



TELEFÓNICA MÓVILES CHILE S.A. AND SUBSIDIARIES

REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the years ended as of
December 31, 2021 and 2020

(A free translation of the original consolidated financial statements issued in Spanish – See Note 2c)

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ThCh\$: Thousands of Chilean Pesos

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021 and 2020



| | Notes | 12.31.2021 | 12.31.2020 |
|---|-------|----------------------|----------------------|
| | | ThCh\$ | ThCh\$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | (5) | 412,783,123 | 465,809,329 |
| Other current financial assets | (6) | 654,692,865 | 10,487,114 |
| Other current non-financial assets | (7) | 103,376,808 | 71,616,996 |
| Current trade and other accounts receivable | (8a) | 243,735,280 | 234,486,698 |
| Current receivables from related companies | (9a) | 38,754,659 | 9,099,951 |
| Inventory | (10a) | 99,897,490 | 67,436,585 |
| Current tax assets | (11b) | 11,064,336 | 14,137,836 |
| Current assets or disposal groups classified as held for sale | (18) | 5,393,616 | 6,823,255 |
| TOTAL CURRENT ASSETS | | 1,569,698,177 | 879,897,764 |
| NON-CURRENT ASSETS | | | |
| Other non-current financial assets | (6) | 82,183,532 | 165,091,624 |
| Other non-current non-financial assets | (7) | 139,855,385 | 57,495,188 |
| Non-current trade and other accounts receivable | (12a) | 25,107,034 | 23,323,922 |
| Non-current receivables from related companies | (9b) | 83,260,671 | |
| Investments in associates and joint ventures | (19) | 72,428,057 | |
| Intangible assets other than goodwill, net | (13a) | 253,356,060 | 142,413,233 |
| Goodwill | (14) | 504,774,872 | 504,774,872 |
| Property, plant and equipment, net | (15a) | 987,881,420 | 1,153,562,933 |
| Investment properties | (16) | 4,701,161 | 4,098,412 |
| Right-of-use assets | (17) | 209,297,210 | 187,317,843 |
| Deferred tax assets | (11c) | 100,742,697 | 117,547,492 |
| TOTAL NON-CURRENT ASSETS | | 2,463,588,099 | 2,355,625,519 |
| TOTAL ASSETS | | 4,033,286,276 | 3,235,523,283 |

The accompanying notes 1 to 37 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021 and 2020



| | Notes | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|---|-------|----------------------|----------------------|
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Other current financial liabilities | (20) | 443,011,372 | 256,848,790 |
| Current leases liabilities | (21) | 41,841,185 | 61,503,041 |
| Trade and other payables | (22a) | 498,511,295 | 353,691,526 |
| Current payables to related companies | (9b) | 185,744,314 | 59,548,404 |
| Other current provisions | (24a) | 8,013,274 | 5,494,711 |
| Current tax liabilities | (11f) | 96,946,527 | 7,660,502 |
| Current employee benefits accrual | (25a) | 3,764,665 | 3,342,973 |
| Other current non-financial liabilities | (26) | 48,364,405 | 50,016,178 |
| TOTAL CURRENT LIABILITIES | | 1,326,197,037 | 798,106,125 |
| NON-CURRENT LIABILITIES | | | |
| Other non-current financial liabilities | (20) | 1,045,081,667 | 755,603,039 |
| Non current leases liabilities | (21) | 193,160,081 | 98,438,384 |
| Trade and other payables non-current | (22a) | 280,037 | 1,160,617 |
| Current payables to related companies non-current | (9c) | 1,529,371 | 40,801,985 |
| Other non-current provisions | (24b) | 17,796,759 | 17,265,245 |
| Deferred tax liabilities | (11c) | 97,003,247 | 95,702,933 |
| Non-current employee benefits accrual | (25a) | 28,518,971 | 33,147,540 |
| Other non-current non-financial liabilities | (26) | 80,692,068 | 5,652,851 |
| TOTAL NON-CURRENT LIABILITIES | | 1,464,062,201 | 1,047,772,594 |
| TOTAL LIABILITIES | | 2,790,259,238 | 1,845,878,719 |
| NET SHAREHOLDERS' EQUITY | | | |
| Issued capital | (26a) | 1,364,872,285 | 1,364,872,285 |
| Retained earnings | | 291,568,647 | 494,586,414 |
| Other reserves | (26d) | (421,857,714) | (475,474,018) |
| Shareholders' equity attributable to owners of the parent | | 1,234,583,218 | 1,383,984,681 |
| Non-controlling interest | (26e) | 8,443,820 | 5,659,883 |
| TOTAL NET SHAREHOLDERS' EQUITY | | 1,243,027,038 | 1,389,644,564 |
| TOTAL NET LIABILITIES & SHAREHOLDERS' EQUITY | | 4,033,286,276 | 3,235,523,283 |

The accompanying notes 1 to 37 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

As of December 31, 2021 and 2020



For years ended December 31,

| STATEMENTS OF COMPREHENSIVE INCOME | Notes | 2021 | 2020 |
|--|-------------------|--------------------|-------------------|
| | | ThCh\$ | ThCh\$ |
| Income from ordinary operations | (29a) | 1,585,856,285 | 1,430,183,582 |
| Other income | (29b) | 388,037,237 | 18,971,119 |
| Employee benefits expenses | (24d) | (134,472,403) | (131,388,429) |
| Depreciation and amortization expense | (13b) (15b) (17b) | (298,577,926) | (328,472,644) |
| Impairment losses (reversal of impairment losses) | (30a) | (48,822,697) | (63,485,408) |
| Other expenses, by nature | (30b) | (999,956,105) | (829,806,878) |
| Profit from operating activities | | 492,064,391 | 96,001,342 |
| Finance income | (30a) | 8,356,832 | 3,957,798 |
| Finance costs | (30a) | (51,028,184) | (50,781,750) |
| Share in earnings (losses) of associates and joint ventures | | (846,934) | - |
| Foreign exchange differences | (30b) | (7,634,096) | (342,137) |
| Income from indexation units | (30b) | 7,202,055 | 376,010 |
| Profits before tax from continuing operations | | 448,473,456 | 48,964,829 |
| Income tax expense | (11e) | (112,913,614) | (17,012,510) |
| PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS | | 335,559,842 | 31,952,319 |
| Profit attributable to holders of equity instruments of the controller and minority interest: | | | |
| Profit attributable to parent owners | (28) | 332,859,272 | 31,974,809 |
| Profit attributable to non-controlling interest | (27e) | 2,700,570 | (22,490) |
| PROFIT (LOSS) | | 335,559,842 | 31,952,319 |
| EARNINGS PER SHARE | | | |
| Earnings per basic share | | | |
| Earnings per basic share for continuing operations | (27) | 0.347 | 0.033 |
| Earnings per basic share for discontinuing operations | | | |
| Earnings per basic share | | 0.347 | 0.033 |
| Diluted earnings per share | | | |
| Diluted earnings per share from continuing operations | | 0.347 | 0.033 |
| Diluted earnings per share from discontinuing operations | | | |
| Diluted earnings per share | | 0.347 | 0.033 |

The accompanying notes 1 to 37 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

As of December 31, 2021 and 2020



For years ended December 31

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| | ThCh\$ | ThCh\$ |
| STATEMENTS OF OTHER COMPREHENSIVE INCOME | | |
| PROFIT (LOSS) | 335,559,842 | 31,952,319 |
| OTHER COMPREHENSIVE INCOME | | |
| Components of other comprehensive income that will not be reclassified to income for the year | | |
| Other comprehensive income, before taxes, profits (losses) on new measurements of defined benefits plans | 3,593,093 | (250,269) |
| Other comprehensive income, before taxes, profits (losses) from investment in equity instruments | 5,434,246 | (1,877,979) |
| Other comprehensive income, before taxes, profits (losses) on investments in equity instruments | 860,076 | - |
| Total other comprehensive income that will not be reclassified to income for the year | 9,887,415 | (2,128,248) |
| Components of other comprehensive income that will be reclassified to income for the year | | |
| Profit (loss) on cash flow hedges | 61,451,502 | (21,485,067) |
| Total Components of other comprehensive income that will be reclassified to income for the year | 61,451,502 | (21,485,067) |
| Total other components of other comprehensive income, before taxes | 71,338,917 | (23,613,315) |
| Income taxes associated to components of other comprehensive income which will not be reclassified to income for the year | | |
| Income taxes associated to new measurements of defined benefits plans of other comprehensive income | (965,568) | 67,573 |
| Total income taxes associated to components of other comprehensive income which will not be reclassified to income for the year | (965,568) | 67,573 |
| Income taxes associated to components of other comprehensive income which will be reclassified to income for the year | | |
| Income tax related to hedging cash flows from other comprehensive income | (16,602,819) | 5,800,968 |
| Total income taxes associated to components of other comprehensive income | (17,568,387) | 5,868,541 |
| TOTAL OTHER COMPREHENSIVE INCOME | 53,770,530 | (17,744,774) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 389,330,372 | 14,207,545 |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | |
| Comprehensive income attributable to parent owners | 386,475,576 | 14,326,291 |
| Comprehensive income attributable to non-controlling interest | 2,854,796 | (118,746) |
| TOTAL COMPREHENSIVE INCOME | 389,330,372 | 14,207,545 |

The accompanying notes 1 to 37 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

As of December 31, 2021 and 2020



| | Changes in capital (Note 27 a) | Changes in the other reserves (Note 27 d) | | | | Retained earnings | Equity attributable to parent owners | Non controlling interests (Note 27 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 |
| | | | | | | | | | | |
| Balance at the beginning of the period | 1,364,872,285 | (14,505,535) | (10,127,702) | 293,416 | (451,134,197) | (475,474,018) | 494,586,414 | 1,383,984,681 | 5,659,883 | 1,389,644,564 |
| Changes in equity | | | | | | | | | | |
| Comprehensive income | | | | | | | | | | |
| Profit | - | - | - | - | - | - | 332,859,272 | 332,859,272 | 2,700,570 | 335,559,842 |
| Other comprehensive income | - | 49,527,524 | 2,610,611 | 852,685 | 625,484 | 53,616,304 | - | 53,616,304 | 154,226 | 53,770,530 |
| Comprehensive income | - | 49,527,524 | 2,610,611 | 852,685 | 625,484 | 53,616,304 | 332,859,272 | 386,475,576 | 2,854,796 | 389,330,372 |
| Reversal of interim dividends | - | - | - | - | - | - | (88,832,450) | (88,832,450) | (70,859) | (88,903,309) |
| Dividends | - | - | - | - | - | - | (447,044,589) | (447,044,589) | - | (447,044,589) |
| Total changes in shareholders' equity | - | 49,527,524 | 2,610,611 | 852,685 | 625,484 | 53,616,304 | (203,017,767) | (149,401,463) | 2,783,937 | (146,617,526) |
| Ending balance as of 12.31.2021 | 1,364,872,285 | 35,021,989 | (7,517,091) | 1,146,101 | (450,508,713) | (421,857,714) | 291,568,647 | 1,234,583,218 | 8,443,820 | 1,243,027,038 |
| Balance at the beginning of the period | 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 |
| Changes in equity | | | | | | | | | | |
| Comprehensive income | | | | | | | | | | |
| Profit | - | - | - | - | - | - | 31,974,809 | 31,974,809 | (22,490) | 31,952,319 |
| Other comprehensive income | - | (15,604,784) | (181,893) | (1,861,841) | - | (17,648,518) | - | (17,648,518) | (96,256) | (17,744,774) |
| Comprehensive income | - | (15,604,784) | (181,893) | (1,861,841) | - | (17,648,518) | 31,974,809 | 14,326,291 | (118,746) | 14,207,545 |
| Dividends | - | - | - | - | - | - | (9,896,390) | (9,896,390) | (81,245) | (9,977,635) |
| Capital increase | 35,000,000 | - | - | - | - | - | - | 35,000,000 | - | 35,000,000 |
| Total changes in shareholders' equity | 35,000,000 | (15,604,784) | (181,893) | (1,861,841) | - | (17,648,518) | 22,078,419 | 39,429,901 | (199,991) | 39,229,910 |
| Ending balance as of 12.31.2020 | 1,364,872,285 | (14,505,535) | (10,127,702) | 293,416 | (451,134,197) | (475,474,018) | 494,586,414 | 1,383,984,681 | 5,659,883 | 1,389,644,564 |

The accompanying notes 1 to 37 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

