 13, 2021, with no covenants or control clauses.
- (3) On October 15, 2013, a 10-year bullet placement was made in the local market for an amount of UF 3,000,000, maturing on October 4, 2023.
- (4) On August 20, 2015, a 5-year bullet placement was made in the local market for an amount of UF 2,000,000, maturing on August 14, 2020, with no covenants or control clauses.
- (5) On July 23, 2015, a 5-year bullet placement was made in the local market for an amount of UF 2,000,000, maturing on June 20, 2020, with no covenants or control clauses.
- (6) On January 5, 2017, Telefónica Chile S.A. placed a 6.5-year bullet Series T Bond in the local market, for an amount of MTh\$48,000 with an annual nominal rate of 4.9%, maturing on July 5, 2023. The amount collected on this transaction was ThCh\$48,795,000

On March 14, 2019, subsidiary Telefónica Chile S.A. paid Q Bond of Banco de Chile for a total capital payment of ThCh\$47,000,000 and interest in the amount of ThCh\$1,332,356.

## 17. Other current and other non-current financial liabilities, continued

- c) As of June 30, 2020 the composition of movements in current and non-current financial assets and liabilities from financial activities are as follows:

Conciliation of financing activities, current	12.31.2019 ThCh\$	Cash flows		Items other than cash flows			06.30.2020 ThCh\$
		Upward ThCh\$	Low ThCh\$	Exchange rate ThCh\$	Accrued interest ThCh\$	Others movements ThCh\$	
<b>Financial liabilities</b>	<b>204,817,950</b>	<b>125,711,892</b>	<b>(116,534,203)</b>	<b>25,842,306</b>	<b>15,994,198</b>	<b>153,017,984</b>	<b>408,422,240</b>
Banks loans (1)	204,520	119,999,216	(1,961,234)	19,252,591	2,492,230	98,573,868	238,561,191
Unguaranteed obligations (Bonds) (2)	119,507,903	-	(72,572,581)	1,685,477	14,627,532	19,714,853	82,963,184
Hedge instruments	3,538,527	5,712,676	(3,723,896)	5,274,878	(2,397,997)	759,981	9,164,169
Leases (3)	78,739,697	-	(39,030,323)	(370,640)	1,272,433	33,111,085	73,722,252
Other financial debts	2,827,303	489,503	(163,559)	-	-	858,197	4,011,444
<b>Related companies commercial mandate</b>	<b>87,574</b>	<b>1,002,080</b>	<b>(420,000)</b>	-	-	<b>(581,612)</b>	<b>88,042</b>
<b>Related companiesleases (3)</b>	<b>12,087,801</b>	-	<b>(1,549,515)</b>	<b>27,369</b>	<b>259,760</b>	<b>3,477,385</b>	<b>14,302,800</b>
<b>Issued capital (4)</b>	<b>1,329,872,285</b>	<b>35,000,000</b>	-	-	-	-	<b>1,364,872,285</b>
<b>Dividends pending payment</b>	<b>75,721</b>	-	<b>(81,249)</b>	-	-	<b>5,528</b>	-
<b>Total</b>	<b>1,546,941,331</b>	<b>162,203,475</b>	<b>(119,502,358)</b>	<b>25,869,675</b>	<b>16,253,958</b>	<b>155,919,284</b>	<b>1,787,685,365</b>

- (1) As of June 30, 2020, the cash flow movement of the Banco of Nova Scotia loan for ThCh \$ 119,999,216 and interest payments from the Bank of Tokyo and Scotiabank for ThCh \$ 1,961,234.  
(2) Corresponds to the payment of interest on Bonds F, I, G and K for ThCh \$ 4,995,893 and principal of Bond G for ThCh \$ 57,408,140.  
(3) Corresponds to the recognition of liability payments for the lease contracts that qualify under IFRS 16.  
(4) Corresponds to the capital increase of Telefónica Móviles Chile S.A.

Conciliation of financing activities, Non-current	12.31.2019 ThCh\$	Cash flows		Items other than cash flows			06.30.2020 ThCh\$
		Upward ThCh\$	Low ThCh\$	Exchange rate ThCh\$	Accrued interest ThCh\$	Others movements ThCh\$	
<b>Financial liabilities</b>	<b>905,710,265</b>	-	-	<b>29,304,073</b>	-	<b>(130,146,211)</b>	<b>805,095,542</b>
Banks loans	163,025,228	-	-	(8,324,103)	-	(99,043,533)	55,885,007
Unguaranteed obligations (Bonds)	614,538,045	-	-	37,457,122	-	(9,311,937)	642,683,230
Hedge instruments	5,599,137	-	-	171,054	-	(4,300,018)	1,470,173
Leases (1)	122,547,855	-	-	-	-	(17,490,723)	105,057,132
<b>Related companiesleases</b>	<b>37,396,656</b>	-	-	-	-	<b>(1,553,793)</b>	<b>35,842,863</b>
<b>Total</b>	<b>943,106,921</b>	-	-	<b>29,304,073</b>	-	<b>(131,700,004)</b>	<b>840,938,405</b>

Corresponds to recognition of lease agreements that qualify under IFRS 16.

## 17. Other current and other non-current financial liabilities, continued

c) As of June 30, 2019, the composition of movements in current and non-current financial liabilities from financial activities are as follows:

Reconciliation of current financing activities	Cah flows			Items other than cash flows			06.30.2019
	12.31.2018	Collection	Payment	Foreign currency translation	Accrued interest	Other movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
<b>Financial liabilities</b>	<b>58,886,127</b>	<b>3,249,140</b>	<b>(86,161,323)</b>	<b>4,764,007</b>	<b>16,634,096</b>	<b>139,836,581</b>	<b>137,208,628</b>
Bank loans (1)	360,837	-	(2,529,164)	6,617	2,504,371	(89,724)	252,936
Unguaranteed obligations (bonds) (2)	54,011,525	-	(61,308,129)	5,697,669	12,860,578	50,543,716	61,805,359
Hedging instruments	4,513,765	2,541,635	(3,198,249)	(940,279)	(549,124)	1,472,290	3,840,038
Lease obligations (3)	-	-	(17,241,449)	-	1,818,271	84,896,557	69,473,379
Other financial debts	-	707,505	(1,884,327)	-	-	3,013,743	1,836,916
<b>Related party commercial mandate</b>	<b>729,747</b>	-	<b>(720,100)</b>	-	-	<b>77,056</b>	<b>86,703</b>
<b>Related party leases (3)</b>	-	-	-	-	-	<b>3,821,253</b>	<b>3,821,253</b>
<b>Issued capital (4)</b>	<b>1,294,872,285</b>	<b>35,000,000</b>	-	-	-	-	<b>1,329,872,285</b>
<b>Dividends pending payment</b>	-	-	<b>(40,625)</b>	-	-	<b>40,625</b>	-
<b>Total</b>	<b>1,354,488,159</b>	<b>38,249,140</b>	<b>(86,922,043)</b>	<b>4,764,006</b>	<b>16,634,096</b>	<b>139,954,262</b>	<b>1,470,988,875</b>

(1) As of June 30, 2019, the movement of current cash flows from bank loans amounts to ThCh\$ 2,529,164 in interest payments.

(2) As of June 30, 2019, movement of current cash flows from unguaranteed obligations amounts to ThCh\$ 47,000,000 for payment of Bond Q and ThCh\$ 13,820,925 for payment of interest.

(3) Corresponds to recognition of liability payments on lease contracts that qualify under IFRS 16.

(4) Includes movements between related parties and other movements that do not form part of financial liabilities, but are cash flows from financing activities

Reconciliation of non-current financing activities	Cah flows			Items other than cash flows			06.30.2019
	12.31.2018	Collection	Payment	Foreign currency translation	Accrued interest	Other movements	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
<b>Financial liabilities</b>	<b>844,037,498</b>	-	-	<b>(14,112,193)</b>	-	<b>89,633,114</b>	<b>919,558,419</b>
Bank loans	150,851,556	-	-	(3,403,093)	-	251,981	147,700,444
Unguaranteed obligations (Bonds)	680,876,592	-	-	(11,162,702)	-	(44,497,272)	625,216,618
Hedging instruments	12,309,350	-	-	453,602	-	(8,180,029)	4,582,923
Lease obligations (1)	-	-	-	-	-	142,058,434	142,058,434
<b>Related party leases</b>	-	-	-	-	-	<b>23,688,728</b>	<b>23,688,728</b>
<b>Total</b>	<b>844,037,498</b>	-	-	<b>(14,112,193)</b>	-	<b>113,321,842</b>	<b>943,247,147</b>

d) The detail of the expirations of the current and non-current financial liabilities for leases as of June 30, 2020, December 31, 2019 and June 30, 2019 is as follows:

Due date		Total current 06.30.2020 ThCh\$	Due dates			Total non-current as of 06.30.2020 ThCh\$
Up to 90 days ThCh\$	91 days to 1 year ThCh\$		1 to 3 years ThCh\$	3 to 5 years ThCh\$	Over 5 years ThCh\$	
39,934,280	33,787,972	<b>73,722,252</b>	62,026,463	27,049,752	15,980,917	<b>105,057,132</b>



**17. Other current and other non-current financial liabilities, continued**

d) The detail of the expirations of the current and non-current financial liabilities for leases as of June 30, 2020, December 31, 2019 and June 30, 2019 is as follows:

Due date		Total current 12.31.2019 ThCh\$	Due dates			Total non-current as of 12.31.2019 ThCh\$
Up to 90 days ThCh\$	91 days to 1 year ThCh\$		1 to 3 years ThCh\$	3 to 5 years ThCh\$	Over 5 years ThCh\$	
21,225,047	57,514,650	<b>78,739,697</b>	75,104,661	22,918,495	24,524,699	<b>122,547,855</b>

Due date		Total current 06.30.2019 ThCh\$	Due dates			Total non-current as of 06.30.2019 ThCh\$
Up to 90 days ThCh\$	91 days to 1 year ThCh\$		1 to 3 years ThCh\$	3 to 5 years ThCh\$	Over 5 years ThCh\$	
28,929,166	40,544,213	<b>69,473,379</b>	99,683,463	28,654,914	13,720,057	<b>142,058,434</b>

**18. Trade and other payables**

a) The composition of Trade and other payables is as follows:

Description	06.30.2020		12.31.2019	
	Current ThCh\$	No-current ThCh\$	Current ThCh\$	No-current ThCh\$
Debts due to purchases or services provided, invoiced (1)	82,413,504	-	126,078,371	-
Debts due to purchases or services provided, provisioned (1) (2)	114,533,762	1,780,945	88,312,397	2,160,741
Real property providers, invoiced	44,916,900	-	46,503,948	-
Real property providers, provisioned	12,215,520	-	13,400,376	-
Payables to employees	20,196,720	-	29,848,647	-
Dividends pending payment	85,761	-	146,825	-
<b>Total</b>	<b>274,362,167</b>	<b>1,780,945</b>	<b>304,290,564</b>	<b>2,160,741</b>

(1) "Debts from purchases or services rendered" corresponding to foreign and domestic suppliers, for the periods ended as of June 30, 2020 and December 31, 2019 are detailed as follows:

Debts due to purchases or services provided	06.30.2020 ThCh\$	12.31.2019 ThCh\$
Domestic	166,568,774	195,000,648
Foreign	30,378,492	19,390,120
<b>Total</b>	<b>196,947,266</b>	<b>214,390,768</b>

(2) Non-current balances correspond to equipment purchase obligations.

b) Accounts payable payment terms

The Company has a policy of paying its suppliers in an average period of 60 days as of the date of reception of the respective invoice. There are cases in which due to specific circumstances, other than general policy, the established period is not complied with, for example, contracts that have specific agreed-upon deadlines, or delay on the part of the supplier in the issuance of invoices, or the closing of agreements with suppliers for delivery of goods or providing of the service, etc.

**18. Trade and other payables, continued**

## b) Accounts payable payment terms, continued

The Company does not present interest associated to debts in this heading.

As of June 30, 2020, the main suppliers in mobile operations are Huawei Chile S.A. with 13.5%, Nokia Solutions and Networks Chile with 6.2%, Atento Chile S.A. with 5.5%. As of December 31, 2019, the main suppliers were Huawei Chile S.A. with 17.8%, Samsung Electronics Chile Ltda. with 8.5%, and Nokia Solutions and Networks Chile with 5.7%.