As of December 31, 2021 and 2020



For years ended December 31,

| | Notes | For years ended December 31, | |
|---|----------|------------------------------|----------------------|
| | | 2021 | 2020 |
| | | ThCh\$ | ThCh\$ |
| CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES | | | |
| Types of operating activity charges | | | |
| Proceeds from sale of assets and services rendered | | | |
| Proceeds from sales and services | | 1,814,524,032 | 1,645,061,924 |
| Proceeds from related entities | | 10,233,777 | 26,830,553 |
| Types of payments | | | |
| Payments to suppliers for supplying goods and services | | (1,082,788,962) | (853,105,300) |
| Payments to and on account of employees | | (79,603,028) | (86,510,137) |
| Payments from related entities | | (145,651,329) | (132,549,685) |
| Other operating activities payments (1) | | (170,306,993) | (157,256,588) |
| Net cash flows provided by (used in) operating activities | | 346,407,497 | 442,470,767 |
| Income taxes paid | | (18,356,699) | (14,725,930) |
| Cash flows provided by (used in) operating activities | | 328,050,798 | 427,744,837 |
| CASH FLOWS PROVIDED BY (USED IN) INVESTMENT ACTIVITIES | | | |
| Amounts from sales of property, plant and equipment | | 44,111,607 | 20,366,682 |
| Loss of control of subsidiaries or other businesses | | 493,229,554 | - |
| Additions to property, plant and equipment | | (364,436,290) | (240,247,185) |
| Interest received | | 3,104,010 | 2,413,603 |
| Dividends received | | 171,037 | 404,452 |
| Amounts from government grants | | 4,523,073 | - |
| Other cash inputs (outputs) | | (419,109,456) | 1,000 |
| Net cash flows provided by (used in) investment activities | | (238,406,465) | (217,061,448) |
| CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES | | | |
| (Payments) collections loans to related entities | | (856,681) | 614,640 |
| Proceeds from loans | | 651,137,064 | 221,077,366 |
| Reimbursement of loans, classified as financing activities | | (219,697,500) | (124,335,600) |
| Proceeds from shares issued | | - | 35,000,000 |
| Lease obligation payments in accordance with IFRS 16 | | (87,978,740) | (82,221,737) |
| Interest paid (2) | | (33,604,049) | (32,075,484) |
| (Payments) dividends | | (448,670,663) | (81,249) |
| Other cash inputs (outputs) | | (2,999,970) | 2,681,583 |
| Net cash flows provided by (used in) financing activities | | (142,670,539) | 20,659,519 |
| Increase (decrease) in cash and cash equivalents, before the effects of changes in the exchange rate | | (53,026,206) | 231,342,908 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | (53,026,206) | 231,342,908 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | (note 5) | 465,809,329 | 234,466,421 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | (note 5) | 412,783,123 | 465,809,329 |

(1) Corresponds to the net amount of factoring transactions, portfolio sales.

(2) Corresponds to payment of the principal installment of the "T" Bond made in January 2021 (see Note 20).

The accompanying notes 1 to 37 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) | |
|-----------------------|--------------|------------------|--|--------------|
| | | | 12.31.2021 % | 12.31.2020 % |
| Telefónica Chile S.A. | 90.635.000-9 | 009 | 99.1405597 | 99.140.5597 |

2. Significant accounting principles:

a) Accounting period

These consolidated financial statements (hereinafter, “financial statements”) cover the years ended December 31, 2021 and 2020.

b) Basis of presentation

The consolidated financial statements for December 31, 2021 and 2020 and their corresponding notes are shown in a comparative manner in accordance with Note 2a). In addition, for comparative purposes, a reclassification has been made between current and non-current of the provision for employee benefits (see note 25a) in the 2020 financial statements, for a better comparison with the financial statements as of December 31, 2021.

c) Basis of preparation

The financial statements as of December 31, 2021 and 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

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 where otherwise indicated.

2. Significant accounting principles, continued

c) Basis of preparation, continued

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) Basis of consolidation

The 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. For its part, minority investments have been recognized under "Non-controlling Interests" (note 27e).

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 years 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 | | | 12.31.2020 Total |
|--------------|---|----------------|----------|--------------------|-------------|-------------|------------------|
| | | | | 12.31.2021 | Direct | Indirect | |
| 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 | - |

(1) On June 23, 2021, Telefónica Chile S.A. sold 100% of its interest in subsidiary InfraCo SpA to its subsidiary as of that date, HoldCo InfraCo SpA, company that was created in April 2021. Subsequently, on July 1, 2021 Telefónica Chile S.A. sold 60% of its interest in HoldCo InfraCo SpA to KKR Alameda Aggregator L.P. (see Note 19b).

Notes to the consolidated financial statements

As of December 31, 2021 and 2020



3. Significant accounting principles, continued

e) Basis of consolidation, continued

The summarized financial information at December 31, 2021 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 | 100.0000000 | 4,575,268 | 411,850 | 4,987,118 | 3,289,049 | 1,770 | 3,290,819 | 1,696,299 | 928,773 | 77,482 |
| 78,703,410-1 | Telefónica Empresas Chile S.A. | 99.9999973 | 197,827,854 | 106,381,900 | 304,209,754 | 194,525,163 | 6,570,196 | 201,095,359 | 103,114,395 | 327,090,306 | 4,061,787 |
| 90,635,000-9 | Telefónica Chile S.A. | 99.1405597 | 650,524,091 | 1,177,505,912 | 1,828,030,003 | 804,421,828 | 265,753,338 | 1,070,175,166 | 757,854,837 | 496,676,544 | 312,964,020 |
| 76,086,148-0 | Telefónica Chile Servicios Corporativos Ltda. | 100.0000000 | 118,977,062 | 47,487,887 | 166,464,949 | 60,604,958 | 30,902,894 | 91,507,852 | 74,957,097 | 184,944,658 | 7,133,115 |
| 76,378,279-4 | Telefónica Investigación y Desarrollo Chile SpA | 100.0000000 | 4,575,268 | 411,850 | 4,987,118 | 3,289,049 | 1,770 | 3,290,819 | 1,696,299 | 928,773 | 77,482 |

(*) Direct and indirect participation.

The summarized financial information at December 31, 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 | 100,0000000 | 2,967,682 | 391,927 | 3,359,609 | 1,714,972 | 2,898 | 1,717,870 | 1,641,739 | 627,152 | (479,756) |
| 78.703.410-1 | Telefónica Empresas Chile S.A. | 99,9999973 | 228,610,365 | 81,310,339 | 309,920,704 | 212,360,72 | 3,806,864 | 216,167,590 | 93,753,114 | 304,759,051 | (8,542,224) |
| 90.635.000-9 | Telefónica Chile S.A | 99,1405597 | 316,404,432 | 1,248,430,748 | 1,564,835,180 | 245,221,566 | 657,269,617 | 902,491,183 | 662,343,997 | 421,564,481 | (1,757,522) |
| 76.086.148-0 | Telefónica Chile Servicios Corporativos Ltda. | 100,0000000 | 111,347,798 | 49,889,213 | 161,237,011 | 67,602,402 | 28,432,406 | 96,034,808 | 65,202,203 | 176,973,250 | 5,456,354 |
| 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.

(2) On June 23, 2021, Telefónica Chile S.A. sold 100% of its interest in subsidiary InfraCo SpA to its subsidiary as of that date, HoldCo InfraCo SpA, company that was created in April 2021. Subsequently, on July 1, 2021 Telefónica Chile S.A. sold 60% of its interest in HoldCo InfraCo SpA to KKR Alameda Aggregator L.P. (see Note 19b).

2. Significant accounting principles, continued:

e) 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 year through the “Foreign currency translation differences account and differences resulting from valuation of the UF are recognize in income for the year 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 year, any foreign currency translation difference, included in this loss or profit, will also be recognized in income for the year.

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 year, detailed as follows:

| DATE | USD | EURO | REAL | UF |
|------------|--------|--------|--------|-----------|
| 12.31.2021 | 844.69 | 955.64 | 151.68 | 30,991.74 |
| 12.31.2020 | 710.95 | 873.30 | 137.33 | 29,070.33 |

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.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

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.

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.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

1. Financial assets other than derivatives, continued

Classification and presentation, continued

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. Financial liabilities

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 and fair value through profit or loss.

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.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

2. Financial liabilities, continued

ii) Financial liabilities at fair value through profit or loss

Financial liabilities are classified to 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 23,2).

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 23.2) 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.

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.

Hedging the risk associated with the variation of exchange rates in a firmly committed transaction, may be treated as a fair value hedge or cash flow hedge, indistinctly.

Variations in the fair value of derivatives that have been designated and meet the requirements for being treated as fair value hedge instruments, are recorded in the comprehensive income statement offsetting 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 income statement to the extent that the underlying has an impact on the comprehensive income statement for the hedged risk, offsetting that effect. The part of the hedge considered to be ineffective is recorded directly in the comprehensive income statement.

2. Significant accounting principles, continued

f) Financial assets and liabilities, continued

3. Derivative financial instruments, continued

The Company formally documents, at the initial moment, the hedging relationship between the derivative and the hedged item, as well as the objectives and risk management strategies pursued when 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 item, either 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 derivatives portfolio reflects estimates based on calculations made from observable market data, using specific assesment and risk management tools widely used among diverse financial entities.

g) Inventory

Materials for consumption and replacement are valued at their weighted average cost or at net realizable 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 rotation of equipment and accessories. According to the Company's policies, a provision has been made for inventories whose age since the purchase is greater than 360 days and whose rotation is greater than 12 months. Likewise, stored scrapped products or accessories are considered to be a total loss.

h) Non- Current assets or disposal groups classified as held for sale

Non-current assets held for sale are measured at their carrying amount or fair value less cost of sales, whichever is lower. Assets are classified in this account when their carrying amount can be recovered through a very probable sales transaction, and they are immediately available in their present condition. Management must be committed to a plan to sell the asset and have actively begun a program to find a purchaser and complete the plan, and it must be expected that the sale will qualify for full recognition.

Property, plant and equipment assets classified as held for sale are not depreciated.

2. Significant accounting principles, continued

i) Impairment of non-current assets

At each year-end, non-current assets are evaluated for signs of possible impairment. If such signs 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 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.

j) 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.

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.

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.

2. Significant accounting principles, continued

j) Leases, continued

2) Subsequent measurement, continued

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.

k) Income taxes

The income tax expense for each period 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 year, being 27% as of December 31, 2021 and 2020, 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.

Under Chilean tax regulations, the tax loss from previous periods can be used in the future as a tax benefit 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 periods 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.

l) 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.

2. Significant accounting principles, continued

l) Goodwill, continued

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.

Impairment testing was determined considering the following estimated variables:

- i) Forecasted operating revenue and costs are based on the Strategic Plan for 2021, 2022 and 2023, forecasting 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 future expectations.
- ii) Cash flow projections are made at a terminal value, covering a 5-year period, with the last period being the terminal value.
- iii) The rate used to discount future cash flows considers the time value of money and the individual risks of the assets under analysis.
- iv) The valuation is determined using the value in use (VU) mechanism, which requires that the VU be determined using the net present value of the cash flows that the Company expects to receive from the Cash Generating Unit (CGU). Telefónica Chile S.A. and its subsidiary Telefónica Empresas Chile S.A. have been considered to be a CGU and provide fixed broadband, television, fixed telephone and technology services for companies.

m) 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

n) Intangibles

i) Administrative concessions

Concession licenses correspond to the cost incurred to obtain mobile cellular telephone public services concessions. They are registered 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.

ii) Licenses and software

This item 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 under development 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 customers. These intangible assets under development 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.

The methods and periods of amortization applied are reviewed as of each period 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 is 3 years for software licenses and a maximum of 20 years for rights to use underwater cable.

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.

ñ) 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.

2. Significant accounting principles, continued

ñ) Property, plant and equipment, continued

These future disbursements are incorporated in the restated value of the asset, recognizing the corresponding dismantling provision.

Changes in the valuation of the existing dismantling liabilities, derived from changes in the amount or in the temporary structure of the outflow of resources that incorporate economic benefits required to cancel 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 book value. If the decrease in the liability should exceed the book value of the asset, the excess is immediately recognized in income for the year.

An asset's dismantling provisioned cost is recognized in the income statement through depreciation over its useful life, under the item depreciation and amortization expense. The provision discount process is recognized in income for the year 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 2021 and 2020, years there are no capitalized interests.

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.

Property, plant and equipment assets do not have ownership restrictions and are not used as guarantees of compliance with obligations.

o) 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 8.45% and 10.12% at December 31, 2021 and 2020, respectively.

2. Significant accounting principles, continued

o) Depreciation of property, plant and equipment, continued

Estimated useful lives are summarized as follows:

| 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.

p) Investments in associates

Investments in entities in which the Company has significant influence, but not control and which are accounted for using the equity method, net of any accumulated impairment loss, are recorded in this account, in accordance with IAS 28 “Investments in Associates and Joint Ventures”.

The investment in the associate is recorded in the statement of financial position at fair value plus the Company’s share in the increase or decrease in equity of the associate net of the Purchase Price Allocation (PPA).

The income statement reflects the Company’s share in the results of the associate. The Company recognizes its share in that change and discloses it in the statement of changes in equity. The accounting policies of associates are consistent with those used by the Company (see note 19).

q) 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 a nominal annual discount rate of 5.924% and 3.65% at December 31, 2021 and 2020 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) Other remunerations

The Company has defined a Variable Remuneration System for its collaborators, based on annual compliance with the established objectives.

These short-term obligations are measured on the basis of undiscounted securities and a liability is recognized for the amount that is expected to be paid.

2. Significant accounting principles, continued

q) Provisions, continued

iii) 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 obligation. That property, plant and equipment item is amortized over the duration of the asset associated to that accrual.

iv) Other provisions

Provisions are recognized when the Company has a present legal or implicit 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 tacit, derived from, among other factors, regulations, contracts, customary practices or public commitments that create a valid expectation before third parties that the Company will assume certain responsibilities.

r) 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 comes mainly from the provision of the following services:

i) Telecommunications

It is composed of voice and data packages, international business (carrier payments), multiservice network and capacities, pay TV, 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 revenues generated only by traffic, they are recorded as they are consumed.

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

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

2. Significant accounting principles, continued

r) Income and expenses, continued

i) Telecommunications, continued

Interconnection income derived from fixed-mobile and mobile-fixed calls, as well as from other services used by customers, are recognized in the period in which they make said calls.

The Company has current agreements with foreign correspondents, with which the conditions governing international traffic are set, and the same is charged or paid in accordance with the net traffic exchanges and at the rates set in each agreement. Accounting for this exchange is carried out on an accrual basis, recognizing costs and income in the period in which they are produced, recording the balances receivable or payable for each correspondent in the headings of "Accounts trade receivables and other accounts receivable" and "Accounts receivable from related entities, current" or "Trade creditors and Other accounts payable" and "Accounts payable to entities related, current", 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 180 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). 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, 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 to the customer of the goods or services related to those assets (see note 7).

2. Significant accounting principles, continued

r) Income and expenses, continued

i) Telecommunications, continued

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 its customers which can be provided by third parties or by the Company. These benefits will be reflected as a discount in revenue when points from the program are exchanged for products. As of December 31, 2021 and 2020, the valuation of this loyalty program is immaterial in relation to the contracts for which it was generated.

iii) Government subsidies

Parent Company and the subsidiary Telefónica Chile S.A. participate in tenders for Government 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", , in the case to be obtained from January 1, 2018, must be presented in the statement of financial position recognizing them as deductions from the book value of the associated assets.

The subsidies obtained prior to January 1, 2018 were initially recorded as a deferred income, in the item "Other non-financial liabilities", and are allocated to results in the period of useful life of the assets associated with these subsidies (Note 26a).

s) 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) Impairment of trade accounts receivable

The calculation of impairment of long and short-term financial assets measured at amortized cost, related to trade accounts receivable (generated by the sale of goods and services and telecommunications transactions with other operators) and contractual assets, is based on the expected loss per group of customers, for which the Company applies a simplified model. The simplified model is based on an estimated rate of uncollectability to determine the expected credit loss over the entire life of the asset in particular. For this, the Company uses matrices that have been developed based on the historical uncollectability experience and on a portfolio classified by customer category and type of product and services contracted, according to the pattern of credit behavior. The matrix for each category has a defined temporal horizon divided in intervals based on the collection management policy and is fed with historical data encompassing at least 24 collection cycles. Data is periodically updated.

2. Significant accounting principles, continued

s) Use estimates, continued

Based on the observable information at each closing date, the Company analyzes the need to adjust the rates resulting from those matrices based on current market conditions, regulatory changes, credit improvements, and so on, as well as the prevailing and projected macroeconomic forecasts. This means, any event that could reasonably affect the statistically proven impairment behavior of the portfolio.

Due to the above, hedging for the probability of non-payment of the portfolio is established from the time at which revenue is provisioned, thus faithfully reflecting its intrinsic credit risk.

ii) 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.

Decommissioning estimates for assets classified in property, plant and equipment, are calculated on the basis of the price agreed with the supplier, taking it to its future value using the future inflation rate, to then bring it to its present value using a risk-free discount rate.

iii) Right of use:

Regarding the reasonable period of time of contracts considered non-cancellable under IFRS 16, it is important to consider that contracts with a duration of less than one year, including their active extensions with that duration are considered to be within the short-term exceptions of the standard. In addition, contracts for information processing equipment and office furniture and equipment with a comparable new individual purchase cost of US\$ 5,000 (reference value) are considered to be of low value.

iv) 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.

2. Significant accounting principles, continued

s) Use estimates, continued

iv) Deferred taxes, continued

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.

v) 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 amount 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 the end of period, including the opinion of independent experts, such as legal advisors and consultants.

vi) Post-employment benefits

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, it is considered the interest rates of instruments issued by the Central Bank of Chile. The mortality rate is based on publicly available mortality tables for the country.

Future salary increases and pension increases are based on expected future inflation rates for the country. (See details of the actuarial hypotheses used in Note 25a).

2. Significant accounting principles, continued

s) Use estimates, continued

vii) Financial assets and liabilities

When 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 when possible, but when not, a degree of judgment is required in establishing fair values. The variables 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 the financial instrument.

t) 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 among consolidated companies have been eliminated in the consolidation process. Likewise, the margins included in the operations carried out by subsidiaries to other companies of the Company for capitalizable goods or services, have been eliminated in the consolidation process.

The accounts in the statement of comprehensive income and consolidated cash flows include, respectively, the income and expenses and cash flows of the companies that cease to be 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 minority shareholders in the equity and results of companies subsidiaries consolidated by the global integration method is presented in the items “non-controlling interests” and “profit attributable to non-controlling interests”, respectively.

2. Significant accounting principles, continued

u) 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, 2023 |

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. Standards, interpretations and amendments issued, the application of which is not yet mandatory, for which there has been no early adoption.

| | Improvements and amendments | Mandatory application date |
|-----------------|--|----------------------------|
| NIC 1 | Presentation of financial statements | January 1, 2024 |
| NIC 12 | Income Taxes | January 1, 2023 |
| NIC 16 | Property, plant and equipment | January 1, 2022 |
| NIC 37 | Provisions, contingent liabilities and contingent assets | January 1, 2022 |
| NIIF 3 | Business Combinations, implementation guide review | January 1, 2022 |
| NIIF 10 y NIC 8 | Consolidated financial statements and Investments in Associates and Joint Ventures | To determinate |

Amendment to IAS 1 "Presentation of Financial Statements"

The classification is not affected by the entity's expectation of events after the reporting date (for example, reception of a resignation or breach of covenant). The amendment also clarifies the meaning of IAS 1 when it refers to the "settlement" of a liability. The amendment must be applied retrospectively in accordance with IAS 8. The effective date of initial application is January 1, 2022, however, that date was deferred to January 1, 2024.

2. Significant accounting principles, continued

u) New IFRS and Interpretations of the IFRS Interpretations Committee, continued

ii) Standards, interpretations and amendments issued, the application of which is not yet mandatory, for which there has been no early adoption, continued

Amendment to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies”

Practice Statement 2 and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, published in February 2021. The purpose of the amendments is to improve accounting policy disclosures and help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction.

These amendments require that companies recognize deferred taxes on transactions that, upon initial recognition, lead to equal amounts of taxable and deductible temporary differences.

Amendment to IAS 16, “Property, Plant and Equipment”

Prohibits a company from deducting the cost of property, plant and equipment received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss for the year.

Amendment to IAS 37, “Provisions, Contingent Liabilities and Contingent Assets”

Clarifies, for onerous contracts, which inevitable costs a company must include to assess whether a contract will generate losses.

Amendment to IFRS 3, “Business Combinations”

Minor modifications were made to IFRS 3 to update references to the Conceptual Framework for financial information, without changing business combination requirements.

Amendment to IFRS 10, “Business Combinations” and IAS 28 “Investments in Associates and Joint Ventures”.

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

2. Significant accounting principles, continued

u) New IFRS and Interpretations of the IFRS Interpretations Committee, continued

ii) Standards, interpretations and amendments issued, the application of which is not yet mandatory, for which there has been no early adoption, continued

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform (IBOR) – Phase 2”. Published in August 2020, it addresses the problems that arise during the interest rate benchmark reform including replacement of the benchmark rate for an alternate rate (see Note 36m).

Amendment to IFRS 16 “Rent Concessions” published in March 2021. This amendment extends by one year the period of application of the practical expedient of IFRS 16 Leases (contained in the amendment to that standard published in May 2020), for the purpose of helping renters to account for Covid-19-related rent concessions. Initial coverage of the amendment is extended from June 30, 2021 to June 30, 2022. The amendment is effective for annual periods beginning as of April 1, 2021; however, early adoption is allowed even for financial statements whose issuance has not been authorized as of March 31, 2021.

Amendments to IFRS 4 “Insurance Contracts”: Deferral of Effective Date of IFRS 9 (issued on June 25, 2020). These amendments defer the date of application of IFRS 17 by two years until January 1, 2023 and change the established date of the temporary exemption in IFRS 4 of applying IFRS 9 “Financial Instruments” until January 1, 2023.

Based on the analysis carried out to date, the Company believes that the adoption of the mentioned standards, amendments and interpretations will not have a significant impact on the Company’s financial statements.

2. Significant accounting principles, continued

v) 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 investing or financing.
- 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 financial liabilities.

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. and subsidiaries disclose 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 of the segments, the distributions established in the information presented below, are based on the financial information of the companies of each business 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 revenues from the provision of mobile telecommunications services, sale of electronic prepaid top-ups and the sale of handsets. Revenues are recognized as these 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, incomes are recognized as the services are provided or the equipment is sold.

c) Corporate Communications and Data

Corporate communications services include revenues 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. Revenues are recognized as the services are provided.

d) 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. Consistent with the financial statements, incomes are recognized as the services are delivered.

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 December 31, 2021 and 2020 is detailed as follows::

| For the exercise ended as of December 31, 2021 | Mobile Telecommunications | Fixed Telecommunications | Corporate Communication and Data | Television Services | Other | Eliminations | Total |
|---|------------------------------|-----------------------------|--|------------------------|--------------------|----------------------|----------------------|
| | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ |
| Income from external customers | 893,155,130 | 376,972,622 | 179,464,446 | 136,264,087 | - | - | 1,585,856,285 |
| Income from ordinary activities arising from transactions with other operating segments of the same entity | 6,843,143 | 119,703,922 | 11,361,773 | - | 184,944,658 | (322,853,496) | - |
| Total income from operating activities from external customers and transactions with other operating segments of the same entity | 899,998,273 | 496,676,544 | 190,826,219 | 136,264,087 | 184,944,658 | (322,853,496) | 1,585,856,285 |
| Cost of sales | 340,517,874 | 129,136,504 | 162,656,287 | 79,031,255 | - | (164,656,779) | 546,685,141 |
| Impairment losses (reversal of impairment losses) | 41,035,058 | 6,834,717 | 685,641 | 267,281 | - | - | 48,822,697 |
| Administrative expenses | 292,279,885 | 201,493,890 | 39,567,767 | 32,328,225 | 24,122,438 | (136,521,241) | 453,270,964 |
| Employee benefits expenses | 881,008 | - | - | - | 150,151,822 | (16,560,427) | 134,472,403 |
| Cost of interest | 37,434,957 | 23,170,385 | 1,111,987 | 816,895 | 1,452,880 | (13,318,312) | 50,668,792 |
| Interest income | 7,130,250 | 13,329,417 | 842,961 | - | 372,516 | (13,318,312) | 8,356,832 |
| Depreciation and amortization | 171,365,225 | 119,706,704 | 9,502,816 | 3,003,292 | 2,084,751 | (7,084,862) | 298,577,926 |
| Share in earnings (losses) of associates and joint ventures | 313,769,508 | 6,760,011 | 92,730 | - | - | (321,469,183) | (846,934) |
| Income tax expense | 16,573,963 | 96,346,293 | (611,285) | 218,833 | 385,810 | - | 112,913,614 |
| Other significant non-cash items | 8,592,473 | 372,886,541 | 5,490,159 | (875,375) | 13,642 | 1,497,756 | 387,605,196 |
| Profits(loss) before tax | 345,976,497 | 409,310,313 | (16,272,429) | 19,941,764 | 7,518,925 | (318,001,614) | 448,473,456 |
| Profit (loss) for the period from continuing operations | 329,402,534 | 312,964,020 | (15,661,144) | 19,722,931 | 7,133,115 | (318,001,614) | 335,559,842 |
| Profit (loss) for the period from discontinuing operations | - | - | - | - | - | - | - |
| Profit (loss) for the period | 329,402,534 | 312,964,020 | (15,661,144) | 19,722,931 | 7,133,115 | (318,001,614) | 335,559,842 |
| Assets | 1,828,030,003 | 179,483,755 | 179,483,755 | 124,725,999 | 166,464,949 | 1,555,097,815 | 4,033,286,276 |
| Investments in associates accounted for using the equity method | 212,796,114 | 974,443 | 974,443 | - | - | (142,316,943) | 72,428,057 |
| Increases in non-current assets | 70,101,462 | 6,637,233 | 6,637,233 | - | - | 77,249,134 | 160,625,062 |
| Liabilities | 1,164,064,373 | 118,646,262 | 118,646,262 | 82,449,097 | 91,507,852 | 1,214,945,392 | 2,790,259,238 |
| Shareholders' equity | 663,965,630 | 60,837,493 | 60,837,493 | 42,276,902 | 74,957,097 | 340,152,423 | 1,243,027,038 |
| Liabilities & Shareholders' equity | 1,828,030,003 | 179,483,755 | 179,483,755 | 124,725,999 | 166,464,949 | 1,555,097,815 | 4,033,286,276 |
| Cash flows provided by (used in) operating activities | 9,715,049 | (41,677,226) | (41,677,226) | (29,760,634) | 27,303,765 | 404,147,070 | 328,050,798 |
| Cash flows provided by (used in) investment activities | 350,817,702 | 6,066,142 | 6,066,142 | 4,331,676 | - | (605,688,127) | (238,406,465) |
| Cash flows provided by (used in) financing activities | (453,506,016) | 34,904,415 | 34,904,415 | 24,924,343 | (27,755,000) | 243,857,304 | (142,670,539) |