The terms of accounts payable to suppliers with up to date payments as of June 30, 2020 and December 31, 2019 are detailed as follows:

Suppliers with up to date payments As of 06.30.2020	Goods	Services	Total
	ThCh\$	ThCh\$	ThCh\$
<b>Trade accounts to date</b>			
Up to 30 days	12,512,290	19,306,990	31,819,280
From 31 to 60 days	-	1,013,827	1,013,827
From 61 to 90 days	11,868,357	993,535	12,861,892
<b>Total</b>	<b>37,117,250</b>	<b>63,778,137</b>	<b>100,895,387</b>
<b>Average period of payment of up to date accounts</b>	<b>108</b>	<b>57</b>	

Suppliers with up to date payments As of 12.31.2019	Goods	Services	Total
	ThCh\$	ThCh\$	ThCh\$
<b>Trade accounts to date</b>			
Up to 30 days	22,511,930	55,534,170	78,046,100
From 31 to 60 days	12,657,376	27,078,772	39,736,148
From 61 to 90 days	-	1,955	1,955
<b>Total</b>	<b>35,169,306</b>	<b>82,614,897</b>	<b>117,784,203</b>
<b>Average period of payment of up to date accounts</b>	<b>60</b>	<b>59</b>	

**18. Trade and other payables, continued**

## b) Accounts payable payment terms, continued

The terms of accounts payable to suppliers with overdue payments as of June 30, 2020 and December 31, 2019 are detailed as follows:

Overdue trade accounts payable by term As of 06.30.2020	Goods	Services	Total
	ThCh\$	ThCh\$	ThCh\$
<b>Overdue trade accounts payable by term</b>			
Up to 30 days	7,144,756	6,999,074	14,143,830
From 31 to 60 days	153,483	932,905	1,086,389
From 61 to 90 days	379,888	1,164,108	1,543,996
From 91 to 120 days	-	851,124	851,124
From 121 to 180 days	212,434	302,633	515,066
More than 180 days	167,317	8,127,295	8,294,612
<b>Total</b>	<b>8,057,878</b>	<b>18,377,139</b>	<b>26,435,017</b>
<b>Average payment period of overdue accounts</b>	<b>60</b>	<b>35</b>	

Overdue trade accounts payable by term As of 12.31.2019	Goods	Services	Total
	ThCh\$	ThCh\$	ThCh\$
<b>Overdue trade accounts payable by term</b>			
Up to 30 days	4,619,541	35,164,250	39,783,791
From 31 to 60 days	5,408,114	-	5,408,114
From 61 to 90 days	1,045,001	58,889	1,103,890
From 91 to 120 days	147,660	-	147,660
From 121 to 180 days	-	1,692,128	1,692,128
More than 180 days	331,957	6,330,576	6,662,533
<b>Total</b>	<b>11,552,273</b>	<b>43,245,843</b>	<b>54,798,116</b>
<b>Average payment period of overdue accounts</b>	<b>58</b>	<b>38</b>	

## 19. Financial instruments

### 1. Classification of financial instruments by nature and category

a) Details of financial instruments of assets classified by nature and category as of June 30, 2020 is as follows:

Description of financial assets	Note	Assets recorded at amortized cost		Financial assets booked at fair value = book value									Total financial assets		
		Financial assets at amortized cost	Fair Value of financial assets at amortized cost	Through profit and loss		Through other comprehensive income (equity)			Hedges	Subtotal financial assets at fair value	Fair value measurement hierarchy			Total Book Value of Financial Assets	Total Fair Value of Financial Assets
				Financial Assets - held for trading	Financial assets - fair value to P&L option	Financial assets - Debt instruments	Financial assets - Equity instruments	Level 1 (quoted prices)			Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)			
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$		
<b>Other participations (net)</b>	6-c	-	-	-	-	-	6,360,328	-	6,360,328	6,360,328	3,975	-	6,364,303	6,364,303	
Other participations		-	-	-	-	-	6,360,328	-	6,360,328	6,360,328	3,975	-	6,364,303	6,364,303	
<b>Derivative instrument assets</b>		-	-	-	-	-	-	231,160,602	231,160,602	-	231,160,602	-	231,160,602	231,160,602	
Derivative instrument assets	19-2	-	-	-	-	-	-	231,160,602	231,160,602	-	231,160,602	-	231,160,602	231,160,602	
<b>Deposits and pledges</b>		50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468	
Deposits and pledges	6	50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468	
<b>Non-current trade and other accounts receivable</b>		30,164,641	30,164,641	-	-	-	-	-	-	-	-	-	30,164,641	30,164,641	
Non-current trade and other accounts receivable	12	30,164,641	30,164,641	-	-	-	-	-	-	-	-	-	30,164,641	30,164,641	
<b>Non-current financial assets</b>		30,215,109	30,215,109	-	-	-	6,360,328	231,160,602	237,520,930	6,360,328	231,164,577	-	267,740,014	267,740,014	
<b>Current trade accounts receivable</b>		318,815,968	318,815,968	-	-	-	-	-	-	-	-	-	318,815,968	318,815,968	
Current trade and other accounts receivable	8-a	299,821,354	299,821,354	-	-	-	-	-	-	-	-	-	299,821,354	299,821,354	
Account receivable from relate entities	9-a	18,994,614	18,994,614	-	-	-	-	-	-	-	-	-	18,994,614	18,994,614	
<b>Current deposits and pledges</b>		80,444	80,444	-	-	-	-	-	-	-	-	-	80,444	80,444	
Current pledges and deposits	6	80,444	80,444	-	-	-	-	-	-	-	-	-	80,444	80,444	
<b>Derivative instrument of assets</b>		-	-	-	-	-	-	43,779,495	43,779,495	-	43,779,495	-	43,779,495	43,779,495	
Derivative instrument of assets	19-2	-	-	-	-	-	-	43,779,495	43,779,495	-	43,779,495	-	43,779,495	43,779,495	
<b>Cash and cash equivalents</b>		213,962,347	213,962,347	-	-	-	-	-	-	-	-	-	213,962,347	213,962,347	
Cash and cash equivalents	5	213,962,347	213,962,347	-	-	-	-	-	-	-	-	-	213,962,347	213,962,347	
<b>Current financial assets</b>		532,858,759	532,858,759	-	-	-	-	43,779,495	43,779,495	-	43,779,495	-	576,638,254	576,638,254	
<b>Total financial assets</b>		563,073,868	563,073,868	-	-	-	6,360,328	274,940,097	281,300,425	6,360,328	274,944,072	-	844,378,268	844,378,268	

## 19. Financial instruments, continued

### 1. Classification of financial instruments by nature and category, continued

b) Details of financial instruments of assets classified by nature and category as of December 31, 2019 is as follows:

Description of financial assets	Note	Assets recorded at amortized cost		Financial assets booked at fair value = book value									Total financial assets		
		Financial assets at amortized cost	Fair Value of financial assets at amortized cost	Through profit and loss		Through other comprehensive income (equity)			Hedges	Subtotal financial assets at fair value	Fair value measurement hierarchy			Total Book Value of Financial Assets	Total Fair Value of Financial Assets
				Financial Assets - held for trading	Financial assets - fair value to P&L option	Financial assets - Debt instruments	Financial assets - Equity instruments	Level 1 (quoted prices)			Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)			
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
<b>Other participations (net)</b>	6-b	-	-	-	-	-	7,853,872	-	7,853,872	7,849,896	3,976	-	7,853,872	7,853,872	
Other participations		-	-	-	-	-	7,853,872	-	7,853,872	7,849,896	3,976	-	7,853,872	7,853,872	
<b>Derivative instrument assets</b>		-	-	-	-	-	-	188,086,656	188,086,656	-	188,086,656	-	188,086,656	188,086,656	
Derivative instrument assets	19-2	-	-	-	-	-	-	188,086,656	188,086,656	-	188,086,656	-	188,086,656	188,086,656	
<b>Deposits and pledges</b>		50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468	
Deposits and pledges	6	50,468	50,468	-	-	-	-	-	-	-	-	-	50,468	50,468	
<b>Non-current trade and other accounts receivable</b>		27,422,344	27,422,344	-	-	-	-	-	-	-	-	-	27,422,344	27,422,344	
Non-current trade and other accounts receivable	12	27,422,344	27,422,344	-	-	-	-	-	-	-	-	-	27,422,344	27,422,344	
<b>Non-current financial assets</b>		27,472,812	27,472,812	-	-	-	7,853,872	188,086,656	195,940,528	7,849,896	188,090,632	-	223,413,340	223,413,340	
<b>Current trade accounts receivable</b>		259,321,982	259,321,982	-	-	-	-	-	-	-	-	-	259,321,982	259,321,982	
Current trade and other accounts receivable	8-a	238,212,747	238,212,747	-	-	-	-	-	-	-	-	-	238,212,747	238,212,747	
Account receivable from relate entities	9-a	21,109,235	21,109,235	-	-	-	-	-	-	-	-	-	21,109,235	21,109,235	
<b>Current deposits and pledges</b>		80,444	80,444	-	-	-	-	-	-	-	-	-	4,577,185	4,577,185	
Current pledges and deposits	6	80,444	80,444	-	-	-	-	-	-	-	-	-	4,577,185	4,577,185	
<b>Derivative instrument of assets</b>		-	-	-	-	-	-	20,248,206	20,248,206	-	20,248,206	-	20,248,206	20,248,206	
Derivative instrument of assets	19-2	-	-	-	-	-	-	20,248,206	20,248,206	-	20,248,206	-	20,248,206	20,248,206	
<b>Cash and cash equivalents</b>		234,466,421	234,466,421	-	-	-	-	-	-	-	-	-	234,466,421	234,466,421	
Cash and cash equivalents	5	234,466,421	234,466,421	-	-	-	-	-	-	-	-	-	234,466,421	234,466,421	
<b>Current financial assets</b>		493,868,847	493,868,847	-	-	-	-	20,248,206	20,248,206	-	20,248,206	-	518,613,794	518,613,794	
<b>Total financial assets</b>		521,341,659	521,341,659	-	-	-	7,853,872	208,334,862	216,188,734	7,849,896	208,338,838	-	742,027,134	742,027,134	

## 19. Financial instruments, continued

### 1. Classification of financial instruments by nature and category, continued

The book value of financial assets such as cash and cash equivalents and the current portion of accounts receivable from related entities approximates their fair values, due to the short-term nature of their expiries.

The book value of the current portion of trade and other accounts receivable approximates their fair values, due to the short-term nature of their expiries.

Instruments recorded under other current and non-current financial assets classified as financial assets at fair value through profit or loss and hedge derivatives are presented at their fair value in the Statement of Financial Position.

Financial instruments recorded under other non-current financial assets mainly include the investment in Telefonica Brazil which is recorded at fair value (Note 6).

Instruments recorded under other current financial assets classified as held to maturity mainly include time deposits maturing in more than 90 days.

## 19. Financial instruments, continued

### 1. Classification of financial instruments by nature and category, continued

c) Details of financial instruments of liabilities classified by nature and category as of June 30, 2020 is as follows:

Description of financial liabilities	Note	Financial liabilities at amortized cost		Financial liabilities booked at fair value = booked value						Total financial liabilities		
		Financial liabilities at amortized cost	Fair value of liabilities at amortized cost	With changes in the income statement		Hedges	SUBTOTAL FINANCIAL LIABILITIES AT FAIR VALUE	Fair value measurement hierarchy			Total Book Value of Financial Liabilities	Total Fair Value of Financial Liabilities
				Financial liabilities - Held for trading	Financial liabilities - Fair value option to PL			Level 1 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)		
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Issuance of obligations and other non-current marketable securities	17-b	642,683,230	673,199,856	-	-	-	-	-	-	-	642,683,230	673,199,856
Non-current debts with loan entities	17-a	55,885,007	55,885,007	-	-	-	-	-	-	-	55,885,007	55,885,007
Long-term hedge derivative instrument of liabilities	19-2	-	-	-	-	1,470,173	1,470,173	-	1,470,173	-	1,470,173	1,470,173
Trade and other accounts payable	18-a	1,780,945	1,780,945	-	-	-	-	-	-	-	1,780,945	1,780,945
Accounts payable to related entities	9-c	40,736,662	40,736,662	-	-	-	-	-	-	-	40,736,662	40,736,662
Other non-current financial debts(1)		105,057,132	105,057,132	-	-	-	-	-	-	-	105,057,132	105,057,132
<b>Non-current financial liabilities</b>		<b>846,142,976</b>	<b>876,659,602</b>	-	-	<b>1,470,173</b>	<b>1,470,173</b>	-	<b>1,470,173</b>	-	<b>847,613,149</b>	<b>878,129,775</b>
Issuance of short-term obligations and other marketable securities	17-b	82,963,184	83,929,991	-	-	-	-	-	-	-	82,963,184	83,929,991
Short-term debts with credit entities	17-a	238,561,191	238,561,191	-	-	-	-	-	-	-	238,561,191	238,561,191
Short-term derivative instrument of liabilities	19-2	-	-	-	-	9,164,169	9,164,169	-	9,164,169	-	9,164,169	9,164,169
Trade and other accounts payable	18-a	274,362,167	274,362,167	-	-	-	-	-	-	-	274,362,167	274,362,167
Accounts payable to related entities	9-c	60,320,131	60,320,131	-	-	-	-	-	-	-	60,320,131	60,320,131
Other non-current financial debts (1)		77,733,696	77,733,696	-	-	-	-	-	-	-	77,733,696	77,733,696
<b>Current financial liabilities</b>		<b>733,940,369</b>	<b>734,907,176</b>	-	-	<b>9,164,169</b>	<b>9,164,169</b>	-	<b>9,164,169</b>	-	<b>743,104,538</b>	<b>744,071,345</b>
<b>Total financial liabilities</b>		<b>1,580,083,345</b>	<b>1,611,566,778</b>	-	-	<b>10,634,342</b>	<b>10,634,342</b>	-	<b>10,634,342</b>	-	<b>1,590,717,687</b>	<b>1,622,201,120</b>