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



4. Financial information by segment, continued

| For the exercise ended as of december 31, 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 | 830,285,705 | 307,199,084 | 177,136,639 | 115,562,154 | - | - | 1,430,183,582 |
| Income from ordinary activities arising from transactions with other operating segments of the same entity | 6,664,082 | 114,365,397 | 12,060,258 | - | 176,973,250 | (310,062,987) | - |
| Total income from operating activities from external customers and transactions with other operating segments of the same entity | 836,949,787 | 421,564,481 | 189,196,897 | 115,562,154 | 176,973,250 | (310,062,987) | 1,430,183,582 |
| Cost of sales | 298,585,958 | 41,734,573 | 153,325,575 | 71,116,112 | - | (145,120,363) | 419,641,855 |
| Impairment losses (reversal of impairment losses) | 42,005,059 | 17,150,524 | 3,741,935 | 587,890 | - | - | 63,485,408 |
| Administrative expenses | 266,509,873 | 194,384,510 | 41,969,840 | 31,502,640 | 17,641,249 | (141,843,089) | 410,165,023 |
| Employee benefits expenses | 1,492,419 | 211,456 | 29,704 | - | 149,205,503 | (19,550,653) | 131,388,429 |
| Cost of interest | 36,829,907 | 24,194,747 | 280,799 | 627,109 | 1,474,073 | (12,378,451) | 51,028,184 |
| Interest income | 4,167,021 | 10,535,631 | 1,443,845 | - | 189,752 | (12,378,451) | 3,957,798 |
| Depreciation and amortization | 158,672,505 | 153,229,958 | 13,099,912 | 3,688,987 | 2,059,380 | (2,278,098) | 328,472,644 |
| Participation in profit of associated companies accounted for using the equity method | 931,195 | (5,830,416) | 70,933 | - | - | 4,828,288 | - |
| Income tax expense | 15,481,413 | 3,996,092 | (9,907,770) | 6,027,542 | 1,415,233 | - | 17,012,510 |
| Other significant non-cash items | 10,767,345 | 6,874,641 | 1,179,332 | 94,891 | 88,790 | (7) | 19,004,992 |
| Profits(loss) before tax | 48,719,627 | 2,238,569 | (20,556,758) | 8,134,307 | 6,871,587 | 3,557,497 | 48,964,829 |
| Profit (loss) for the period from continuing operations | 33,238,214 | (1,757,523) | (10,648,988) | 2,106,765 | 5,456,354 | 3,557,497 | 31,952,319 |
| Profit (loss) for the period from discontinuing operations | - | - | - | - | - | - | - |
| Profit (loss) for the period | 33,238,214 | (1,757,523) | (10,648,988) | 2,106,765 | 5,456,354 | 3,557,497 | 31,952,319 |
| Assets | 2,514,424,499 | 1,564,835,180 | 136,365,110 | 173,555,594 | 161,237,011 | (1,315,011,182) | 3,235,406,212 |
| Investments in associates accounted for using the equity method | 688,600,626 | 126,159,606 | 847,629 | - | - | (815,607,861) | - |
| Increases in non-current assets | 43,270,386 | 87,243,696 | 10,402,904 | - | - | - | 140,916,986 |
| Liabilities | 1,121,301,544 | 902,491,183 | 121,053,850 | 95,113,740 | 96,034,808 | (490,233,477) | 1,845,761,648 |
| Shareholders' equity | 1,393,122,957 | 662,343,997 | 15,311,260 | 78,441,854 | 65,202,203 | (824,777,707) | 1,389,644,564 |
| Liabilities & Shareholders' equity | 2,514,424,501 | 1,564,835,180 | 136,365,110 | 173,555,594 | 161,237,011 | (1,315,011,184) | 3,235,406,212 |
| Cash flows provided by (used in) operating activities | 234,946,785 | 87,572,862 | (1,302,780) | (1,569,310) | 6,154,991 | 101,942,289 | 427,744,837 |
| Cash flows provided by (used in) investment activities | (41,960,933) | (164,407,197) | (524,425) | (932,310) | - | (9,290,316) | (217,115,181) |
| Cash flows provided by (used in) financing activities | (28,971,314) | 41,896,294 | 2,483,795 | 3,035,749 | (7,051,925) | 9,320,653 | 20,713,252 |

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

Accounting criteria regarding transactions among subsidiaries of Telefónica Móviles Chile S.A., which are carried out at market prices, independently and in a manner similar to transactions with third parties, consider that, the 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 composition is detailed as follows:

| Concepts | Currency | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|--|-------------------------|----------------------|----------------------|
| Cash (a) | | 159,275 | 690,363 |
| | CLP | 158,510 | 689,665 |
| | EUR | 765 | 698 |
| Banks (b) | | 192,574,781 | 125,114,499 |
| | CLP | 189,358,692 | 123,169,727 |
| | USD | 3,006,635 | 1,786,501 |
| | EUR | 151,655 | 86,385 |
| | Others currencies | 57,799 | 71,886 |
| Time deposits (c) | | 220,049,067 | 340,004,467 |
| | CLP | 220,049,067 | 340,000,467 |
| Total cash and cash equivalents | | 412,783,123 | 465,809,329 |
| Sub-total by currency | CLP | 409,566,269 | 463,863,859 |
| | USD | 3,006,635 | 1,786,501 |
| | EUR | 152,420 | 87,083 |
| | Other currencies | 57,799 | 71,886 |

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 its 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 its 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, of December 31, 2021 and 2020, 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\$ | 12.31.2021 ThCh\$ |
|--------------------|----------|--|---------------------|--------------------------|------------------------------------|---|--------------------|
| Time deposits | CLP | 220,000,000 | 2.86% | 4 | 220,000,000 | 49,067 | 220,049,067 |
| Total | | | | | 220,000,000 | 49,067 | 220,049,067 |

| 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\$ | 12.31.2020 ThCh\$ |
|--------------------|----------|--|---------------------|--------------------------|------------------------------------|---|--------------------|
| Time deposits | CLP | 340,000,000 | 0.24% | 10 | 340,000,000 | 4,467 | 340,004,467 |
| Total | | | | | 340,000,000 | 4,467 | 340,004,467 |

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

6. Other current and non-current financial assets

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

| Concepts | | 12.31.2021 | | 12.31.2020 | |
|-------------------------------------|-----------------|--------------------|--------------------|-------------------|--------------------|
| | | Current ThCh\$ | Non-Current ThCh\$ | Current ThCh\$ | Non-Current ThCh\$ |
| Hedging instruments | (See Note 23,2) | 220,841,822 | 53,949,739 | 10,167,161 | 159,119,588 |
| Other non-trade accounts receivable | (a) | 19,752,048 | 21,401,681 | | |
| Other investments | (b)(c) | 413,857,571 | 6,832,112 | - | 5,972,036 |
| Guarantees established | (d) | 241,424 | - | 319,953 | - |
| Total | | 654,692,865 | 82,183,532 | 10,487,114 | 165,091,624 |

a) Corresponds to the concept of earn out agreed in the optic fiber business sales transaction (see note 19iii). Includes interest in the amount of ThCh\$150,763 in current and exchange rate variance.

b) Other investments are detailed as follows.

| Type of Investments | Currency | Capital in original currency (thousands) | Effective rate anual | Average days to maturity | Capital in local currency ThCh\$ | Accrued interest ThCh\$ | 12.31.2021 ThCh\$ |
|---------------------|----------|--|----------------------|--------------------------|----------------------------------|-------------------------|--------------------|
| Time deposits (1) | CLP | 411,243,750 | 5.5% | 142 | 411,243,750 | 2,613,821 | 413,857,571 |
| Total | | 411,243,750 | | | 411,243,750 | 2,613,821 | 413,857,571 |

(1) In November 2021, the Company issued and placed a bond in the international market (see Note 20). The funds obtained were invested in time deposits longer than 90 days.

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

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

| Participation | Country | Investment currency | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|-------------------------|---------|---------------------|----------------------|----------------------|
| Telefónica Brasil (1) | Brazil | REAL | 6,831,994 | 5,971,918 |
| Other participation (2) | Chile | CLP | 118 | 118 |
| Total | | | 6,832,112 | 5,972,036 |

(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.

As of December 31, 2021 and 2020, dividends in the amount of ThCh\$421,303 and ThCh\$683,795, respectively, that have been recognized as finance income (see note 31a).

(2) Corresponds to the participation in the companies Pegaso México and Telefónica Argentina.

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

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

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

| Concepts | 12.31.2021 | | 12.31.2020 | |
|----------------------------------|--------------------|-----------------------|-------------------|-----------------------|
| | Current ThCh\$ | Non-current ThCh\$ | Current ThCh\$ | Non-current ThCh\$ |
| Contract compliance costs (1) | 49,847,177 | 94,433,572 | 32,386,274 | 41,861,530 |
| Costs of obtaining contracts (2) | 27,399,483 | 45,092,018 | 11,703,978 | 15,219,092 |
| Support and repair services (3) | 4,751,800 | 4,948 | 2,728,256 | 17,317 |
| Deferred cost of handsets | 5,694,029 | - | 9,407,689 | - |
| Insurance | 1,505,023 | - | 1,418,266 | - |
| Advance leases (4) | 1,704,906 | 274,284 | 2,805,765 | 14,603 |
| Amortizable expenses (5) | 8,022,921 | 50,563 | 1,498,949 | 382,646 |
| Other Taxes (6) | 4,451,469 | - | 9,667,819 | - |
| Total | 103,376,808 | 139,855,385 | 71,616,996 | 57,495,188 |

(1) As of December 31, 2021 this item includes capitalization of compliance costs associated with television equipment, broadband equipment and project management in the amount to ThCh\$20,536,640, ThCh\$28,379,744 and ThCh\$930,793 in current, and ThCh\$33,615,710 ThCh\$60,219,227 and ThCh\$598,635 in non-current. As of December 31, 2020 this item included capitalization of compliance costs associated to television equipment, broadband equipment and project management in the amount of ThCh\$18,175,635, ThCh\$13,388,820 and ThCh\$821,819 in current, and ThCh\$12,077,857, ThCh\$28,963,469 and ThCh\$820,204 in non-current. In the first quarter of 2020 the broadband service contractual conditions changed, which caused the capitalization of associated compliance costs. Quarterly, the Company reviews the behavior of the average life of the client to calculate the amortizable expense.

(2) Corresponds mainly to capitalization of commissions for customer additions. As of July 1, 2020, includes capitalization of commission costs associated to adding new mobile telephone, basic telephone, broadband and television customers. This is due to the change in estimate of the amortization period of these customer addition costs (average lifetime of the customer) for customers with indefinite contracts. The company checks the customer's average lifetime behavior to calculate the amortizable expense.

(3) Includes amortizable expenses from services, maintenance and software licenses.

(4) This item includes operating leases outside the IFRS 16 standard.

(5) Mainly includes amortizable finance costs on hedging derivatives in the amount of ThCh\$8,009,745.

(6) 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 | 12.31.2021 | | | 12.31.2020 | | |
|---|-----------------------|---------------------------------------|---------------------|-----------------------|---------------------------------------|---------------------|
| | Gross value ThCh\$ | Provision for impairment ThCh\$ | Net value ThCh\$ | Gross value ThCh\$ | Provision for impairment ThCh\$ | Net value ThCh\$ |
| Receivables on current loan transactions | 416,349,391 | (190,304,456) | 226,044,935 | 425,524,730 | (215,793,759) | 209,730,971 |
| Invoiced services (1) | 266,896,462 | (187,933,159) | 78,963,303 | 282,568,700 | (213,516,018) | 69,052,682 |
| Services provided and not invoiced | 135,038,172 | (2,098,853) | 132,939,319 | 125,198,716 | (1,303,780) | 123,894,936 |
| Contractual asset (2) | 14,414,757 | (272,444) | 14,142,313 | 17,757,314 | (973,961) | 16,783,353 |
| Miscellaneous receivables (3) | 17,690,345 | - | 17,690,345 | 24,755,727 | - | 24,755,727 |
| Total | 434,039,736 | (190,304,456) | 243,735,280 | 450,280,457 | (215,793,759) | 234,486,698 |

(1) As of December, 2021 and 2020 closing dates, large company portfolio sales were carried out, massive services and mobile handset installments for a total amount of ThCh\$106,857,311 and ThCh\$122,898,754, respectively, The Company has become the collection agent for massive 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) As of December 2021 and 2020 reporting dates, this item mainly includes loans and advances to employees in the amount of ThCh\$6,142,605 and ThCh\$7,676,369, advances to suppliers in the amount of ThCh\$1,765,822 and ThCh\$4,567,559, miscellaneous receivables from disposal of property, plant and equipment in the amount of ThCh\$5,337,085 and ThCh\$2,267,225 and Voissnet contingency (See Note 34a) i), respectively.

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 | 12.31.2021 | | | | | 12.31.2020 | | | | |
|---------------------------|--------------------|------------------|----------------|----------------------|-------------------|--------------------|------------------|------------------|----------------------|-------------------|
| | Less than 3 months | 3 to 6 months | 6 to 12 months | Older than 12 months | Total | Less than 3 months | 3 to 6 months | 6 to 12 months | Older than 12 months | Total |
| Miscellaneous receivables | 31,558,909 | 6,302,612 | 938,252 | - | 38,799,773 | 28,729,637 | 9,033,283 | 1,713,058 | - | 39,475,978 |
| Total | 31,558,909 | 6,302,612 | 938,252 | - | 38,799,773 | 28,729,637 | 9,033,283 | 1,713,058 | - | 39,475,978 |

c) The movement of Provision for impairment, 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 | 12.31.2021 | 12.31.2020 |
|----------------------------|---------------------|--------------------|
| | ThCh\$ | ThCh\$ |
| Beginning balance | 218,699,345 | 226,399,971 |
| Increases | 48,980,803 | 63,732,465 |
| Eliminations/ Additions | (75,440,650) | (71,433,091) |
| Movements, subtotal | (26,459,847) | (7,700,626) |
| Ending balance | 192,239,498 | 218,699,345 |

8. Current trade and other accounts receivable, continued

The Company has evaluated the impairment of trade accounts receivable as of December 31, 2021 as a result of Covid-19 considering 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 December 2021 for each of the segments resulting from recoverability matrices under the habitual procedure.
 - Evolution and follow-up of collection.

Based on the analysis performed, as of the closing date of these financial statements, the Company has not recorded an additional expense for impairment of trade accounts receivable. Since the Company continues with its significant collections management procedures, as of December 2021 there is no evidence of significant deviances in the collectability rate.

In addition, there are certain gaps in customer payments of large business segments 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 value increase.

- d) Provision for impairment movements according to the composition of the portfolio as of December 31, 2021 and 2020 are detailed as follows:

| Provisions and write-offs | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|--|----------------------|----------------------|
| Provision for non renegotiated portfolio | 49,809,686 | 64,269,058 |
| Provision for renegotiated portfolio | (828,883) | (536,593) |
| Write-offs for the year | (75,440,650) | (71,433,091) |
| Total | (26,459,847) | (7,700,626) |

- e) As of December 31, 2021 and 2020 the portfolio of returned documents and those in judicial collection is detailed as follows:

| Portfolio of returned documents and judicial collection as of 12.31.2021 | 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 | 249 | - | - | - |
| Portfolio of returned documents or those in judicial collection (ThCh\$) | 8,940,618 | - | - | - |

| Portfolio of returned documents and judicial collection as of 12.31.2020 | 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 | 1,412 | - | - | - |
| Portfolio of returned documents or those in judicial collection (ThCh\$) | 1,761,444 | - | - | - |

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2021 is detailed as follows:

| Stratification of portfolio by segment As of December 31, 2021 | 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\$ |
|---|----------------------|--------------------------------|---------------------------------|--------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|--|
| Fixed Telecommunications | | | | | | | | | | | |
| Number of clients w/o renegotiation (1) | 566,181 | 222,670 | 50,065 | 41,874 | 37,858 | 32,489 | 32,557 | 31,524 | 32,001 | 3,014,076 | 4,061,295 |
| Net portfolio w/o renegotiation | 28,513,159 | 4,864,055 | 111,568 | 137,399 | 392,931 | 189,701 | 31,366 | - | - | - | 34,240,179 |
| Debt | 30,217,035 | 7,159,333 | 1,406,989 | 3,112,776 | 2,282,735 | 1,954,680 | 1,421,302 | 1,522,674 | 2,137,207 | 73,713,858 | 124,928,589 |
| Accrual | (1,703,876) | (2,295,278) | (1,295,421) | (2,975,377) | (1,889,804) | (1,764,979) | (1,389,936) | (1,522,674) | (2,137,207) | (73,713,858) | (90,688,410) |
| Number of clients w/renegotiation | 215 | 618 | 318 | 210 | 96 | 53 | 44 | 36 | 25 | 90,581 | 92,196 |
| Net renegotiated portfolio | 38 | 34 | - | - | - | - | - | - | - | - | 72 |
| Debt | 2,901 | 9,053 | 6,060 | 4,034 | 1,935 | 1,048 | 676 | 705 | 360 | 832,702 | 859,474 |
| Accrual | (2,863) | (9,019) | (6,060) | (4,034) | (1,935) | (1,048) | (676) | (705) | (360) | (832,702) | (859,402) |
| Total number of clients | 566,396 | 223,288 | 50,383 | 42,084 | 37,954 | 32,542 | 32,601 | 31,560 | 32,026 | 3,104,657 | 4,153,491 |
| Total Fixed Telephone Portfolio | 28,513,197 | 4,864,089 | 111,568 | 137,399 | 392,931 | 189,701 | 31,366 | - | - | - | 34,240,251 |
| Debt | 30,219,936 | 7,168,386 | 1,413,049 | 3,116,810 | 2,284,670 | 1,955,728 | 1,421,978 | 1,523,379 | 2,137,567 | 74,546,560 | 125,788,063 |
| | (1,706,739) | (2,304,297) | (1,301,481) | (2,979,411) | (1,891,739) | (1,766,027) | (1,390,612) | (1,523,379) | (2,137,567) | (74,546,560) | (91,547,812) |
| Accrual | | | | | | | | | | | |
| Corporate Communication and Data | | | | | | | | | | | |
| Number of clients w/o renegotiation (1) | 2,489 | 1,357 | 28 | 736 | 589 | 560 | 483 | 456 | 517 | 4,884 | 12,099 |
| Net portfolio w/o renegotiation | 58,221,175 | 6,956,660 | 280,847 | 1,879,818 | 1,018,709 | 623,131 | 456,956 | 333,249 | 271,927 | 333,076 | 70,375,548 |
| Debt | 58,714,070 | 7,596,264 | 327,175 | 2,387,979 | 1,446,208 | 1,002,140 | 848,413 | 757,212 | 703,562 | 11,100,797 | 84,883,820 |
| Accrual | (492,895) | (639,604) | (46,328) | (508,161) | (427,499) | (379,009) | (391,457) | (423,963) | (431,635) | (10,767,721) | (14,508,272) |
| Number of clients w/renegotiation | - | - | - | - | - | - | - | - | - | - | - |
| Net renegotiated portfolio | - | - | - | - | - | - | - | - | - | - | - |
| Debt | - | - | - | - | - | - | - | - | - | - | - |
| Accrual | - | - | - | - | - | - | - | - | - | - | - |
| Total number of clients | 2,489 | 1,357 | 28 | 736 | 589 | 560 | 483 | 456 | 517 | 4,884 | 12,099 |
| Total Corporate Communication and Data Portfolio | 58,221,175 | 6,956,660 | 280,847 | 1,879,818 | 1,018,709 | 623,131 | 456,956 | 333,249 | 271,927 | 333,076 | 70,375,548 |
| Debt | 58,714,070 | 7,596,264 | 327,175 | 2,387,979 | 1,446,208 | 1,002,140 | 848,413 | 757,212 | 703,562 | 11,100,797 | 84,883,820 |
| Accrual | (492,895) | (639,604) | (46,328) | (508,161) | (427,499) | (379,009) | (391,457) | (423,963) | (431,635) | (10,767,721) | (14,508,272) |
| Television | | | | | | | | | | | |
| Number of clients w/o renegotiation (1) | 262,889 | 93,378 | 16,785 | 13,982 | 12,336 | 10,746 | 10,241 | 9,187 | 10,550 | 197,271 | 637,365 |
| Net portfolio w/o renegotiation | 16,904,857 | 425,953 | 55,313 | 12,206 | 4,466 | 2,165 | 1,722 | - | - | - | 17,406,682 |
| Debt | 16,915,029 | 514,488 | 327,396 | 152,316 | 237,091 | 217,006 | 112,204 | 181,959 | 200,309 | 5,432,878 | 24,290,676 |
| Accrual | (10,172) | (88,535) | (272,083) | (140,110) | (232,625) | (214,841) | (110,482) | (181,959) | (200,309) | (5,432,878) | (6,883,994) |
| Number of clients w/renegotiation | - | - | - | - | - | - | - | - | - | - | - |
| Net renegotiated portfolio | - | - | - | - | - | - | - | - | - | - | - |
| Debt | - | - | - | - | - | - | - | - | - | - | - |
| Accrual | - | - | - | - | - | - | - | - | - | - | - |
| Total number of clients | 262,889 | 93,378 | 16,785 | 13,982 | 12,336 | 10,746 | 10,241 | 9,187 | 10,550 | 197,271 | 637,365 |
| Total Television Portfolio | 16,904,857 | 425,953 | 55,313 | 12,206 | 4,466 | 2,165 | 1,722 | - | - | - | 17,406,682 |
| Debt | 16,915,029 | 514,488 | 327,396 | 152,316 | 237,091 | 217,006 | 112,204 | 181,959 | 200,309 | 5,432,878 | 24,290,676 |
| Accrual | (10,172) | (88,535) | (272,083) | (140,110) | (232,625) | (214,841) | (110,482) | (181,959) | (200,309) | (5,432,878) | (6,883,994) |

(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 consolidated financial statements, continued

As of December 31, 2021 and 2020



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2021 is detailed as follows, continued

| Stratification of portfolio by segment As of December 31, 2021 | 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\$ |
|---|----------------------|--------------------------------|---------------------------------|--------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|--|
| Mobile Business | | | | | | | | | | | |
| Number of clients w/o renegotiation (1) | 903,949 | 314,104 | 50,036 | 45,684 | 32,963 | 38,696 | 36,027 | 33,195 | 36,848 | 1,637,490 | 3,128,992 |
| Net portfolio w/o renegotiation | 69,463,620 | 13,309,597 | 1,434,980 | 2,090,479 | 1,938,797 | 835,023 | 807,645 | - | - | - | 89,880,141 |
| Debt | 69,798,876 | 15,419,354 | 4,058,908 | 4,776,432 | 5,265,785 | 3,806,756 | 3,611,843 | 2,336,259 | 2,680,155 | 54,516,632 | 166,271,000 |
| Accrual | (335,256) | (2,109,757) | (2,623,928) | (2,685,953) | (3,326,988) | (2,971,733) | (2,804,198) | (2,336,259) | (2,680,155) | (54,516,632) | (76,390,859) |
| Number of clients w/renegotiation | - | - | - | - | - | - | - | - | - | 8,764 | 8,764 |
| Net renegotiated portfolio | - | - | - | - | - | - | - | - | - | - | - |
| Debt | - | - | - | - | - | - | - | - | 9 | 701,066 | 701,075 |
| Accrual | - | - | - | - | - | - | - | - | (9) | (701,066) | (701,075) |
| Total number of clients | 903,949 | 314,104 | 50,036 | 45,684 | 32,963 | 38,696 | 36,027 | 33,195 | 36,848 | 1,646,254 | 3,137,756 |
| Total Other Portfolio | 69,463,620 | 13,309,597 | 1,434,980 | 2,090,479 | 1,938,797 | 835,023 | 807,645 | - | - | - | 89,880,141 |
| Debt | 69,798,876 | 15,419,354 | 4,058,908 | 4,776,432 | 5,265,785 | 3,806,756 | 3,611,843 | 2,336,259 | 2,680,164 | 55,217,698 | 166,972,075 |
| Accrual | (335,256) | (2,109,757) | (2,623,928) | (2,685,953) | (3,326,988) | (2,971,733) | (2,804,198) | (2,336,259) | (2,680,164) | (55,217,698) | (77,091,934) |
| Contractual Asset and Others | | | | | | | | | | | |
| Number of clients w/o renegotiation (1) | - | - | - | - | - | - | - | - | - | - | - |
| Net portfolio w/o renegotiation | 31,832,658 | - | - | - | - | - | - | - | - | - | 31,832,658 |
| Debt | 32,105,102 | - | - | - | - | - | - | - | - | - | 32,105,102 |
| Accrual | (272,444) | - | - | - | - | - | - | - | - | - | (272,444) |
| Number of clients w/renegotiation | - | - | - | - | - | - | - | - | - | - | - |
| Net renegotiated portfolio | - | - | - | - | - | - | - | - | - | - | - |
| Debt | - | - | - | - | - | - | - | - | - | - | - |
| Accrual | - | - | - | - | - | - | - | - | - | - | - |
| Total number of clients | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Portfolio | 31,832,658 | - | - | - | - | - | - | - | - | - | 31,832,658 |
| Debt | 32,105,102 | - | - | - | - | - | - | - | - | - | 32,105,102 |
| Accrual | (272,444) | - | - | - | - | - | - | - | - | - | (272,444) |
| Consolidated Portfolio | | | | | | | | | | | |
| Number of clients w/o renegotiation (1) | 1,735,508 | 631,509 | 116,914 | 102,276 | 83,746 | 82,491 | 79,308 | 74,362 | 79,916 | 4,853,721 | 7,839,751 |
| Net portfolio w/o renegotiation | 204,935,469 | 25,556,265 | 1,882,708 | 4,119,902 | 3,354,903 | 1,650,020 | 1,297,689 | 333,249 | 271,927 | 333,076 | 243,735,208 |
| Debt | 207,750,112 | 30,689,439 | 6,120,468 | 10,429,503 | 9,231,819 | 6,980,582 | 5,993,762 | 4,798,104 | 5,721,233 | 144,764,165 | 432,479,187 |
| Accrual | (2,814,643) | (5,133,174) | (4,237,760) | (6,309,601) | (5,876,916) | (5,330,562) | (4,696,073) | (4,464,855) | (5,449,306) | (144,431,089) | (188,743,979) |
| Number of clients w/renegotiation | 215 | 618 | 318 | 210 | 96 | 53 | 44 | 36 | 25 | 99,345 | 100,960 |
| Net renegotiated portfolio | 38 | 34 | - | - | - | - | - | - | - | - | 72 |
| Debt | 2,901 | 9,053 | 6,060 | 4,034 | 1,935 | 1,048 | 676 | 705 | 369 | 1,533,768 | 1,560,549 |
| Accrual | (2,863) | (9,019) | (6,060) | (4,034) | (1,935) | (1,048) | (676) | (705) | (369) | (1,533,768) | (1,560,477) |
| Total number of clients | 1,735,723 | 632,127 | 117,232 | 102,486 | 83,842 | 82,544 | 79,352 | 74,398 | 79,941 | 4,953,066 | 7,940,711 |
| Total Consolidated Portfolio | 204,935,507 | 25,556,299 | 1,882,708 | 4,119,902 | 3,354,903 | 1,650,020 | 1,297,689 | 333,249 | 271,927 | 333,076 | 243,735,280 |
| Debt | 207,753,013 | 30,698,492 | 6,126,528 | 10,433,537 | 9,233,754 | 6,981,630 | 5,994,438 | 4,798,809 | 5,721,602 | 146,297,933 | 434,039,736 |
| Accrual | (2,817,506) | (5,142,193) | (4,243,820) | (6,313,635) | (5,878,851) | (5,331,610) | (4,696,749) | (4,465,560) | (5,449,675) | (145,964,857) | (190,304,456) |