(1) Includes liabilities for lease agreements that qualify under IFRS 16 and sale of portfolio to Banco Santander (See Note 16)

## 19. Financial instruments, continued

### 1. Classification of financial instruments by nature and category, continued

b) Details of financial instruments of liabilities classified by nature and category as of December 31, 2019 is as follows:

Description of financial liabilities	Note	Financial liabilities at amortized cost		Financial liabilities booked at fair value = booked value						Total financial liabilities		
		Financial liabilities at amortized cost	Fair value of liabilities at amortized cost	With changes in the income statement		Hedges	SUBTOTAL FINANCIAL LIABILITIES AT FAIR VALUE	Fair value measurement hierarchy			Total Book Value of Financial Liabilities	Total Fair Value of Financial Liabilities
				Financial liabilities - Held for trading	Financial liabilities - Fair value option to PL			Level 1 (quoted prices)	Level 2 (observable inputs other than quoted prices)	Level 3 (inputs not based on observable market data)		
Issuance of obligations and other non-current marketable securities	16-d	614,538,045	636,502,212	-	-	-	-	-	-	-	614,538,045	636,502,212
Non-current debts with loan entities	16-c	163,025,228	163,252,642	-	-	-	-	-	-	-	163,025,228	163,252,642
Long-term hedge derivative instrument of liabilities	18-2	-	-	-	-	5,599,137	5,599,137	-	5,599,137	-	5,599,137	5,599,137
Trade and other accounts payable	17	2,160,741	2,160,741	-	-	-	-	-	-	-	2,160,741	2,160,741
Accounts payable to related entities	9-c	38,027,645	38,027,645	-	-	-	-	-	-	-	38,027,645	38,027,645
Other long-term financial debts		122,547,855	122,547,855	-	-	-	-	-	-	-	122,547,855	122,547,855
<b>Non-current financial liabilities</b>		<b>940,299,514</b>	<b>962,491,095</b>	-	-	<b>5,599,137</b>	<b>5,599,137</b>	-	<b>5,599,137</b>	-	<b>945,898,651</b>	<b>968,090,232</b>
Issuance of short-term obligations and other marketable securities	16-d	119,507,902	120,216,089	-	-	-	-	-	-	-	119,507,902	120,216,089
Short-term debts with credit entities	16-c	204,521	204,521	-	-	-	-	-	-	-	204,521	204,521
Short-term derivative instrument of liabilities	18-2	-	-	-	-	3,538,527	3,538,527	-	3,538,527	-	3,538,527	3,538,527
Trade and other accounts payable	16	304,290,564	304,290,564	-	-	-	-	-	-	-	304,290,564	304,290,564
Accounts payable to related entities	9-b	66,055,208	66,055,208	-	-	-	-	-	-	-	66,055,208	66,055,208
Other long-term financial debts		81,566,999	81,566,999	-	-	-	-	-	-	-	81,566,999	81,566,999
<b>Current financial liabilities</b>		<b>571,625,195</b>	<b>572,333,381</b>	-	-	<b>3,538,527</b>	<b>3,538,527</b>	-	<b>3,538,527</b>	-	<b>575,163,721</b>	<b>575,871,908</b>
<b>Total financial liabilities</b>		<b>1,511,924,708</b>	<b>1,534,824,476</b>	-	-	<b>9,137,664</b>	<b>9,137,664</b>	-	<b>9,137,664</b>	-	<b>1,521,062,372</b>	<b>1,543,962,140</b>



## 19. Financial instruments, continued

### 1. Classification of financial instruments by nature and category, continued

The book value of the current portion of accounts payable to related entities and trade accounts receivable approximates their fair values, due to the short-term nature of their due dates.

Instruments recorded under other current and non-current financial liabilities classified as financial liabilities at fair value through profit or loss and hedge derivatives are presented at their fair value in the statement of financial position.

Financial instruments recorded under other current and non-current financial liabilities which correspond to interest bearing loans, are generally recorded for the cash received, net of costs incurred in the transaction. These obligations are valued at amortized cost, using the effective interest rate method, and mainly include bank loans and unguaranteed obligations (bonds), among other things (note 17).



## 19. Financial instruments, continued

### 2. Hedging instruments

As of June 30, 2020, hedging instruments are detailed as follows:

Type of hedge	Underlying	To Maturity							
		Current Assets		Current Liabilities		Non-current Assets		Non-current Assets	
		Up to 90 days ThCh\$	90 days to 1 year ThCh\$	Up to 90 days ThCh\$	90 days to 1 year ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$
Exchange rate – cash flow hedge (1)	Supplier Debt	3,391,016	5,463,665	(80,810)	(355,814)	-	-	(176,989)	-
Exchange rate – fair value hedge (2)	Supplier Debt	7,577,621	22,891,822	(156,125)	(5,454,807)	-	-	-	-
Interest rate – cash flows hedge (3)	Financial Debt	2,776,865	-	(3,053,604)	-	3,854,599	18,377,787	(1,118,154)	(175,030)
Exchange rate and interest rate – fair value hedge (4)	Financial Debt	1,678,506	-	(63,009)	-	-	208,928,216	-	-
<b>Total</b>		<b>15,424,008</b>	<b>28,355,487</b>	<b>(3,353,548)</b>	<b>(5,810,621)</b>	<b>3,854,599</b>	<b>227,306,003</b>	<b>(1,295,143)</b>	<b>(175,030)</b>

Hedge instruments have generated an effect on result of ThCh\$56,726,598, as of June 30, 2020 and the accumulated effect on equity, net of taxes, is ThCh\$8,013,154 (see note 23d).

As of December 31, 2019, hedging instruments are detailed as follows:

Type of hedge	Underlying	To Maturity							
		Current Assets		Current Liabilities		Non-current Assets		Non-current Assets	
		Up to 90 days ThCh\$	90 days to 1 year ThCh\$	Up to 90 days ThCh\$	90 days to 1 year ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$	1 to 3 years ThCh\$	3 to 5 years ThCh\$
Exchange rate – cash flow hedge (1)	Supplier Debt	1,712,483	3,797,289	(3,323)	(36,660)	-	-	-	-
Exchange rate – fair value hedge (2)	Supplier Debt	553,571	-	(149,439)	-	-	-	-	-
Interest rate – cash flows hedge (3)	Financial Debt	2,424,304	-	(3,349,105)	-	-	5,035,550	(4,582,403)	(980,600)
Exchange rate and interest rate – fair value hedge (4)	Financial Debt	582,684	11,177,875	-	-	-	183,051,109	(36,134)	-
<b>Total</b>		<b>5,273,042</b>	<b>14,975,164</b>	<b>(3,501,867)</b>	<b>(36,660)</b>	<b>-</b>	<b>188,086,659</b>	<b>(4,618,537)</b>	<b>(980,600)</b>

Hedge instruments have generated an effect on result of ThCh\$43,482,286, as of December 31, 2019 and the accumulated effect on equity, net of taxes, is ThCh\$1,099,249 (see note 23d).

Description of hedge instruments:

- Exchange rate – cash flow hedge: This category includes derivative instruments used to hedge highly probable trade debt future cash flows.
- Exchange rate – fair value hedge: This category includes derivative instruments entered into to hedge existing commercial debt.
- Interest rate – cash flows hedge: This category includes, derivative instruments entered into to hedge debt instrument interest rate risk, whose interest cash flows payable are denominated at a variable interest rate.
- Exchange rate and interest rate – fair value hedge: This category includes derivative instruments entered into to hedge foreign currency risk on debt instrument capital.

## 19. Financial instruments, continued

### 3. Valuation of hedging instruments

The Company has financial derivative valuation models that use local and international financial market interest rate curves, to determine cash flows associated to each derivative and to discount those cash flows to present value, once this valuation is obtained, it is compared to the valuation certificates provided to us by the banks, Should there be material differences, a review of the internal model is carried out and it is verified if the bank is making a correct valuation.

The main assumptions used in the valuation models of derivative instruments are as follows:

- a) Market assumptions such as spot prices and other price projections, credit risk (own and counterparty) and rates, using observable market information and through techniques commonly used among its participants.
- b) Discount rates like risk free rates and counterparty rates (based on risk profiles and information available in the market).
- c) In addition, variables such as: volatility, correlation, regression formulas and market spread, are incorporated to the model.

The methodologies and assumptions used to determine the fair value of financial derivative instruments are applied consistently from one year to another. The Company considers that what has been previously described is used in a fair manner, since it is in line with those used by the market and result in a measurement of fair value that is appropriate for the purposes of measuring the financial statements and disclosures, It should be noted that these disclosures are complete and adequate.

### 4. Fair value hierarchy of financial instruments

Financial instruments recognized at fair value in the statement of financial position are classified according to the following hierarchies (note 19.1):

Level 1: Corresponds to methodologies of fair value measurement using market rates (without adjustments) in an active market considering the same assets and liabilities valued.

Level 2: Corresponds to methodologies of fair value measurement using data on market rates, not included in Level 1, that are observable for assets and liabilities valued, whether directly (that is, as a price) or indirectly (that is, derived from a price).

Level 3: Corresponds to methodologies of fair value measurement using valuation techniques that include information on assets and liabilities valued, which are not based on observable market information.

## 20. Other currents provisions

a) The balance of currents provisions is detailed as follows:

Concepts	06.30.2020 ThCh\$	12.31.2019 ThCh\$
Civil and regulatory	1,959,289	1,601,625
<b>Total</b>	<b>1,959,289</b>	<b>1,601,625</b>

Based on the progress of the proceedings, the Company's management considers that the provisions recorded in the financial statements adequately cover the litigation risks described in Note 28b, therefore they do not foresee that they will result in liabilities other than those recorded.

Due to the characteristics of the risks that cover these provisions, it is impossible to determine a reasonable payment date schedule.

As of June 30, 2020 and December 31, 2019 the movements in provisions are as follows:

Movements	06.30.2020 ThCh\$	12.31.2019 ThCh\$
<b>Beginning balance</b>	<b>1,601,625</b>	<b>5,745,139</b>
Increase in existing provisions	905,592	2,256,777
Provisioning application	(547,927)	(6,400,291)
<b>Movements subtotal</b>	<b>357,665</b>	<b>(4,143,514)</b>
<b>Ending balance</b>	<b>1,959,289</b>	<b>1,601,625</b>

b) Other non-currents provisions:

As of June 30, 2020 and December 31, 2019, the balance of other non-current provisions are detailed as follows:

Concepts	06.30.2020 ThCh\$	12.31.2019 ThCh\$
Dismantling provision (1)	17,398,271	18,730,421
Non-currents provisions others	98,050	70,134
<b>Total</b>	<b>17,496,321</b>	<b>18,800,555</b>

(1) Movements of the dismantling provision as of June 30, 2020 and December 31, 2019 are detailed as follows:

Movements	06.30.2020 ThCh\$	12.31.2019 ThCh\$
<b>Beginning balance</b>	<b>18,730,421</b>	<b>20,123,983</b>
Financial update	70,310	701,762
Upward	58,111	319,997
Reverse dismantling provision	(1,460,571)	(2,415,321)
<b>Movement subtotal</b>	<b>(1,332,150)</b>	<b>(1,393,562)</b>
<b>Ending balance</b>	<b>17,398,271</b>	<b>18,730,421</b>

## 21. Employee benefits accrual

### a) Post-employment benefits

The employee benefits provision corresponds to liabilities for future termination benefits that are estimated to be accrued for employees both in the general and private payroll, which are subject to severance pay whether through collective or individual employee contracts, and is recorded at actuarial value, determined using the projected credit unit method. Actuarial profits and losses on severance pay derived from changes in estimates in the turnover rates, mortality, salary increases or discount rate, are recorded in accordance with International Accounting Standard 19 R (IAS 19R), under other comprehensive income, affecting Equity directly, procedure that the Company has applied since the beginning of the convergence to International Standard.