(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 consolidated financial statements, continued

As of December 31, 2021 and 2020



8. Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2020 is as follows, continued

| Stratification of portfolio by segment As of December 31, 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\$ |
|---|----------------------|--------------------------------|---------------------------------|--------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|--|
| Fixed Telecommunications | | | | | | | | | | | |
| Number of clients w/o renegotiation (1) | 495,107 | 213,336 | 47,237 | 35,897 | 31,208 | 30,271 | 34,643 | 41,431 | 53,908 | 3,202,452 | 4,185,490 |
| Net portfolio w/o renegotiation | 18,113,101 | 5,115,450 | 85,380 | 589,380 | 280,505 | 1,140,416 | 289,141 | - | - | - | 25,613,373 |
| Debt | 19,822,734 | 6,952,105 | 1,223,384 | 5,297,932 | 1,355,831 | 2,563,989 | 1,117,370 | 1,075,892 | 1,050,212 | 90,217,356 | 130,676,805 |
| Accrual | (1,709,633) | (1,836,655) | (1,138,004) | (4,708,552) | (1,075,326) | (1,423,573) | (828,229) | (1,075,892) | (1,050,212) | (90,217,356) | (105,063,432) |
| Number of clients w/renegotiation | 10,577 | 3,722 | 794 | 373 | 234 | 131 | 119 | 107 | 94 | 90,133 | 106,284 |
| Net renegotiated portfolio | 29,844 | 123 | 1 | - | - | - | - | - | - | - | 29,968 |
| Debt | 150,416 | 36,513 | 8,380 | 4,007 | 2,470 | 1,360 | 1,206 | 953 | 823 | 826,187 | 1,032,315 |
| Accrual | (120,572) | (36,390) | (8,379) | (4,007) | (2,470) | (1,360) | (1,206) | (953) | (823) | (826,187) | (1,002,347) |
| Total number of clients | 505,684 | 217,058 | 48,031 | 36,270 | 31,442 | 30,402 | 34,762 | 41,538 | 54,002 | 3,292,585 | 4,291,774 |
| Total Fixed Telephone Portfolio | 18,142,945 | 5,115,573 | 85,381 | 589,380 | 280,505 | 1,140,416 | 289,141 | - | - | - | 25,643,341 |
| Debt | 19,973,150 | 6,988,618 | 1,231,764 | 5,301,939 | 1,358,301 | 2,565,349 | 1,118,576 | 1,076,845 | 1,051,035 | 91,043,543 | 131,709,120 |
| | (1,830,205) | (1,873,045) | (1,146,383) | (4,712,559) | (1,077,796) | (1,424,933) | (829,435) | (1,076,845) | (1,051,035) | (91,043,543) | (106,065,779) |
| Accrual | | | | | | | | | | | |
| Corporate Communication and Data | | | | | | | | | | | |
| Number of clients w/o renegotiation (1) | 2,436 | 1,287 | 40 | 740 | 641 | 624 | 522 | 478 | 538 | 4,654 | 11,960 |
| Net portfolio w/o renegotiation | 49,520,680 | 6,181,584 | 345,137 | 2,133,405 | 981,939 | 824,075 | 615,965 | 567,896 | 413,883 | 731,279 | 62,315,843 |
| Debt | 49,692,916 | 6,451,896 | 415,277 | 2,799,009 | 1,421,039 | 1,408,674 | 1,192,344 | 1,299,829 | 1,406,135 | 9,056,166 | 75,143,285 |
| Accrual | (172,236) | (270,312) | (70,140) | (665,604) | (439,100) | (584,599) | (576,379) | (731,933) | (992,252) | (8,324,887) | (12,827,442) |
| Number of clients w/renegotiation | - | - | - | - | - | - | - | - | - | - | - |
| Net renegotiated portfolio | - | - | - | - | - | - | - | - | - | - | - |
| Debt | - | - | - | - | - | - | - | - | - | - | - |
| Accrual | - | - | - | - | - | - | - | - | - | - | - |
| Total number of clients | 2,436 | 1,287 | 40 | 740 | 641 | 624 | 522 | 478 | 538 | 4,654 | 11,960 |
| Total Corporate Communication and Data Portfolio | 49,520,680 | 6,181,584 | 345,137 | 2,133,405 | 981,939 | 824,075 | 615,965 | 567,896 | 413,883 | 731,279 | 62,315,843 |
| Debt | 49,692,916 | 6,451,896 | 415,277 | 2,799,009 | 1,421,039 | 1,408,674 | 1,192,344 | 1,299,829 | 1,406,135 | 9,056,166 | 75,143,285 |
| Accrual | (172,236) | (270,312) | (70,140) | (665,604) | (439,100) | (584,599) | (576,379) | (731,933) | (992,252) | (8,324,887) | (12,827,442) |
| Television | | | | | | | | | | | |
| Number of clients w/o renegotiation (1) | 212,536 | 77,338 | 12,820 | 10,069 | 8,915 | 9,511 | 11,572 | 15,483 | 22,120 | 273,126 | 653,490 |
| Net portfolio w/o renegotiation | 12,080,722 | 198,221 | 36,416 | 11,260 | 5,237 | 3,499 | 2,395 | - | - | - | 12,337,750 |
| Debt | 12,090,461 | 246,195 | 259,952 | 202,862 | 170,803 | 183,962 | 114,531 | 249,478 | 560,902 | 10,029,578 | 24,108,724 |
| Accrual | (9,739) | (47,974) | (223,536) | (191,602) | (165,566) | (180,463) | (112,136) | (249,478) | (560,902) | (10,029,578) | (11,770,974) |
| Number of clients w/renegotiation | - | - | - | - | - | - | - | - | - | - | - |
| Net renegotiated portfolio | - | - | - | - | - | - | - | - | - | - | - |
| Debt | - | - | - | - | - | - | - | - | - | - | - |
| Accrual | - | - | - | - | - | - | - | - | - | - | - |
| Total number of clients | 212,536 | 77,338 | 12,820 | 10,069 | 8,915 | 9,511 | 11,572 | 15,483 | 22,120 | 273,126 | 653,490 |
| Total Television Portfolio | 12,080,722 | 198,221 | 36,416 | 11,260 | 5,237 | 3,499 | 2,395 | - | - | - | 12,337,750 |
| Debt | 12,090,461 | 246,195 | 259,952 | 202,862 | 170,803 | 183,962 | 114,531 | 249,478 | 560,902 | 10,029,578 | 24,108,724 |
| Accrual | (9,739) | (47,974) | (223,536) | (191,602) | (165,566) | (180,463) | (112,136) | (249,478) | (560,902) | (10,029,578) | (11,770,974) |

(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 consolidated financial statements, continued

As of December 31, 2021 and 2020



Current trade and other accounts receivable, continued

f) The composition of the portfolio stratified by segment as of December 31, 2020 is as follows, continued

| Stratification of portfolio by segment As of December 31, 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\$ |
|---|----------------------|--------------------------------|---------------------------------|--------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|--|
| Mobile Business | | | | | | | | | | | |
| Number of clients w/o renegotiation (1) | 866,171 | 262,064 | 43,091 | 33,866 | 22,153 | 27,585 | 28,911 | 31,958 | 41,457 | 1,886,649 | 3,243,905 |
| Net portfolio w/o renegotiation | 73,727,293 | 7,065,881 | 2,933,274 | 4,034,125 | 1,374,246 | 2,002,831 | 1,513,034 | - | - | - | 92,650,684 |
| Debt | 78,865,019 | 8,140,435 | 4,397,200 | 4,955,376 | 4,655,727 | 6,300,620 | 3,954,351 | 3,339,949 | 3,090,069 | 57,720,528 | 175,419,274 |
| Accrual | (5,137,726) | (1,074,554) | (1,463,926) | (921,251) | (3,281,481) | (4,297,789) | (2,441,317) | (3,339,949) | (3,090,069) | (57,720,528) | (82,768,590) |
| Number of clients w/renegotiation | - | - | - | - | - | - | - | - | - | 10,556 | 10,556 |
| Net renegotiated portfolio | - | - | - | - | - | - | - | - | - | - | - |
| Debt | 62 | 26 | 26 | 26 | 26 | 9 | 26 | 26 | 44 | 1,386,742 | 1,387,013 |
| Accrual | (62) | (26) | (26) | (26) | (26) | (9) | (26) | (26) | (44) | (1,386,742) | (1,387,013) |
| Total number of clients | 866,171 | 262,064 | 43,091 | 33,866 | 22,153 | 27,585 | 28,911 | 31,958 | 41,457 | 1,897,205 | 3,254,461 |
| Total Other Portfolio | 73,727,293 | 7,065,881 | 2,933,274 | 4,034,125 | 1,374,246 | 2,002,831 | 1,513,034 | - | - | - | 92,650,684 |
| Debt | 78,865,081 | 8,140,461 | 4,397,226 | 4,955,402 | 4,655,753 | 6,300,629 | 3,954,377 | 3,339,975 | 3,090,113 | 59,107,270 | 176,806,287 |
| Accrual | (5,137,788) | (1,074,580) | (1,463,952) | (921,277) | (3,281,507) | (4,297,798) | (2,441,343) | (3,339,975) | (3,090,113) | (59,107,270) | (84,155,603) |
| Contractual Asset and Others | | | | | | | | | | | |
| Number of clients w/o renegotiation (1) | - | - | - | - | - | - | - | - | - | - | - |
| Net portfolio w/o renegotiation | 41,539,080 | - | - | - | - | - | - | - | - | - | 41,539,080 |
| Debt | 42,513,041 | - | - | - | - | - | - | - | - | - | 42,513,041 |
| Accrual | (973,961) | - | - | - | - | - | - | - | - | - | (973,961) |
| Number of clients w/renegotiation | - | - | - | - | - | - | - | - | - | - | - |
| Net renegotiated portfolio | - | - | - | - | - | - | - | - | - | - | - |
| Debt | - | - | - | - | - | - | - | - | - | - | - |
| Accrual | - | - | - | - | - | - | - | - | - | - | - |
| Total number of clients | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Portfolio | 41,539,080 | - | - | - | - | - | - | - | - | - | 41,539,080 |
| Debt | 42,513,041 | - | - | - | - | - | - | - | - | - | 42,513,041 |
| Accrual | (973,961) | - | - | - | - | - | - | - | - | - | (973,961) |
| Consolidated Portfolio | | | | | | | | | | | |
| Number of clients w/o renegotiation (1) | 1,576,250 | 554,025 | 103,188 | 80,572 | 62,917 | 67,991 | 75,648 | 89,350 | 118,023 | 5,366,881 | 8,094,845 |
| Net portfolio w/o renegotiation | 194,980,876 | 18,561,136 | 3,400,207 | 6,768,170 | 2,641,927 | 3,970,821 | 2,420,535 | 567,896 | 413,883 | 731,279 | 234,456,730 |
| Debt | 202,984,171 | 21,790,631 | 6,295,813 | 13,255,179 | 7,603,400 | 10,457,245 | 6,378,596 | 5,965,148 | 6,107,318 | 167,023,628 | 447,861,129 |
| Accrual | (8,003,295) | (3,229,495) | (2,895,606) | (6,487,009) | (4,961,473) | (6,486,424) | (3,958,061) | (5,397,252) | (5,693,435) | (166,292,349) | (213,404,399) |
| Number of clients w/renegotiation | 10,577 | 3,722 | 794 | 373 | 234 | 131 | 119 | 107 | 94 | 100,689 | 116,840 |
| Net renegotiated portfolio | 29,844 | 123 | 1 | - | - | - | - | - | - | - | 29,968 |
| Debt | 150,478 | 36,539 | 8,406 | 4,033 | 2,496 | 1,369 | 1,232 | 979 | 867 | 2,212,929 | 2,419,328 |
| Accrual | (120,634) | (36,416) | (8,405) | (4,033) | (2,496) | (1,369) | (1,232) | (979) | (867) | (2,212,929) | (2,389,360) |
| Total number of clients | 1,586,827 | 557,747 | 103,982 | 80,945 | 63,151 | 68,122 | 75,767 | 89,457 | 118,117 | 5,467,570 | 8,211,685 |
| Total Consolidated Portfolio | 195,010,720 | 18,561,259 | 3,400,208 | 6,768,170 | 2,641,927 | 3,970,821 | 2,420,535 | 567,896 | 413,883 | 731,279 | 234,486,698 |
| Debt | 203,134,649 | 21,827,170 | 6,304,219 | 13,259,212 | 7,605,896 | 10,458,614 | 6,379,828 | 5,966,127 | 6,108,185 | 169,236,557 | 450,280,457 |
| Accrual | (8,123,929) | (3,265,911) | (2,904,011) | (6,491,042) | (4,963,969) | (6,487,793) | (3,959,293) | (5,398,231) | (5,694,302) | (168,505,278) | (215,793,759) |