As of June 30, 2020 and December 31, 2019 current and non-current employee benefits accrual are as follows:

Concepts	06.30.2020 ThCh\$	12.31.2019 ThCh\$
Current amount of liability recognized for termination benefits	10,314,758	9,397,635
Non-current amount of liability recognized for termination benefits	26,896,633	26,723,862
<b>Total</b>	<b>37,211,391</b>	<b>36,121,497</b>

As of June 30, 2020 and December 31, 2019 the movements for current employee benefits provisions are detailed as follows:

Movements	06.30.2020 ThCh\$	12.31.2019 ThCh\$
<b>Beginning balance</b>	<b>36,121,497</b>	<b>35,439,905</b>
Service costs	183,931	(114,271)
Interest costs (see note 24 d)	647,839	1,656,106
Actuarial profits, net due to experience	1,229,915	2,397,133
Benefits paid	(638,236)	(3,607,413)
Others	(333,555)	350,037
<b>Movement subtotal</b>	<b>1,089,894</b>	<b>681,592</b>
<b>Ending balance</b>	<b>37,211,391</b>	<b>36,121,497</b>

## 21. Employee benefits accrual, continued

### a) Post-employment benefits, continued

#### Actuarial Hypotheses

The hypotheses used for the actuarial calculation of employee benefits obligations are reviewed once a year and correspond to the following detail, as of June 30, 2020 and December 31, 2019:

- **Discount rate:** An annual nominal rate of 3.13% and 3.59% are used as of June 30, 2020 and December 31, 2019 respectively. This rate must be representative of the time value of money, for which a risk-free rate, represented by BCP (Central Bank of Chile Bonds issued in Chilean pesos) instruments, is used for a relevant term of close to 20 years.
- **Incremental Salary Rate:** An increase table is used according to the inflation projection established by the Central Bank of Chile. The rate used for the periods ended June 30, 2020 and December 31, 2019 was 3%.
- **Mortality:** The RV-2014 mortality tables established by the Financial Market Commission (CMF) are used to calculate social life insurance reserves in Chile.
- **Turnover rate:** Based on the historical Company data, the rotation used for both periods are as follows:

Benefit group	Turnover rate for resignation	Turnover rate for dismissal
Frozen Compensation	0.14%	1.79%
Post-frozen Compensation	3.41%	6.02%
Quotas system	2.73%	2.73%
Decease	2.73%	2.73%

- **Years of service:** The Company assumes that the employees will remain until their legal retirement age, (women, up to 60 years old, and men, up to 65 years old).

The model for calculating employee termination benefits has been prepared by a qualified external actuary. The model uses variables and market estimates in accordance with the methodology established by IAS 19 to determine this provision.

### b) Sensitivity of assumptions

Based on the actuarial calculation as of June 30, 2020, the sensitivity of the main assumptions has been reviewed, determining the following possible effects on Equity:

Description	Base	Plus 1% ThCh\$	Less 1% ThCh\$
Discount rate	3.13%	(2,212,450)	2,360,083

## 21. Employee benefits accrual, continued

### c) Expected cash flows

In accordance with the employee benefits obligation, future cash flows for the following periods are detailed as follows:

Description	1st year ThCh\$
Future payment cash flows	5,218,025

### d) Employee benefits expenses

Expenses recognized in the comprehensive income statement for this concept are composed of payroll for personnel hired by subsidiaries Telefónica Investigación y Desarrollo SpA and Telefónica Chile Servicios Corporativos Ltda., detailed as follows:

Concepts	04.01.2020 to 06.30.2020	06.30.2020	04.01.2019 to 06.30.2019	06.30.2019
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Wages and salaries	32,931,525	64,251,709	32,796,297	63,710,188
Post employment benefit obligations expense	95,325	183,932	106,554	196,901
<b>Total</b>	<b>33,026,850</b>	<b>64,435,641</b>	<b>32,902,851</b>	<b>63,907,089</b>

## 22. Other current and non-current non-financial liabilities

Other non-financial liabilities are detailed as follows:

Concepts	06.30.2020		12.31.2019	
	Current ThCh\$	Non-current ThCh\$	Current ThCh\$	Non-current ThCh\$
<b>Contractual liabilities (1)</b>	<b>13,102,074</b>	<b>2,465,414</b>	<b>14,259,915</b>	<b>2,673,550</b>
Handsets sold and not activated	3,419,636	-	5,687,633	-
Services charged and not rendered	6,181,372	-	5,167,858	-
IRUS rights of use	408,927	2,464,810	396,020	2,672,552
Others contractual liabilities (2)	3,092,139	604	3,008,404	998
<b>Deferred income</b>	<b>3,542,119</b>	<b>1,478,233</b>	<b>3,880,359</b>	<b>1,709,923</b>
Company projects to be undertaken (3)	1,698,684	582,569	1,265,884	744,484
Sale of telecommunications infrastructure	1,320,124	468,893	1,320,124	518,074
Other Deferred income (4)	523,311	426,771	1,294,351	447,365
<b>Subsidies</b>	<b>359,756</b>	<b>2,513,368</b>	<b>523,355</b>	<b>3,272,663</b>
Extreme zones	118,942	417,150	282,541	1,056,038
Subsidy for Tierra del Fuego base stations	70,355	738,732	70,355	773,910
Puerto Natales and Cerro Castillo Fiber Optics Network	52,623	377,132	52,623	403,444
Connectivity for service networks and telecentre	90,380	296,242	90,380	341,431
Juan Fernandez Island Satellite links	27,456	684,112	27,456	697,840
<b>Taxes</b>	<b>17,397,921</b>	<b>-</b>	<b>33,271,415</b>	<b>-</b>
VAT (5)	15,385,961	-	30,900,052	-
Other taxes (6)	2,011,960	-	2,371,363	-
<b>Others non-financial liabilities</b>	<b>34,401,870</b>	<b>6,457,015</b>	<b>51,935,044</b>	<b>7,656,136</b>

(1) With the coming into effect of IFRS 15 as of January 1, 2018, the obligations that arise from contracts signed with our customers are classified as contractual liabilities.

(2) Includes connection instalments, electronic prepay top-up and unaccrued interest on sales paid in instalments.

(3) Corresponds to billing of projects of companies that are recorded in revenue to the extent of their degree of progress.

(4) Corresponds mainly to commissions for collection management, generated on the sale of the portfolio to BID

(5) Corresponds to the net effect between VAT debit and tax credit.

(6) Includes withholding tax and other taxes.

## 22. Other current and non-current non-financial liabilities, continued

Movements of contractual liabilities, deferred income and subsidies as of June 30, 2020 are as follows:

Movements	06.30.2020					
	Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Beginning balance	14,259,915	2,673,550	3,880,359	1,709,923	523,355	3,272,663
Endowments	119,658,301	-	1,013,922	155,200	-	-
Reduction/applications	(121,024,278)	-	(1,739,052)	-	(922,894)	-
Transfers	208,136	(208,136)	386,890	(386,890)	759,295	(759,295)
<b>Movement subtotal</b>	<b>(1,157,841)</b>	<b>(208,136)</b>	<b>(338,240)</b>	<b>(231,690)</b>	<b>(163,599)</b>	<b>(759,295)</b>
<b>Ending balance</b>	<b>13,102,074</b>	<b>2,465,414</b>	<b>3,542,119</b>	<b>1,478,233</b>	<b>359,756</b>	<b>2,513,368</b>

Movements of contractual liabilities, deferred income and subsidies as of December 31, 2019 are as follows:

Movements	12.31.2019					
	Contractual liabilities		Deferred Income		Subsidies	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Beginning balance	13,840,015	3,072,995	4,833,085	1,916,567	1,305,643	3,053,002
Endowments	273,326,534	14,544	5,721,293	167,775	163,600	579,417
Write downs/applications	(273,243,059)	(77,564)	(6,976,331)	(72,107)	(1,128,941)	(176,703)
Transfers	336,425	(336,425)	302,312	(302,312)	183,053	(183,053)
<b>Movements, subtotal</b>	<b>419,900</b>	<b>(399,445)</b>	<b>(952,726)</b>	<b>(206,644)</b>	<b>(782,288)</b>	<b>219,661</b>
<b>Ending balance</b>	<b>14,259,915</b>	<b>2,673,550</b>	<b>3,880,359</b>	<b>1,709,923</b>	<b>523,355</b>	<b>3,272,663</b>

The detail of the expirations of the current non-financial liabilities as of June 30, 2020 and December 31, 2019 is as follows:

Expirations		Total Current to	Expirations			Total non-current
until 90 days	91 days to 1	06.30.2020	1 to 3 years	3 to 5 years	5 years and	to 06.30.2020
ThCh\$	year	ThCh\$	ThCh\$	ThCh\$	more	ThCh\$
	ThCh\$				ThCh\$	
31,541,741	2,860,129	34,401,870	3,414,757	1,047,041	1,995,217	6,457,015

Expirations		Total Current to	Expirations			Total non-current
until 90 days	91 days to 1	12.31.2019	1 to 3 years	3 to 5 years	5 years and	to 12.31.2019
ThCh\$	year	ThCh\$	ThCh\$	ThCh\$	more	ThCh\$
	ThCh\$				ThCh\$	
15,345,017	36,590,027	51,935,044	3,920,652	1,604,439	2,131,045	7,656,136



## 23. Equity

The Company manages its capital for the purpose of safeguarding the capacity to continue as a going concern, for the purpose of generating returns to its shareholders and with the objective of maintaining a strong credit rating and favorable capital ratio to support its businesses and guarantee ongoing and expedite access to the financial markets maximizing shareholder value. The Company manages its capital structure and adjusts it, in accordance with changes in existing economic conditions.

No changes were introduced in the objectives, policies or processes during the periods ended as of June 30, 2020 and 2019.

### a) Capital

As of June 30, 2020 and December 31, 2019, the Company's paid-in capital is composed as follows:

#### Number of shares

Series	No. of shares subscribed	06.30.2020		No. of shares subscribed	12.31.2019	
		No. of shares paid	No. of shares with voting rights		No. of shares paid	No. of shares with voting rights
Unique	960,392,966,349	960,392,966,349	960,392,966,349	936,165,609,040	936,165,609,040	936,165,609,040
<b>Total</b>	<b>960,392,966,349</b>	<b>960,392,966,349</b>	<b>960,392,966,349</b>	<b>936,165,609,040</b>	<b>936,165,609,040</b>	<b>936,165,609,040</b>

#### Capital

Series	06.30.2020		12.31.2019	
	Subscribed capital	Paid-in capital	Subscribed capital	Paid-in capital
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Unique	1,364,872,285	1,364,872,285	1,329,872,285	1,329,872,285
<b>Total</b>	<b>1,364,872,285</b>	<b>1,364,872,285</b>	<b>1,329,872,285</b>	<b>1,329,872,285</b>

At the Extraordinary Shareholders' Meeting held on March 13, 2019, the shareholders approved a Capital increase of ThCh\$1,294,872,285, divided into 911,784,715,847 ordinary shares to ThCh\$1,329,872,285, divided into 936,165,609,040 ordinary shares.

At the Extraordinary Shareholders' Meeting held on February 26, 2020, the shareholders approved a Capital increase of ThCh\$1,329,872,285, divided into 936,165,609,040 ordinary shares to ThCh\$1,364,872,285, divided into 960,392,966,349 ordinary shares.

## 23. Equity, continued

Based on the above, as of June 30, 2020, the Company's shareholder structure is detailed as follows:

Company	Shares
Inversiones Telefónica International Holding S.A.	950,392,963,373
Telefónica S.A.	10,000,002,976
<b>Total</b>	<b>960,392,966,349</b>

On March 31, 2020 as per sale of shares contract, Telefónica S.A. transferred all its shareholding of 10,000,002,976 shares of Telefónica Móviles Chile S.A. to Latin América Cellular Holdings S.L. at a selling price of € 26,159,899.63

### b) Distribution of shareholders

As established in Circular No. 792 issued by the Financial Market Commission (CMF) (ex-Superintendency of Securities and Insurance) of Chile, the distribution of shareholders based on their participation in the Company as of June 30, 2020 is as follows:

Type of Shareholder	Participation percentage %	Number of shareholders
Participation of 10% or more	98.9588	1
Less than 10% participation:	1.0412	1
Investment equal to or exceeding UF 200	-	-
Investment under UF 200	-	-
<b>Total</b>	<b>100.0000</b>	<b>2</b>
Parent Company	98.9588%	1

### c) Dividends:

#### i) Dividends policy:

In accordance with Law No. 18,046, unless a different agreement is adopted unanimously at the Shareholders' Meeting, when the Company makes profits, at least 30% of them must be distributed as dividends.

As of December 27, 2019, a final dividend of MThCh\$ 75,000, was paid corresponding to 89% of the result of the 2019 financial year.

As of June 30, there have been no dividends distributed. As of December 31, 2019, the following dividend distribution took place:

Date	Dividend	Distributed amount ThCh\$	Value per share ThCh\$	Charge to utilities	Payment date
12.27.19	Interim	75,000,000	0.0801	2019	December - 2019

## 23. Equity, continued

### d) Other reserves:

The balances, nature and purpose of other reserves are detailed as follows:

Concepts	Balance as of	Net movement	Balance as of
	12.31.2019		06.30.2020
	ThCh\$	ThCh\$	ThCh\$
Capital revaluation reserve (i)	(233,685,327)	-	(233,685,327)
Business combination reserve (ii)	(95,176,556)	-	(95,176,556)
Others reserves (iii)	(122,214,004)	-	(122,214,004)
Employee benefits reserve (iv)	(9,945,809)	(893,902)	(10,839,711)
Foreign currency translation reserve (v)	(58,310)	-	(58,310)
Cash flows hedge reserve (vi)	1,099,249	6,913,905	8,013,154
Reserve for financial assets (vii)	2,155,257	(1,476,766)	678,491
<b>Total</b>	<b>(457,825,500)</b>	<b>4,543,237</b>	<b>(453,282,263)</b>

### i) Capital revaluation

In accordance with Law No. 18,046, second paragraph of Article 10 and in accordance with Official Circular No. 456 issued by the Superintendency of Securities and Insurance, the revaluation of the Company's Capital as of December 31, 2008, must be presented in this account.

### ii) Business combination reserve

Corresponds to company reorganizations performed in previous years.

### iii) Other miscellaneous reserves

Contains the difference between the valuation of the investments that Telefónica Móviles S.A. has in the consolidated subsidiaries and the capital of each one of these. This effect is in the amount of ThCh\$53,430,874.

In September 2017 and in reference to the withdrawal of 1,072,813 minority shareholders described in the treasury shares reserves (v) point, Telefónica Móviles Chile S.A. increased its interest in subsidiary Telefónica Chile S.A. from 97.92% to 99.0281653%, which generated an increase of ThCh\$1,083,569 in the aforementioned effect.

During 2014, the Company made a Capital increase paid by Telefónica Internacional Holding S.A. with the contribution in dominion of a group of assets and liabilities. This transaction generated a difference between the carrying amount of those assets and liabilities and the contribution value of ThCh\$61,567,621 that were recognized in this heading, since it corresponds to a corporate reorganization.

In July 2010, the Company purchased from the Dutch company, Telefónica Chile Holding B.V., the investment in Telefónica Internacional S.A. This transaction generated a 20% withholding tax that was assessed by the Chilean Internal Revenue Service in 2013 and which had to be paid by the Company for being jointly and severally liable. This tax in the amount of ThCh\$3,722,259 was recognized as "Other reserves".

In addition, it is composed of the accumulated revaluation reserve and of the adjustment for first-time adoption of International Financial Reporting Standards (IFRS) assumed by subsidiary Telefónica Móviles Soluciones y Aplicaciones S.A. in the amount of ThCh\$2,365,462, and other negative concepts for ThCh\$70,619.

## 23. Equity, continued

### d) Other reserves, continued

#### iv) Employee benefits reserve

Corresponds to the effect arising from changes in the actuarial hypotheses for the employee benefits provision, originated in subsidiaries Telefónica Chile Servicios Corporativos Ltda. and Telefónica Investigación y Desarrollo Chile SpA.

#### v) Foreign currency translation difference reserve

Corresponds to the differences generated by the conversion of the Company's financial statements.

#### vi) Treasury shares reserves

Transactions designated as cash flow hedges for expected transactions are probable, and where the Company can carry out the transaction, the Company has the positive intention and ability to consummate the expected transaction. Expected transactions designated in our cash flow hedges are held as probably occurring on the same date and amount as originally designated, otherwise, the ineffectiveness will be measured and recorded when appropriate. In addition, this includes fair value effects associated to interest rate insurance.

#### vii) Reserves for financial assets

Corresponds to the effect of market valuation of the investment of Telefónica Chile S.A. subsidiary in Telefónica Brazil.

### e) Non-controlling interest

As of June 30, 2020 and 2019 recognition of the share of equity belonging to third parties is detailed as follows:

Subsidiaries	Percentage Non-controlling interest		Non-controlling interest	
	2020	2019	06.30.2020	12.31.2019
	%	%	ThCh\$	ThCh\$
Telefonica Chile S.A.	0.8594402	0.8594402	5,752,435	5,859,874
<b>Total</b>			<b>5,752,435</b>	<b>5,859,874</b>

As of June 30, 2020 and 2019 recognition of the share in income belonging to third parties is detailed as follows:

Subsidiaries	Percentage Non-controlling interest		Non-controlling interest in result Profit (loss)			
	2020	2019	04.01.2020 to 06.30.2020	06.30.2020	04.01.2019 to 06.30.2019	06.30.2019
	%	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Telefonica Chile S.A.	0.8594402	0.8594402	(19,058)	(29,030)	66,659	93,146
<b>Total</b>			<b>(19,058)</b>	<b>(29,030)</b>	<b>66,659</b>	<b>93,146</b>

## 24. Earnings per Share

The details of Earnings per share are as follows:

Basic earnings per share	04.01.20 to 06.30.20 ThCh\$	06.30.2020 ThCh\$	04.01.19 to 06.30.19 ThCh\$	06.30.2019 ThCh\$
Earnings attributable to owners of the parent	5,880,281	9,988,197	24,428,837	45,074,383
<b>Resultado disponible para accionistas</b>	<b>5,880,281</b>	<b>9,988,197</b>	<b>24,428,837</b>	<b>45,074,383</b>
Weighted average number of shares	956,355,073,464	956,355,073,464	936,165,609,040	936,165,609,040
<b>Basic earnings per share in Ch\$</b>	<b>0.00616</b>	<b>0.01044</b>	<b>0.026</b>	<b>0.048</b>

Earnings per share have been calculated dividing income for the year attributable to the parent, by the weighted average number of common shares outstanding during the year. The Company has not issued convertible debt or other equity securities. Consequently, there are no potentially diluting effects on earnings per share of the Company.

## 25. Income and Expenses

a) The details of income from ordinary operations as of June 30, 2020 and 2019 are as follows:

Ordinary income	04.01.20 to 06.30.20 ThCh\$	06.30.2020 ThCh\$	04.01.19 to 06.30.19 ThCh\$	06.30.2020 ThCh\$
Mobile Telecommunications	190,996,440	388,693,385	209,027,796	428,918,564
Fixed Telecommunications	78,279,099	155,452,566	83,417,975	166,477,954
Corporate Communication	35,068,510	73,714,215	40,578,244	75,792,934
Television	27,989,675	60,384,056	40,687,179	80,342,095
<b>Total</b>	<b>332,333,724</b>	<b>678,244,222</b>	<b>373,711,194</b>	<b>751,531,547</b>

b) The detail of other operating income as of June 30, 2020 and 2019 are as follows:

Other income	04.01.20 al 06.30.20 ThCh\$	06.30.2020 ThCh\$	04.01.19 al 06.30.19 ThCh\$	06.30.2020 ThCh\$
Income from indemnities, complaints and others (1)	3,518,069	5,561,448	169,355	384,203
Surcharges due to default	297,543	1,136,137	942,651	1,897,157
Subsidies	89,939	922,895	82,080	164,160
Profits from sale of fixed assets	11,605	11,605	195,069	195,069
Other current management income	221,571	507,411	18,581	98,989
<b>Total</b>	<b>4,138,727</b>	<b>8,139,496</b>	<b>1,407,736</b>	<b>2,739,578</b>

(1) Contains a figure of ThCh\$ 5,056,608 corresponding to collection from the insurance company, associated to policies that cover damages caused as a product of the national contingency that began on October 18, 2019

## 25. Income and Expenses, continued

c) The detail of other operating income as of June 30, 2020 and 2019 are as follows:

Other expenses	04.01.20 to	06.30.2020	04.01.19 to	06.30.2019
	06.30.20	ThCh\$	06.30.19	ThCh\$
Media rental and others exterior services (1)	83,826,768	175,310,744	92,509,727	190,149,073
Sales cost of inventory and commissions (2)	77,218,570	161,069,832	81,165,280	162,544,447
Allowance for doubtful accounts	17,309,179	33,937,796	16,578,342	30,506,870
Customer service	10,417,975	23,606,103	9,995,364	21,072,514
Interconnections and roaming (3)	6,765,580	12,638,916	10,902,970	25,661,584
Others (4)	5,960,564	17,231,654	10,217,944	20,662,164
	<b>201,498,636</b>	<b>423,795,045</b>	<b>221,369,627</b>	<b>450,596,652</b>

- (1) Due to the application of IFRS 16, a large part of the leased space and placements were capitalized as rights of use, therefore the expense is presented as depreciation in the amount of ThCh\$28,583,970 as of June 30, 2020. See note 15d.
- (2) Includes sales cost of associated to handsets sold and activated in the period and the accrual of the deferred costs of handsets sold in the previous period and which were pending activation by the end user at periodending as of June 30, 2020 and 2019, respectively
- (3) As of January 26, 2019, it includes the coming into effect of new Tariff Decree No. 21/2019, which determined a reduction of 79% in the mobile access charge. See Note 29c i).
- (4) As of June 30, 2020 and 2019, it includes transportation expenses, insurance, consulting, events, fines, penalties, security and surveillance, advertising, among others are included.

d) The detail of financial income and costs, net, as of June 30, 2020 and 2019, is as follows:

Financial expenses, net	04.01.20 to	06.30.2020	04.01.19 to	06.30.2019
	06.30.20	ThCh\$	06.30.19	ThCh\$
<b>Financial income</b>				
Interest earned on deposits	610,558	1,207,295	609,270	1,640,174
Interest earned on projects	230,106	473,961	287,087	577,942
Dividends received and accrued	38,455	38,455	222,576	412,248
Interest on mercantile mandate	472	2,882	(51,120)	12,338
Other financial income	22,670	50,296	251,623	252,114
<b>Total financial income</b>	<b>902,261</b>	<b>1,772,889</b>	<b>1,319,436</b>	<b>2,894,816</b>
<b>Financial costs</b>				
Interest on bond (1)	5,339,109	11,445,957	6,912,699	13,962,231
Interest on loans from bank institutions	2,592,969	3,630,246	1,353,865	2,796,258
Sale of portfolio costs	3,854,455	7,221,713	1,282,122	1,364,871
Lease financing costs	962,848	1,651,063	774,297	1,568,346
Interest on update of employee termination benefits	323,920	647,839	414,026	828,053
Cost of remittances abroad	217,157	428,721	170,619	331,495
Interest on projects	30,215	80,040	53,593	108,809
Interest on mercantile mandate	513	863	(57,370)	7,057
Other financial expenses (2)	619,727	1,732,940	619,303	1,156,973
<b>Total financial costs</b>	<b>13,940,913</b>	<b>26,839,382</b>	<b>11,523,154</b>	<b>22,124,093</b>
<b>Total financial income and costs, net</b>	<b>(13,038,652)</b>	<b>(25,066,493)</b>	<b>(10,203,718)</b>	<b>(19,229,277)</b>

- (1) This item is presented net of interest rate hedge.
- (2) Composed mainly of 4% tax on remittances abroad, factoring and sale of portfolio costs, lease financing costs and other finance costs.

## 25. Income and Expenses, continued

e) Foreign currency translation as of June 30, 2020 and 2019 are detailed as follows:

Description	04.01.20 to 06.30.20 ThCh\$	06.30.2020 ThCh\$	04.01.19 to 06.30.19 ThCh\$	06.30.2019 ThCh\$
Hedge instruments	(25,323,812)	52,713,975	128,087	(11,529,373)
Cash and cash equivalents	(7,937)	639,262	(558,050)	(493,623)
Others Financial debts	198,946	73,175	24,860	24,860
Current accounts receivable from related entities	33,216	355,157	(191,749)	(568,180)
Current trade and other accounts receivable	(7,085)	(218,142)	(519,098)	374,313
Trade and other accounts payable	1,453,150	(1,236,364)	1,171,696	759,301
Current accounts payable to related entities	(2,074,858)	(4,246,330)	618,808	721,639
Financial debt	26,007,377	(47,896,987)	(1,337,782)	10,263,599
<b>Total</b>	<b>278,997</b>	<b>183,746</b>	<b>(663,228)</b>	<b>(447,464)</b>

f) Indexation units as of June 30, 2020 and 2019 are detailed as follows:

Description	04.01.20 to 06.30.20 ThCh\$	06.30.2020 ThCh\$	04.01.19 al 06.30.19 ThCh\$	06.30.2019 ThCh\$
Hedge instruments	708,020	2,720,659	2,372,022	2,371,812
Payables to related companies	(64,966)	(64,966)	(128,012)	(78,379)
Trade and other payables	713,021	596,432	(356,666)	(142,518)
Current tax assets	103,210	103,595	203	203
Current trade and other accounts receivable	(86,221)	28,233	235,268	390,772
Others Financial debts	473	10,748	13,167	13,172
Cash and cash equivalents	84	(7,016)	(181,855)	(371,211)
Tax Payables	(27,730)	(59,291)	121	6,355
Receivables from related companies	(791,691)	(296,982)	(11)	(148)
Financial debt	(706,066)	(2,712,280)	(2,363,192)	(2,362,994)
<b>Total</b>	<b>(151,866)</b>	<b>319,132</b>	<b>(408,955)</b>	<b>(172,936)</b>

## 26. Leases

The main low value, short-term (less than 12 months) and variable payments lease contracts, that were not considered under IFRS 16, are directly associated with the business line, such as leases for commercial offices and spaces for technical telecommunications facilities. These items are presented in the Income Statement as "Other expenses by nature".