(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.

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



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 | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|---|--------------|-------------------|----------------------------|------------------------------|----------|---------|----------------------|----------------------|
| Infraco SpA (1) | 77,122,635-3 | Chile | Associate | Subtotal | | | 27,231,071 | - |
| | | | | Deployment services | CLP | 60 days | 20,489,250 | - |
| | | | | Wholesale and other services | CLP | 60 days | 6.062.288 | - |
| | | | | Accounts receivable | CLP | 60 days | 679,533 | - |
| Telefónica Cybersecurity & Cloud Tech Chile SpA (2) | 77,145,256-6 | Chile | Common end controller | Serv, Provided | CLP | 60 days | 2,585,644 | 244,547 |
| Telefónica Global Solutions Chile, S,p,A, | 76,540,944-6 | Chile | Common end controller | Serv, Provided | CLP | 60 days | 1,213,370 | 1,025,297 |
| Telxius Cable Chile | 96,910,730-9 | Chile | Common end controller | Serv, Provided | CLP | 60 days | 5,244,856 | 1,023,689 |
| Telefónica Global Solutions | Foreign | Spain | Common end controller | Serv, Provided | EUR | 60 days | 578,297 | 1,511,463 |
| Telefónica Ingeniería de Seguridad S,A, | 59,083,900-0 | Chile | Common end controller | Serv, Provided | CLP | 60 days | 74,807 | 394,084 |
| Telefónica Brasil | Foreign | Brazil | Common end controller | Serv, Provided | USD | 60 days | 343,192 | 245,864 |
| Telefónica S,A, | Foreign | Spain | End controller | Serv, Provided | EUR | 90 days | 419,233 | 299,768 |
| Telefónica de Argentina S,A, | Foreign | Argentina | Common end controller | Serv, Provided | USD | 90 days | 261,429 | - |
| Telefónica Digital España | Foreign | Spain | Common end controller | Serv, Provided | EUR | 90 days | 199,634 | 276,787 |
| Telefónica Móviles Argentina S,A, | Foreign | Argentina | Common end controller | Serv, Provided | USD | 60 days | 212,558 | 183,970 |
| Telefónica Venezolana C,A, | Foreign | Venezuela | Common end controller | Serv, Provided | USD | 90 days | 52,298 | 96,299 |
| Telefónica IoT & Big Data Tech Chile SpA | 76,338,291-5 | Chile | Common end controller | Serv, Provided | CLP | 90 days | 122,347 | 1,045 |
| Terra Networks Chile S,A, | 96,834,230-4 | Chile | Common end controller | Serv, Provided | CLP | 60 days | 34,327 | 17,855 |
| Pegaso PCS, S,A, de C,V, | Foreign | México | Common end controller | Serv, Provided | USD | 60 days | 9,042 | 42,967 |
| Telefónica Uk Ltd (antes O2 (UK) Ltd) | Foreign | UK | Common end controller | Serv, Provided | EUR | 90 days | - | 21,158 |
| Colombia Telecomunicaciones S,A,E,S,P | Foreign | Colombia | Common end controller | Serv, Provided | USD | 90 days | 46,526 | 18,587 |
| Telefónica Móviles España | Foreign | Spain | Common end controller | Serv, Provided | EUR | 60 days | 65,806 | 48,606 |
| Inversiones Telefónica Internacional Holding SpA | 77,363,730-K | Chile | Common end controller | Serv, Provided | CLP | 90 days | 5,262 | 5,262 |
| Telefónica Móviles del Uruguay | Foreign | Uruguay | Common end controller | Serv, Provided | USD | 60 days | 17,757 | 16,173 |
| Wayra Chile Tecnología e Innovación Ltda, | 96,672,150-2 | Chile | Common end controller | Serv, Provided | CLP | 90 days | 31,642 | 7,325 |
| Telefónica Móviles El Salvador | Foreign | El Salvador | Common end controller | Serv, Provided | USD | 60 days | 413 | 596 |
| Telxius Torres Chile, S,A,(3) | 76,558,575-9 | Chile | Common end controller | Serv, Provided | CLP | 90 days | - | 3,506,043 |
| Telefónica Factoring Chile S,A | 76,096,189-2 | Chile | Common end controller | Serv, Provided | CLP | 60 days | - | 107,418 |
| Terra Networks Brasil | Foreign | Brazil | Common end controller | Serv, Provided | USD | 60 days | 5,148 | 5,148 |
| Total | | | | | | | 38,754,659 | 9,099,951 |

(1) Optical fiber deployment operations began in July 2021.

(2) On March 12, 2020, Telefónica Cybersecurity & Cloud Tech Chile SpA was established to provide cybersecurity and information security services. This company was sold in June 2020.

(3) In June 2021, Telxius Torres Chile S.A. stopped being a related company.

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



9. Receivables from and payable to related companies, continued

a) Currents receivables from related companies, continued

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.

b) Non-current receivables from related companies

| Company | Taxpayer No, | Country of origin | Nature of the relationship | Transaction origin | Currency | Term | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|------------------------|--------------|-------------------|----------------------------|-------------------------------|----------|------|----------------------|----------------------|
| HoldCo Infraco SpA (1) | 77,374,961-2 | Chile | Associate | Sale of Fiber Optic business. | CLP | - | 83,260,671 | - |
| Total | | | | | | | 83,260,671 | - |

c) Current payables to related companies:

| Company | Taxpayer No, | Country of origin | Nature of the relationship | Transaction origin | Currency | Term | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|--|--------------|-------------------|----------------------------|-----------------------|-----------|---------|----------------------|----------------------|
| Telefónica S.A. | Foreign | Spain | End controller | Subtotal | | | 11,952,652 | 8,286,825 |
| | | | | Brand Fee | EUR / CLP | 60 days | 11,493,901 | 7,841,891 |
| | | | | Others | EUR | 60 days | 458,751 | 444,934 |
| Telxius Torres Chile S.A. | 76.558.575-9 | Chile | Common end controller | Subtotal | | | - | 8,442,676 |
| | | | | Spaces lease | CLP | 60 days | - | 5,795,443 |
| | | | | Co-localization lease | CLP | 60 days | - | 2,560,600 |
| | | | | Serv, Provided | CLP | 60 days | - | 86,633 |
| Telefónica Argentina S.A. | Foreign | Argentina | Common end controller | Serv, Provided | USD | 60 days | 10,829,564 | 10,387,758 |
| Inversiones Telefónica Internacional Holding L S.A. | 77.363.730-K | Chile | Common end controller | Serv, Provided | CLP | 60 days | 97,791,799 | 9,867,639 |
| Telefónica Digital España | Foreign | Spain | Common end controller | Serv, Provided | EUR | 60 days | 5,779,951 | 6,097,011 |
| Telefónica Cybersecurity Tech SpA | 77.145.256-6 | Chile | Common end controller | Serv, Provided | CLP | 60 days | 15,349,670 | 2,787,013 |
| Telefónica International Wholesale Services España | Foreign | Spain | Common end controller | Serv, Provided | EUR | 60 days | 2,981,044 | 2,079,681 |
| Telxius Cable Chile (Ex Telef. Int. Wholesale Services Chile SA) | 96.910.730-9 | Chile | Common end controller | Subtotal | | | 3,213,780 | 2,234,522 |
| | | | | Ip voice traffic | CLP | 60 days | 2,023,354 | 1,148,643 |
| | | | | Data and links | CLP | 60 days | 1,101,086 | 997,511 |
| | | | | Mandate | CLP | 60 days | 89,340 | 88,368 |
| Infraco SpA (1) | 77,122,635-3 | Chile | Associate | Serv. Provided | CLP | 60 days | 27,063,783 | - |
| Telefónica Hispanoamérica, S.L (antes LACH) | Foreign | Spain | Common end controller | Serv, Provided | EUR | 60 days | 2,937,250 | 103,827 |
| Tiws Chile II Spa | 76.540.944-6 | Chile | Common end controller | Serv, Provided | CLP | 60 days | 2,451,895 | 1,806,721 |
| Telefónica Compras Electrónicas | Foreign | Spain | Common end controller | Serv, Provided | EUR | 60 days | 1,069,172 | 779,941 |

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



9. Receivables from and payable to related companies, continued

c) Current payables to related companies, continued

| Company | Taxpayer No, | Country of origin | Nature of the relationship | Transaction origin | Currency | Term | 12.31.2021 | 12.31.2020 |
|--|--------------|-------------------|----------------------------|--------------------|----------|---------|--------------------|-------------------|
| | | | | | | | ThCh\$ | ThCh\$ |
| Telefonica Iot & Big Data Tech | Foreign | Spain | Common end controller | Serv, Provided | EUR | 60 days | 849,680 | - |
| Telefónica On The Spot Soluciones Digitales de Chile Spa | 76.338.291-5 | Chile | Common end controller | Serv, Provided | CLP | 60 days | 747,548 | 59,952 |
| Telefónica Ingeniería de Seguridad | Foreign | Spain | Common end controller | Serv, Provided | EUR | 60 days | 692,550 | - |
| Telefónica Global Technology S.A.U. | Foreign | Spain | Common end controller | Serv, Provided | EUR | 60 days | 387,436 | 522,721 |
| Telefónica Cybersecurity & Cloud Tech España | Foreign | Spain | Common end controller | Serv, Provided | EUR | 60 days | 346,876 | - |
| Telefónica Global Roaming GmbH | Foreign | Alemania | Common end controller | Serv, Provided | EUR | 60 days | 343,540 | 183,867 |
| Media Networks Perú | Foreign | Perú | Common end controller | Satellite Space | USD | 60 days | 251,062 | 1,401,556 |
| Telefónica del Perú S.A. | Foreign | Perú | Common end controller | Serv, Provided | USD | 60 days | 268,083 | 510,725 |
| Terra México | Foreign | Mexico | Common end controller | Serv, Provided | USD | 60 days | 125,772 | - |
| Telefónica O2 Germany GmbH & Co Ohg | Foreign | Alemania | Common end controller | Serv, Provided | EUR | 60 days | 101,013 | 106,834 |
| Telecel Venezuela | Foreign | Venezuela | Common end controller | Serv, Provided. | USD | 60 days | 69,168 | - |
| Telefónica Móviles del Uruguay S.A. | Foreign | Uruguay | Common end controller | Serv, Provided | USD | 60 days | 46,904 | - |
| Telefónica Servicios Audiovisuales | Foreign | Spain | Common end controller | Serv, Provided | EUR | 60 days | 34,675 | 18,151 |
| Telefónica Learning Services | Foreign | Spain | Common end controller | Serv, Provided | EUR | 60 days | 33,007 | - |
| Telefónica Global Technology Chile | 59.165.120-k | Chile | Common end controller | Computer services | CLP | 60 days | 16,105 | 16,105 |
| Otecel S.A. | Foreign | Ecuador | Common end controller | Serv, Provided | USD | 60 days | 10,335 | 5,291 |
| Telefónica Móviles España S.A. | Foreign | Spain | Common end controller | Serv, Provided | EUR | 60 days | - | 22,814 |
| Telefónica Brasil | Foreign | Brazil | Common end controller | Serv, Provided | USD | 60 days | - | 47,275 |
| Telefónica Móviles Argentina S.A. | Foreign | Argentina | Common end controller | Serv, Provided | USD | 60 days | - | 33,389 |
| Telefónica de España S.A.U | Foreign | Spain | Common end controller | Serv, Provided. | EUR | 60 days | - | 1,421 |
| Terra Networks México Holding S.A. | Foreign | México | Common end controller | Serv, Provided | USD | 60 days | - | 254,870 |
| Telefónica Latam Holding | Foreign | Spain | Common end controller | Management Fee | EUR | 60 days | - | 1,792,803 |
| Telefónica USA Inc. | Foreign | USA | Common end controller | Serv, Provided | USD | 60 days | - | 64,352 |
| Telefónica Ingeniería de Seguridad S.A. | 59.083.900-0 | Chile | Common end controller | Serv, Provided | CLP | 60 days | - | 1,565,664 |
| Telefónica Global Services GmbH (antes O2 GMBH) | Foreign | Alemania | Common end controller | Serv, Provided | EUR | 60 days | - | 67,000 |
| Total | | | | | | | 185,744,314 | 59,548,404 |

On March 12, 2020, Telefónica Cybersecurity & Cloud Tech Chile SpA was established to provide cybersecurity and information security services. This company was sold in June 2020.