The Company has operating lease contracts that contain various clauses referred to dates and terms of renewal and readjustments. Should a decision be made for early termination of a contract, the payments stipulated in those clauses must be made.

## 26. Leases, continued

As of June 30, 2020, lease expenses amount to ThCh\$ 1,921,745

Future lease obligations as of June 30, 2020 are detailed as follows:

Concepto	06.30.2020			Total ThCh\$
	Up to one year ThCh\$	From one to five years ThCh\$	More than 5 years ThCh\$	
Minimum operating lease payments payable	4,001,501	8,128,071	4,518,849	16,648,422

## 27. Local and Foreign Currency

a) Currency breakdown of current assets and non-currents assets is as follows:

Currents assets	06.30.2020	12.31.2019
	ThCh\$	ThCh\$
<b>Cash and cash equivalents</b>	<b>213,962,347</b>	<b>234,466,421</b>
Chilean Pesos	209,586,156	227,008,924
US Dollars	4,039,046	7,379,053
Euros	260,925	65,979
Others currencies	76,220	12,465
<b>Other current financial assets</b>	<b>48,447,677</b>	<b>24,825,391</b>
US Dollars	34,797,424	8,060,222
U.F.	11,588,593	11,760,559
Chilean Pesos	1,631,939	4,835,258
Euros	429,721	169,352
<b>Current trade and other accounts receivable</b>	<b>299,821,354</b>	<b>233,716,006</b>
Chilean Pesos	299,479,430	233,216,824
U.F.	308,636	438,438
Euros	33,288	60,744
<b>Current receivables from related companies</b>	<b>18,994,614</b>	<b>21,109,235</b>
Chilean Pesos	12,496,923	16,002,833
US Dollars	6,418,389	5,048,821
Others currencies	79,302	57,581
<b>Other current assets (1)</b>	<b>120,952,309</b>	<b>108,004,429</b>
Chilean Pesos	120,952,309	108,004,429
<b>Total current assets</b>	<b>702,178,301</b>	<b>622,121,482</b>
<b>Chilean Pesos</b>	<b>644,146,757</b>	<b>589,068,268</b>
<b>US Dollars</b>	<b>45,254,859</b>	<b>20,488,096</b>
<b>U.F.</b>	<b>11,897,229</b>	<b>12,198,997</b>
<b>Euros</b>	<b>723,934</b>	<b>296,075</b>
<b>Others currencies</b>	<b>155,522</b>	<b>70,046</b>

(1) Includes: Other current non-financial assets and current inventories.



## 27. Local and Foreign Currency, continued

Non-currents assets	06.30.2020	12.31.2019
	ThCh\$	ThCh\$
<b>Other non-current financial assets</b>	<b>237,575,373</b>	<b>195,990,996</b>
US Dollars	182,772,744	158,017,808
U.F.	26,155,472	30,068,849
Chilean Pesos	22,282,854	54,444
Others currencies	6,364,303	7,849,895
<b>Non-current trade and other accounts receivable</b>	<b>30,164,641</b>	<b>27,422,344</b>
Chilean Pesos	30,164,641	27,422,344
<b>Other non-currents non-financial assets</b>	<b>23,209,584</b>	<b>12,877,869</b>
Chilean Pesos	23,209,584	12,877,869
<b>Other non-current assets (2)</b>	<b>2,195,256,187</b>	<b>2,228,333,455</b>
Chilean Pesos	2,195,256,187	2,228,333,455
<b>Total non-current assets</b>	<b>2,486,205,785</b>	<b>2,464,624,664</b>
<b>Chilean Pesos</b>	<b>2,270,913,266</b>	<b>2,268,688,112</b>
<b>US Dollars</b>	<b>182,772,744</b>	<b>158,017,808</b>
<b>U.F.</b>	<b>26,155,472</b>	<b>30,068,849</b>
<b>Others currencies</b>	<b>6,364,303</b>	<b>7,849,895</b>

(2) Includes: Investments with the equity method, intangible assets other than goodwill, goodwill, property, plant and equipment and deferred tax assets.

b) Currency breakdown of current liabilities is as follows:

Currents liabilities	Up to 90 days		From 91 days to 1 year	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
	ThCh\$		ThCh\$	
<b>Other current financial liabilities</b>	<b>118,076,615</b>	<b>87,326,414</b>	<b>290,345,625</b>	<b>117,491,536</b>
U.F.	87,912,897	75,881,124	24,245,302	107,521,804
Chilean Pesos	28,858,099	11,032,666	19,491,605	7,129,150
US Dollars	1,305,619	404,273	246,608,718	2,840,582
Euros	-	8,351	-	-
<b>Trade and other payables</b>	<b>274,362,167,00</b>	<b>304,290,564</b>	-	-
Chilean Pesos	210,140,386	258,856,935	-	-
US Dollars	36,322,642	28,472,557	-	-
U.F.	21,309,192	12,871,579	-	-
Euros	6,571,367	4,071,790	-	-
Others currencies	18,580	17,703	-	-
<b>Current receivables from related companies</b>	<b>60,320,131,00</b>	<b>66,055,208</b>	-	-
US Dollars	26,462,243	3,402,129	-	-
Chilean Pesos	23,107,481	58,011,843	-	-
U.F.	6,871,142	4,162,968	-	-
Euros	3,879,26	478,268	-	-
<b>Other current liabilities (1)</b>	<b>54,524,318</b>	<b>31,597,009</b>	<b>2,860,129</b>	<b>36,590,027</b>
Chilean Pesos	54,524,318	31,597,009	2,860,129	36,590,027
<b>Total current liabilities</b>	<b>507,283,231</b>	<b>489,269,195</b>	<b>293,205,754</b>	<b>154,081,563</b>
<b>Chilean Pesos</b>	<b>316,630,284</b>	<b>359,498,453</b>	<b>22,351,734</b>	<b>43,719,177</b>
<b>U.F.</b>	<b>116,093,231</b>	<b>92,915,671</b>	<b>24,245,302</b>	<b>107,521,804</b>
<b>US Dollars</b>	<b>64,090,504</b>	<b>32,278,959</b>	<b>246,608,718</b>	<b>2,840,582</b>
<b>Euros</b>	<b>10,450,632</b>	<b>4,558,409</b>	-	-
<b>Others currencies</b>	<b>18,580</b>	<b>17,703</b>	-	-

(1) Includes: Other current provisions, current income tax liabilities and other current non-financial liabilities.

## 27. Local and Foreign Currency, continued

Currency breakdown of non-current liabilities is as follows:

Non-current liabilities	1 to 3 years		3 to 5 years		5 years and over	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019	06.30.2020	12.31.2019
	ThCh\$		ThCh\$		ThCh\$	
<b>Other non-current financial liabilities</b>	<b>657,127,593</b>	<b>693,103,754</b>	<b>131,987,033</b>	<b>188,081,812</b>	<b>15,980,917</b>	<b>24,524,699</b>
US Dollars	480,801,565	495,341,553	-	51,002,531	-	-
Chilean Pesos	133,403,111	139,360,450	17,634,292	21,716,972	8,029,672	11,470,476
U.F.	42,922,917	58,401,751	114,352,741	115,362,309	7,951,244	13,054,224
<b>Non-current accounts payable</b>	<b>1,780,945</b>	<b>2,160,741</b>	-	-	-	-
Chilean Pesos	1,780,945	2,160,741	-	-	-	-
<b>Non-current accounts payable from related companies</b>	<b>40,736,662</b>	<b>38,027,645</b>	-	-	-	-
Chilean Pesos	34,035,438	29,796,210	-	-	-	-
U.F.	6,701,224	8,231,435	-	-	-	-
<b>Other non-current liabilities (1)</b>	<b>36,477,730</b>	<b>27,175,257</b>	<b>14,247,483</b>	<b>14,993,292</b>	<b>89,643,020</b>	<b>104,913,534</b>
Chilean Pesos	36,477,730	27,175,257	14,247,483	14,993,292	89,643,020	104,913,534
<b>Total Non-current liabilities</b>	<b>736,122,930</b>	<b>760,467,397</b>	<b>146,234,516</b>	<b>203,075,104</b>	<b>105,623,937</b>	<b>129,438,233</b>
<b>US Dollars</b>	<b>480,801,565</b>	<b>495,341,553</b>	-	<b>51,002,531</b>	-	-
<b>Chilean Pesos</b>	<b>205,697,224</b>	<b>198,492,658</b>	<b>31,881,775</b>	<b>36,710,264</b>	<b>97,672,692</b>	<b>116,384,009</b>
<b>U.F.</b>	<b>49,624,141</b>	<b>66,633,186</b>	<b>114,352,741</b>	<b>115,362,309</b>	<b>7,951,244</b>	<b>13,054,224</b>

(1) Includes: Other current provisions, current income tax liabilities and other current non-financial liabilities.

## 28. Contingencies and restrictions

### a) Legal proceedings

In the normal development of its line of business, Telefónica Chile S.A. is part of certain proceedings, involving civil, labor, special and penal matters for different concepts and amounts. In general, management and its legal counsel, both internal and external periodically monitor the evolution of those lawsuits and contingencies affecting Telefónica Chile S.A. in the normal course of its operations, analyzing in each case the possible effect on the financial statements. Taking into consideration the legal and factual arguments exposed in those proceedings, especially those in which the Company is the defendant party, and historical results obtained by Telefónica Chile S.A. in proceedings with similar characteristics in the opinion of the legal advisors, the risk that it will be condemned to pay the amounts claimed in the mentioned lawsuits is remote.

Notwithstanding, there are certain processes in which, due to the aforementioned considerations, it has been considered that there is a probable risk of loss. This has motivated the establishment of provisions at a parent company level, for the amount of the estimated loss as of June 30, 2020, which altogether amounts to ThCh\$1,959,289, of which ThCh\$1,082,782 correspond to subsidiaries. In respect to these figures, it is estimated that Telefónica Móviles Chile S.A. will have to pay the amount of ThCh\$1,083,472 on its part, during the third quarter of 2020 and the rest during the fourth quarter of 2020.

On the other hand, there are several proceedings for which the estimated risk of loss is qualified as possible, for a total amount of ThCh\$7,171,359 in the parent and the amount of ThCh\$4,105,156 in the subsidiaries.

In addition to the above, the following proceedings should be especially mentioned:

#### i) Voissnet Proceeding

On March 31, 2016, the 4<sup>th</sup> Civil Court of Santiago dictated final sentence in the legal proceeding “Voissnet S.A. vs Telefónica Chile S.A.”, case No. 26.086-2014, completely rejecting the complaint. On June 19, 2018, the Court of Appeals of Santiago, after hearing the appeal filed by the plaintiff, revoked that sentence and condemned subsidiary Telefónica Chile S.A. to pay the amount of Ch\$5,526,164,936. Subsidiary Telefónica Chile S.A. filed an appeal for dismissal in form and substance before the Supreme Court, whose foundation leads its legal counsel to believe that this sentence will be annulled by the Supreme Court.

### b) Financial restrictions:

As of June 30, 2020, the Company has no financial restrictions.

## 28. Contingencies and restrictions, continued

### c) Guarantee deposits:

The detail of guarantee deposits is as follows:

Guarantee creditor	Debtor			Current guarantee deposits ThCh\$	Liberated guarantees		
	Name	Relationship	Type of guarantee		2020	2021	2022 and more
					ThCh\$	ThCh\$	ThCh\$
<b>Public and Private Organisms</b>				<b>2,982,997</b>	<b>2,417,340</b>	<b>123,163</b>	<b>442,494</b>
Public Organisms - Undersecretaries and Ministries	TCH	Subsidiary	Deposit	1,502,839	1,034,968	27,577	440,294
Private Organisms - Others	TCH	Subsidiary	Deposit	1,060,332	1,048,572	11,760	-
Public Organisms - Municipalities	TCH	Subsidiary	Deposit	221,531	218,782	549	2,200
Public Organisms - Others	TCH	Subsidiary	Deposit	198,295	115,018	83,277	-
<b>Public and Private Organisms</b>				<b>22,293,132</b>	<b>8,047,384</b>	<b>7,041,113</b>	<b>7,204,635</b>
Public Organisms - Others	TEM	Subsidiary	Deposit	9,488,889	3,442,356	3,075,449	2,971,084
Private Organisms - Others	TEM	Subsidiary	Deposit	7,771,152	3,597,141	1,605,855	2,568,156
Banks	TEM	Subsidiary	Deposit	1,913,091	301,396	797,800	813,895
Public Organisms - Undersecretaries and Ministries	TEM	Subsidiary	Deposit	1,851,868	495,012	1,052,127	304,729
Public Organisms - Municipalities	TEM	Subsidiary	Deposit	1,022,156	210,479	363,556	448,121
Universities	TEM	Subsidiary	Deposit	245,976	1,000	146,326	98,650
<b>Public and Private Organisms</b>				<b>11,465,754</b>	<b>7,536,137</b>	<b>1,420,136</b>	<b>2,509,481</b>
Public Organisms - Undersecretaries and Ministries	TMCH	Parent	Deposit	7,642,515	6,537,875	492,554	612,086
Private Organisms - Others	TMCH	Parent	Deposit	2,019,508	702,969	406,540	909,999
Public Organisms - Municipalities	TMCH	Parent	Deposit	1,083,027	203,611	211,366	668,050
Public Organisms - Others	TMCH	Parent	Deposit	578,021	79,432	183,165	315,424
Banks	TMCH	Parent	Deposit	121,361	-	121,361	-
Universities	TMCH	Parent	Deposit	21,322	12,250	5,150	3,922
<b>Total</b>				<b>36,741,883</b>	<b>18,000,861</b>	<b>8,584,412</b>	<b>10,156,610</b>

TMCH: Telefónica Móviles Chile S.A.

TCH: Telefónica Chile S.A.

TEM: Telefónica Empresas Chile S.A.

### d) Insurance:

The companies of the Telefónica Group in Chile have an insurance program that protects their assets from losses derived from events involving acts of terrorism, sabotage, disturbances and malicious damages, among others, as well as extraordinary expenses to minimize damages and execute contingency plans to reestablish restore services. All in accordance with the conditions, limits and deductibles established in the purchased policies.

From the beginning of the massive social demonstrations unrest on October 18, 2019, Telefónica in Chile has suffered damages that have been notified to the insurance company. The claim is in the process of being adjusted, and there has already been an advance on account in the amount of ThCh\$5,056,608.

## 29. Environment

Due to the nature of its line of business, the activities it develops and the technology associated to its management, the Company has not been affected by legal or regulatory provisions obligating it to make investments or material disbursements referring to protection of the environment during this year, whether in a direct or indirect manner.

Law No. 20,599 was published on June 11, 2012 regulating the installation of emitting and transmitting antennas of telecommunications services.

Law No. 20,599 was published on September 11, 2012 regulating the installation of telecommunications services emitting and transmitting antennas.

The provisions adopted include: i) restrictions and new regulations for the installation of new sites based on the height of the tower, its location and its closeness to sensitive entities and to other previously installed towers, New and stricter approval conditions are imposed for these new sites; ii) there is retroactive regulation of the height of towers installed before the law was enacted, which are close to the sensitive places determined by the Telecommunications Undersecretary (schools, hospitals, playschools, preschool, old age homes and others); and iii) also in a retroactive manner, there is regulation of tower concentration in denominated "Saturated Zones", for which solutions contemplated are based on reducing the number of structures or else, compensation is established with work to improve the community, which must be agreed upon by the Neighborhood Groups and the Municipal Council, for 20% of the total cost of the tower, should some type of camouflage be used in the structure and 50% in cases where no camouflage is used.

In compliance with this law, there are site dismantling activities or reduction of the height of existing structures, which implies responsible handling of the waste produced. For this purpose, we have a current contract with companies responsible for recycling, and have the certificates of recycling and final disposal of project residues.

The Company bases itself on what is required in the environmental assessment in reference to levels of emission of associated electromagnetic waves and also in the urbanistic and environmental area.

The 2019-2022 environmental investment plan was activated at a national level, for comprehensive management of dangerous residues generated from production processes involving the implementation and operation of Telefónica's technical sites. This plan addresses from the generation of residues to their segregation, transitory storage, transportation and final disposal, with adequate infrastructure and with the corresponding environmental authorizations. The plan also includes improvements to the current fuel storage facilities.

The regime established by Law No. 20,920 Framework for Waste Management, the Extended Responsibility of the Producer and Encouragement of Recycling, places special attention on the wording of the Regulations that are in the process of being dictated and which will implement its content, especially the regime of extended producer responsibility (which is applicable only to a group of priority products), as well as the control procedures for cross-border movement of dangerous and non-dangerous waste.

## 29. Environment, continued

For the purpose of evaluating the impact that this regulation might have on the current operations of Telefónica Chile and, particularly, regarding its waste management, we have seen drafts of the contracts and tender documents existing to date.

The Company is in the process of evaluating each phase contemplated by Law to identify and quantify its impact. As of June 30, 2020 the Company's expenditures in relation to the implementation of the corresponding phases are not significant.

As of June 14, 2019, the Company went through the process of supervision of the ISO 14001:2015 international certification valid until 2021, in conformity with the implementation of an Environmental Management System for Telefónica Chile. This is full-scope certification, which provides us with coverage from the design to deployment and maintenance of the mobile network, plus commercialization of telecommunications services to our end customers. We continue progressing in the deployment plan for the environmental management system at a national level, complemented with the environmental mitigation plan which allows the Telefónica to evaluate and address environmental risks in all its technical facilities.

## 30. Risk management

### a) Characterization of the market and competition

The Company faces strong competition in all its business areas and believes that this high level of competitiveness will be maintained. In order to confront this situation, the Company permanently adapts its business strategies and products, seeking to satisfy the demands of its current and potential customers, innovating and developing excellence in its attention.

The mobile telephone market is comprised of ten operators, of which four have their own network and the rest correspond to virtual mobile operators (VMO).

The mobile telephone market is composed of 9 operators, of which four have their own network and the rest are Virtual Mobile Operators (VMO).

Operators with their own network are: Telefónica Móviles Chile (Movistar), owned by the Telefónica Group; Entel S.A., owned by the Almendral Group; Claro, belonging to the América Móvil Group and WOM belonging to the Novator Partners LLP Group.

There are six virtual mobile operators, all connected to the movistar network. In 2012, Virgin Mobile, Netline (GTEL) and GTD Móvil entered the market. At the end of 2013, VTR signed a contract with Movistar for the delivery of roaming services. In April 2015, virtual mobile operator Simple began commercial operations. And recently, during 2020, Mundo Móvil entered the market.

#### Mobile Voice

At the end of the fourth quarter of 2019, it is estimated that the mobile telephone market will have close to 27.3 million accesses, increasing 0.2% in comparison to the same period the year before. With this, mobile telephone penetration per 100 inhabitants would reach 145.6%, decreasing 1.05 percentage points in a year.

### 30. Risk management, continued

#### a) Characterization of the market and competition, continued

##### Mobile Voice, continued

The mobile prepayment segment presented a decrease in the industry, due to the commercial strategy of companies to accelerate the migration of these customers to postpaid plans. When comparing the fourth quarter of 2018 and 2019, prepayment customers decreased by -1,235,000 customers, whereas customers with contracts grew by 1,292,000 customerS. The proportion of prepayment customers closed at 54.4% over the total in the market, decreasing by 4.65 p.p. in respect to December 2018.

##### Mobile Internet

Access to mobile Internet has experienced high growth rates thanks to the greater penetration of smartphones with 3G and 4G technology, which allow better navigation of the Internet in the device. It was estimated that the number of handsets connected to Mobile Internet would reach 19.1 million as of December 2019, a growth of 3.5% in comparison to the fourth quarter of 2018. Together with the above, it was estimated that market penetration by inhabitants would be 102.2%, a growth of 2.50 p.p. in one year.

#### b) Competition Risk

The mobile voice business is at a maturing stage, but without decreasing its dynamism due to the effects of portability and the entry of new players. This has caused operators to intensify the competition and improve their offers in order to maintain customers and capture the new ones that are being incorporated to the market.

In the fourth quarter of 2019, more than 817,000 mobile customers ported. Mobile portability, from its inception to December 2019, has accumulated 19.0 million of ported customers, which would be equivalent to 69.7% of total mobile voice customers in the industry.

#### c) Regulatory Environment

The installation, operation and exploitation of the telecommunications services located in the national territory are regulated by General Telecommunications Law No. 18,168, and its complementary regulations. The Ministry of Transportation and Telecommunications, through the Telecommunications Undersecretary (Subtel), applies and controls that regulation.

##### i) Tariff system for mobile telephones:

According to General Telecommunications Law No. 18.168, mobile service tariffs are free and established by the market. Interconnection tariffs between operators are fixed by the Ministry of Economy and the Ministry of Transportation and Telecommunications.

In the case of mobile telephone service, the current Decree applies from January 26, 2019 for a 5-year term.

In the case of fixed telephone service, the current Decree applies from May 9, 2019 for a 5-year term.

### 30. Risk management, continued

#### c) Regulatory Environment, continued

##### ii) Radio electric spectrum assignation:

The Company owns telecommunications concessions that allow it to operate in the 850 MHz, 1.900 MHz, 2.600 and 700 MHz band frequencies granted by the Ministry of Transportation and Telecommunications.

In the case of returning the spectrum ordered by sentence from the Supreme Court in June 2018, Telefónica opted for 2 ways of complying:

1. Renouncing to 2 concessions in the 3400 – 3600 MHz band in the XI and XII Regions (south zone of the country), equivalent to 10 MHz of spectrum at a domestic level. This renouncement was presented to Subtel on November 9, 2019.
2. Tender of a 10 MHz concession in the 1900 MHz band: tender documents were presented to Subtel and the Antitrust Commission (“Tribunal de Defensa de la Libre Competencia”) in November 2019 and it has yet to be approved.

On December 5, 2019 the TDLC dictated Resolution No. 59-2019, through which new spectrum caps were established. Among its main aspects, the TDLC resolution dictates the following:

- A structure of 5 macro bands was defined: Low (less than 1 GHz); Medium Low (from 1 to 3 GHz); Medium (from 3 to 6 GHz); Medium High (from 6 to 24 GHz) and High (greater than 24 GHz).
- For low bands, a spectrum ownership cap was established at 35% by operator.
- For medium low bands, a cap of 30% was established.
- For medium bands, which include 3.500 MHz, short, medium and long-term measures are established.

In the short-term, Subtel can not auction contiguous blocks which, which altogether add up to less than 40 MHz per operator and, in a first auction, must have at least 80 MHz, to ensure the existence of a minimum of two operators. For the medium term, Subtel must ensure that there are at least 4 operators with a minimum of 40 contiguous MHz per operator. Finally, in the long-term, a maximum cap of 30% will be in force for this macro band, with a minimum of 80 contiguous MHz per operator.

No limits are established for medium high bands, due to the absence of mobile service attributions and assignments in the bands that compose them. Once Subtel has attributed spectrum it must consult with the TDLC to establish a cap for this macro band.

Short, medium and long-term special measures are also established for high bands. In the short-term, Subtel must ensure the assignment of contiguous blocks which, altogether add up to no less than 400 MHz per operator. In the medium term, Subtel must ensure the existence of at least 4 operators with a minimum of 400 contiguous MHz in this macro band. In the long-term a cap of 25% will be in force and Subtel must ensure that there are at least 4 operators with a minimum of 800 contiguous MHz each.



### 30. Risk management, continued

#### c) Regulatory Environment

##### ii) Radio electric spectrum assignation, continued

Resolution No. 59-2019 issued by the TDLC was brought before the Supreme Court by the consumer organization Conadecus and by operators WOM and Netline, but WOM (operator) desisted from its complaint – The allegations in respect to the other two recourses took place at the end of April.

On the other hand, on January 14, 2020, Subtel convoked a new Citizen Consultation to define the “Technical Model for allocating telecommunication service Concession that operate 5G networks”, with a due date of February 14 so that the interested parties can express their opinion. For Telefónica, a relevant issue is that a tender must be called after the recourses pending before the Supreme Court in reference to the new spectrum caps established by the TDLC, are resolved. The court will dictate its sentence in July 2020 (see Note 31).

In addition, the TDLC allegations audience took place in August 2019 in respect to the non-contentious consultation made by Telefónica Móviles Chile S.A. in respect to the decisions adopted by Subtel on the use of the spectrum in the 3.400–3.600 MHz band (where it first suspended the use of this band and subsequently freed part of the spectrum for the use of fixed wireless services). After this, the issue entered the analysis stage for the resolution that should be issued by that Court in the next months.

##### iii) New Law: Minimum guaranteed Internet access speed

The Bill was approved by the National Congress and published in the Official Gazette on November 25, 2017.

Law No. 21.046 also establishes the dictation of a Regulation that regulates the implementation of those obligations.

On December 20, 2019, Subtel submitted for the acknowledgement of the General Controller of the Republic, the Regulation on Organization, Operation and Tender of the Independent Technical Organization (“OTI” or “Organismo Técnico Independiente”), which centers on the creation, governance and tender of that organization, which is in charge of taking centralized measurements of speed and other technical parameters. The technical aspects of speed measurements, both the individual ones to be carried out by users and the centralized service quality measurements, are postponed for a subsequent regulation. The full operation of the Law will begin after the enactment of this Regulation and Technical Standard.

On March 16, 2020, through ATELMO, companies in the industry made Contraloría aware of a series of observations regarding the legality of the Regulation that is in the process of being approved, after which it was removed and once again presented by Subtel. The Contraloría will review the regulation in July 2020 and it is expected that it will be published in the Official Gazette that same month.

### 30. Risk management, continued

#### c) Regulatory Environment

##### iv) Law on removal of unused cable

After concluding its legislative process, the bill that obligates concessionaries and holders of telecommunications services permit holders to take responsibility for the adequate installation, identification, modification, maintenance, order and transfer of all aerial and underground cables associated to telecommunications services was published as the new Law No. 21.172, in the Official Gazette, on August 20, 2019.

On March 2, 2020, Subtel submitted a new Fundamental Technical Plan (“PTF”) for Network Management and Maintenance that regulates the installation and removal of lines and other overhead and underground elements. When this regulation is dictated, it will allow what is ordered in the law to be put into operation.

##### v) Bill on the use of facilities to Provide Virtual Mobile Operation and Automatic National Roaming

In August 2019, the Executive power sent a bill to the legislature that establishes the obligation to permit access and use of the facilities to provide virtual mobile operation and automatic national roaming. After complying with all its legislative process, this bill was finally approved by the National Congress and sent to the Executive Branch. It was published in the Official Gazette on July 15, 2020 (Law No. 21.245).

This project obligates public service concessionaries who have been allocated spectrum to sign reciprocal agreements to have a national roaming offer in a group of locations, routes or zones that are isolated; those with low population density; those benefitted by Telecommunications Development Fund (FDT) projects; those with mandatory service; or with the presence of a single operator. In addition, the signing of agreements will also be mandatory throughout the national territory, to mitigate interruptions of the mobile network in emergency situations.

In addition, for the rest of the country, in order to promote investment in networks and facilitate the entry of new operators, it will also be mandatory to sign agreements with new entrants, whose subscription by the new operator will be for a maximum period that must not exceed five years counted from the beginning of the services.

Subtel must dictate a regulation in a period of 90 days from the date of publication of the new law, and the obligations will begin to be in force in a period of 60 days from the date of publication of that regulation. However, in the case of locations, routes or zones that are isolated, or with low density, benefitting from FDT or with the presence of a single operator, the agreement between the parties and the beginning of the service must not exceed a period of 60 days from the date of publication of the new law.

### 30. Risk management, continued

#### c) Regulatory Environment

##### v) Public Consultation on regulations for the operation of International Roaming at a local price between Chile and Argentina.

In April 2020, Subtel convoked a Public Consultation to dictate a regulation that establishes provisions for the operation of international roaming at a local price between Chile and Argentina and thus comply with what is provided in the free trade agreement signed between both countries that established a beginning date of May 1, 2020, for the application of this new mode of international roaming at a local price, which ultimately did not occur.

##### vi) Public Consultation on Cybersecurity regulations

On May 20, Subtel called a public consultation to receive opinions on a regulation proposal in matters of Cybersecurity, with a deadline of June 14 for responses. Some of the specific matters contained in the consultation included a set of administrative demands on reporting reports in case of cyber incidents, as well as obligations in terms of local cybersecurity standards referring to the integrity of the supply chain that would affect suppliers with worldwide scope in terms of networks, equipment and systems.

##### vii) Bill declaring the Internet to be Public Service

This Bill which was first presented on March 9, 2018, has gone back into the process and is still in the first legislative procedure in the Senate's Transportation and Communications Commission.

Mainly, the proposal is to modify the general telecommunications law to include access to the Internet as a public service and obligate companies so that all services defined as "public" in the law must be provided in a maximum period of 6 months from when the request is presented by the user. A set of indications for the project were presented, which are being analyzed in the Senate Commission.

#### d) Technological changes

The telecommunications industry is a sector that is subject to quick and important technological progress and the introduction of new products and services. The industry's growth has been driven, to a great extent, by the need of customers to be connected through mobile devices. This translates into a demand for permanent investment to allow the Company to stay on the leading edge of technology, Subsidiaries Telefónica Chile S.A. and Telefónica Móviles Chile S.A. are constantly assessing the incorporation of new technologies to the business, taking into consideration both the costs and benefits.

### 30. Risk management, continued

#### e) Level of Chilean economic activity

Since the Company's operations are located in Chile, these are sensitive to and dependent on the country's level of economic activity. In periods of low economic growth, high unemployment rates and reduced internal demand, there has been a negative impact on the local and long distance telephone traffic, as well as on the level of customer default.

On January 30, 2020, the World Health Organization designated the outbreak of coronavirus 2019 ("COVID-19") as a public health emergency of international significance. In Chile, on March 16, 2020 the Ministry of Health declared COVID-19 at stage 4 which implied a series of measures to contain its spreading and, on March 18, 2020, a State of Constitutional Exception and Catastrophe was declared throughout the national territory. The health measures adopted to address this situation, both at a local and international level, include, among other things, restricting the circulation of persons and closing of borders, which is expected to significantly affect the economic activity and the markets in general. In addition, the Government has launched the so-called "Solidary Connectivity Plan" ("Plan Solidario de Conectividad" in Spanish) which grants access to basic services for 60 days and the Company at the same time has offered customers an "Unemployment Benefit", which consists of a reduction of 50% in their invoice for 3 months.

#### f) Financial risk management objectives and policies

The Company's main financial liabilities, in addition to derivatives, comprise bank loans and bond obligations, payables and other payables. The main purpose of those financial liabilities is to obtain financing for the Company's operations. The Company has trade receivables, cash and short-term deposits, which arise directly from its operations.

The Company also has investments held for sale and derivative transactions. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Management supervises that financial risks are identified, measured and managed in accordance with defined policies. All activities derived from risk management are carried out by specialist teams with adequate skills, experience and supervision. It is the Company's policy that there is no commercialization of derivatives for speculative purposes.

### 30. Risk management, continued

The policies for managing such risks, which are reviewed and ratified by the Board of Directors, are summarized below:

#### Market Risk

Market risk is the risk of fluctuation in the fair value of future cash flows of a financial instrument due to changes in market prices. Market prices comprise three types of risks: interest rate risk, exchange rate risk and other price risks, such as equity risk, financial instruments affected by market risk include loans, deposits, investments held for sale and derivative financial instruments.

#### Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value of future cash flows of a financial derivative due to changes in market interest rates, The Company's exposure to the risk of changes in market interest rates is mainly related to the Company's long-term debt obligations with variable interest rates.

The Company manages its interest rate risk maintaining a balanced portfolio of loans and debts at variable and fixed interest rates. The Company has interest rate swaps in which it agrees to interchange, at certain intervals, the difference between the amounts of fixed and variable interest rates, calculated in reference to a notional agreed upon capital amount. These swaps are intended to hedge underlying debt obligations.

The Company periodically determines the efficient exposure to short and long-term debt due to changes in interest rates, considering its own expectations regarding future evolution of rates. As of June 30, 2020, the Company had 68% of its current and non-current financial debt accruing interest at a fixed rate.

The Company believes it is reasonable to measure the risk associated to the interest rate of the financial debt as the sensitivity of the monthly finance cost of accrual in case of a change in 25 base points in the debt's benchmark interest rate, which as of June 30, 2020 corresponds to the "Tasa Promedio de Cámara Nominal" (TCPN). In this manner, an increase of 25 base points in the monthly TCPN would mean an increase in the monthly accrual finance cost for 2020 of approximately ThCh\$45,257, whereas a drop in the TCPN would mean a reduction of ThCh\$45,257 in the monthly finance cost of accrual for 2020.

Due to the effect of COVID-19 on the local economy, the Central Bank of Chile has decreased the monetary policy rate by a total of 125 bps, which is beneficial for the Company as it has debt with variable interest rates, resulting in lower finance costs.

### 30. Risk management, continued

#### f) Financial risk management objectives and policies, continued

##### Foreign currency risk

Foreign currency risk is the risk that the future fair values or cash flows of a financial instrument may fluctuate due to exchange rate. The Company's exposure to exchange variation risks is related mainly to obtaining short and long-term financial debt in foreign currency and to a lesser extent to its operating activities. The Company's policy is to negotiate derivative financial instruments to help minimize this risk.

The impact of COVID-19 on the exchange rate should be noted since it has caused depreciation of the currency and therefore is an important aspect in the foreign currency risk. Telefónica foresees this impact will not be relevant in the short-term, since its total financial debt is hedged against fluctuations in the exchange rate until its expiry.

##### Credit risk

Credit risk is the risk that a counterparty may not fulfill its obligations under a financial instrument or customer contract, which leads to a financial loss. The Company is exposed to credit risk from its operating activities (mainly due to receivables and credit notes) and from its financial activities, including bank deposits, transactions in foreign currency and other financial instruments.

Credit risks related to customer loans is managed in accordance with the policies, procedures and controls established by the Company to manage customer credit risk. Customer credit quality is evaluated in an ongoing manner. Outstanding customer charges are supervised. The maximum exposure to credit risk as of the report presentation date is the value of each class of financial asset.

Credit risk related to balances with banks, financial instruments and negotiable values is managed by the Finance Management Department in conformity with the Company's policies. Surplus funds are only invested with an approved counterparty and within the credit limits assigned to each entity. Counterparty limits are reviewed annually, and can be updated during the year.

The limits are established to reduce counterparty risk concentration.

Regarding COVID-19, the credit risk related to bank balances, financial instruments and marketable securities has not been affected due to the strength of the banking sector.

### 30. Risk management, continued

#### f) Financial risk management objectives and policies, continued

##### Liquidity risk

The Company monitors its risk of lack of funds using a recurrent liquidity planning tool. The Company's objective is to anticipate the financing needs and maintain an investment profile that allows it to cover its obligations.

The consequence of the health crisis produced by COVID-19 has been to lower presential collection, due to the closing of several branches throughout Chile. However, the lower presential collection has been partially counteracted by higher collection through the Internet.

##### Capital management

The Capital includes shares and equity attributable to the equity of the Parent company less unearned income reserves.

The Company's main objective in respect to capital management is to ensure that it has a strong credit rating and prosperous capital ratios to support its businesses and maximize shareholders' value. Equity return on investment (income/equity) as of June 30, 2020 is 0.70%, a 2.60 pp decrease in comparison to June 2019, where it reached 3.30%. This is mainly due to the decrease in income for the period and the capital increase (see Note 23).

The Company manages its Capital structure and adjusts it, according to changes in economic conditions.

No changes were introduced in the objectives, policies or processes during the periods ended as of June 30, 2020 and December 31, 2019.

### 31. Subsequent events

The consolidated financial statements of Telefónica Móviles Chile S.A. and subsidiaries, for the period ended as of June 30, 2020, were approved and authorized for issuance at the Board of Directors Meeting held on July 30, 2020.

On July 13, 2020, the Supreme Court, in relation to the case filed before the Supreme Court by the Consumer Organization "Conadecus" and by operators WOM and Netline, issued its judgment which establishes the following:

- Confirms all the caps proposed by the TDLC, except for the microband associated to low bands (< than 1 GHz), which is adjusted from 35% to 32% and the short, medium and long-term periods for those caps are eliminated.
- Complementary measures are decreed: 1) Mandatory and temporary national roaming; 2) Offer Facilities and Reselling for VMO, approved by the National Economic Prosecutor "FNE", prior a Subtel report; 3) audits, at the expense of mobile network operators, for ongoing monitoring of roaming obligations and VMO offer; 4) commitment to effective use of the spectrum, under penalty of being obligated to make the unused spectrum available to others; 5) before another spectrum allocation tender, Subtel must analyze whether incumbent operators can reasonably offer it in their preexisting frequencies in an immediate manner or with prior optimization of those networks in the frequencies available in a reasonable period of time and at reasonable cost.

In the period from July 1 to July 30, 2020, there have been no other significant subsequent events that affect these interim consolidated financial statements.

**Julio Jorge Vega**  
Finance and Accounting Director

**Rafael Zamora Sanhueza**  
Finance, Strategy and Management control Director

**Roberto Muñoz Laporte**  
General Manager