There are no 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 consolidated financial statements, continued

As of December 31, 2021 and 2020



9. Receivables from and payable to related companies, continued

d) Non-current payables to related companies:

| Company | Taxpayer No, | Country of origin | Nature of the relationship | Transaction origin | Currency | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|---------------------------|--------------|-------------------|----------------------------|-----------------------|----------|----------------------|----------------------|
| Telxius Torres Chile S.A. | 76,558,575-9 | Chile | Common end controller | Co-localization lease | CLP | - | 39,447,038 |
| Telefónica S.A. | Foreign | Spain | End controller | HR obligation | CLP | 1,529,371 | 1,354,947 |
| Total | | | | | | 1,529,371 | 40,801,985 |

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

| Sociedad | RUT | País Origen | Naturaleza de la relación | Descripción de la transacción | Moneda | Monto ThCh\$ | 12.31.2021 Efecto en resultados (Cargo)/Abono | Monto ThCh\$ | 12.21.2020 Efecto en resultados (Cargo)/Abono |
|---|--------------|-------------|---------------------------|---|--------|-----------------|--|-----------------|--|
| Infraco SpA (1) | 77.122.635-3 | Chile | Associate | Deployment service | CLP | 46,042,555 | 46,042,555 | - | - |
| | | | | Optic Fiber Connectivity. | CLP | 45,156,729 | (45,156,729) | - | - |
| HoldCo InfraCo SpA | 77.374.961-2 | Chile | Associate | interest and adjustments subordinated deb | CLP | 2,919,768 | 2,919,768 | - | - |
| Telefónica Global Solutions Chile, S.p.A. | 76.540.944-6 | Chile | Common end controller | Access and Interconnection Charges | CLP | 2,386,220 | 2,386,220 | 2,268,026 | 2,268,026 |
| | | | | Costs | CLP | 5,028,270 | (5,028,270) | 7,438,509 | (7,438,509) |
| Telefónica IoT & Big Data Tech Chile, SpA | 76.338.291-5 | Chile | Common end controller | Sale of IOT Big Data | CLP | 3,990,530 | 3,990,530 | - | - |
| | | | | Costs | CLP | 1,661,109 | (1,661,109) | - | - |
| Telxius Cable Chile | 96.910.730-9 | Chile | Common end controller | Sales | CLP | 1,982,806 | 1,982,806 | 3,081,019 | 3,081,019 |
| | | | | Access to Internet Internac. – IP Traffic | CLP | 14,720,850 | (14,720,850) | 9,834,029 | (9,834,029) |
| Telefónica Global Solutions | Extranjera | España | Common end controller | Serv. Provided | CLP | 1,914,896 | 1,914,896 | 1,822,943 | 1,822,943 |
| | | | | Costs | CLP | 4,538,505 | (4,538,505) | 3,538,207 | (3,538,207) |
| Media Network Perú S.A.C. | Extranjera | Perú | Common end controller | Media Rental | CLP | 2,284,176 | (2,284,176) | 5,987,289 | (5,987,289) |
| | | | | Sales | CLP | - | - | 1,042,827 | 1,042,827 |
| Telefónica Hispanoamérica | Extranjera | España | Common end controller | Management Fee | EUR | 2,445,146 | (2,445,146) | 1,542,120 | (1,542,120) |
| Telxius Torres Chile S.A.(2) | 76.558.575-9 | C Chile | Common end controller | Lease | CLP | 2,510,497 | (2,510,497) | 2,358,655 | (2,358,655) |
| Telefónica lot & Big Data Tech | Extranjera | España | Common end controller | Costs | CLP | 2,977,537 | (2,977,537) | - | - |
| Telefónica Compras Electrónicas S.L. | Extranjera | España | Common end controller | Serv. Provided | EUR | 3,025,437 | (3,025,437) | - | - |
| Telefónica Ingeniería de Seguridad S.A. | 59.083.900-0 | Chile | Common end controller | Costs | CLP | 4,338,179 | (4,338,179) | 6,830,829 | (6,830,829) |
| Telefónica Argentina S.A. | Extranjera | Argentina | Common end controller | Costs | CLP | 5,329,595 | (5,329,595) | 5,691,237 | (5,691,237) |
| Telefónica Global Technology S.A.U. | Extranjera | España | Common end controller | Costs | CLP | 6,220,602 | (6,220,602) | 5,877,376 | (5,877,376) |
| Telefónica Digital España | Extranjera | España | Common end controller | Costs | CLP | 11,228,574 | (11,228,574) | 4,899,158 | (4,899,158) |
| Telefónica S.A. | Extranjera | España | End controller | Brand Fee | EUR | 28,054,410 | (28,054,410) | 24,058,384 | (24,058,384) |
| Telefónica Cybersecurity & Cloud Tech Chile SpA (3) | 77.145.256-6 | Chile | Common end controller | Costs | CLP | 43,272,353 | (43,272,353) | 2,633,646 | (2,633,646) |

(1) Fiber optic deployment operations began as of July 1, 2021

(2) In June 2021, Telxius Torres Chile S.A. stopped being a related company.

(3) On March 12, 2020, Telefónica Cybersecurity & Cloud Tech Chile SpA was established to provide cybersecurity and information security services. This company was sold in June 2020.

As of December 31, 2021, 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 Corporations Law, and other relevant regulations, requires that a publicly traded corporation's transactions with related companies are carried out under terms similar to those commonly prevailing in the market. As of December 31, 2021 and 2020, the Company has no significant transactions with related parties other than those already reported in these financial statements.

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 5 members and its key employees are 68 and 69 for December 31, 2021 and 2020, respectively.

| Concepts | 12.31.2021 | 12.31.2020 |
|--------------------------|-------------------|-------------------|
| | ThCh\$ | ThCh\$ |
| Salaries | 11,807,537 | 11,163,439 |
| Post employment benefits | 1,068,589 | 3,230,879 |
| Total | 12,876,126 | 14,394,318 |

10. Inventory

a) The detail of inventory is as follows:

| Concepts | 12.31.2021 | | | 12.31.2020 | | |
|--|-----------------------|---|---------------------|-----------------------|---|---------------------|
| | Gross value ThCh\$ | Allowance for obsolescence ThCh\$ | Net value ThCh\$ | Gross value ThCh\$ | Allowance for obsolescence ThCh\$ | Net value ThCh\$ |
| Mobile equipment | 35,085,700 | (241,310) | 34,844,390 | 36,673,626 | (78,158) | 36,595,468 |
| Modems and Router (1) | 22,423,379 | (905,886) | 21,517,493 | 20,352,861 | (952,595) | 19,400,266 |
| | 29,407,601 | (66,073) | 29,341,528 | - | - | - |
| IP Solutions Projects (2) | 4,374,333 | - | 4,374,333 | 4,534,625 | - | 4,534,625 |
| Decoders and antennas | 2,723,062 | (230,628) | 2,492,434 | 3,638,292 | (455,822) | 3,182,470 |
| Basic telephony, public telephony and switchboard ("centralitas") components (3) | 5,318,687 | (181,151) | 5,137,536 | 3,549,579 | (346,472) | 3,203,107 |
| Mobile accessory | 2,181,339 | (81,712) | 2,099,627 | 438,231 | (38,491) | 399,740 |
| Other | 110,296 | (20,147) | 90,149 | 134,385 | (13,476) | 120,909 |
| Total | 101,624,397 | (1,726,907) | 99,897,490 | 69,321,599 | (1,885,014) | 67,436,585 |

(1) Stock was increased in 2021 mainly for connection of broadband to fiber.

(2) Correspond to optic fiber materials for commercialization with InfraCo SpA.

(3) The increase is mainly due to more purchases for implementation of customer projects.

As of December 31, 2021 and 2020 there have been no inventory write-offs, there is no inventory in guarantee.

b) The movement of inventory is as follows:

| Movements | 12.31.2021 | 12.31.2020 |
|----------------------------|-------------------|-------------------|
| | ThCh\$ | ThCh\$ |
| Beginning balance | 67,436,585 | 59,288,009 |
| Purchases | 455,503,245 | 336,590,478 |
| Sales | (431,909,186) | (326,914,096) |
| Allowance for obsolescence | 270,255 | 247,057 |
| Transfer (1) | 8,596,591 | (1,774,863) |
| Movement, subtotal | 32,460,905 | 8,148,576 |
| Ending balance | 99,897,490 | 67,436,585 |

(1) Corresponds to transfer from property, plant and equipment in the amount of ThCh \$ 8,596,591 (Note 15b), from materials destined to investment which were transferred due to the sale of the fiber network and are composed of fiber cables in the amount of ThCh\$ 3,719,112, optical fiber terminal boxes in the amount of ThCh\$ 2,864,863, steel cable "Crucetas" and "Mufas" in the amount of ThCh\$ 1,768,236, splitters, jumpers and optical cable boxes in the amount of ThCh\$ 244,380. In 2020 ThCh\$(1,774,863) were transferred from inventory to available-for-sale assets due to the Cloud sale transaction (see Note 18).

11. Income Taxes

a) Income Taxes:

As of December 31, 2021, the parent company, Telefónica Móviles Chile S.A. and subsidiary Telefónica Chile S.A. and Telefónica Chile Servicios Corporativos Ltda., have established a first category income tax provision, since it determined a positive tax base in the amount of ThCh\$33,636,273 and ThCh\$365,629,293, respectively. The rest of the companies of the Group present tax losses.

As of December 31, 2020, Telefónica Móviles Chile S.A. and subsidiary Telefónica Chile Servicios Corporativos Ltda., have established a first category income tax provision, determining a positive taxable base of ThCh\$5,220,965 and ThCh\$5,831,206, respectively.

The following are first category tax losses as of December 31, 2021 and 2020, as applicable:

- Telefónica Chile S.A. ThCh\$25,966,611 at December 31, 2020.
- Telefónica Empresas S.A. ThCh\$60,039,288 and ThCh\$62,126,717 at December 31, 2021 and 2020, respectively.
- Telefónica Investigación y Desarrollo SpA. ThCh\$1,266,057 y ThCh\$1,094,256 at December 31, 2021 and 2020, respectively.

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.

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



11. Income Taxes, continued

a) Income Taxes, continued

As of December 31, 2021, 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 | | Current loan rate (factor of 27%) Total available credit against final taxes (art 41 A & 41 C of ITL) | | 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 | ThCh\$ | ThCh\$ | | |
| Telefónica Móviles Chile S.A. | - | - | - | - | (412,712) | - | - | - | - | |
| Telefónica Chile S.A. | - | - | - | - | 99,545,094 | - | - | 125,656,769 | 554,537,832 | |
| Telefónica Empresas Chile S.A. | 3,145,585 | - | - | 3,145,585 | (303,819) | - | - | - | - | |
| Telefónica Chile Servicios Corporativos Ltda. | 97,901,333 | 97,901,333 | - | - | 17,085,680 | - | - | 18,952,027 | 70,583,298 | |
| Telefónica Investigación y Desarrollo SPA | 1,385,535 | 1,385,535 | - | - | 727,470 | - | - | - | - | |
| Total | 102,432,453 | 99,286,868 | - | 3,145,585 | 116,641,713 | - | - | 144,608,796 | 625,121,130 | |

b) Current tax assets

As of December 31, 2021 and 2020, current income tax assets are detailed as follows:

| Concepts | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|---|----------------------|----------------------|
| Monthly prepaid tax installments (1) | 4,605,082 | 7,557,251 |
| Taxes for recovering previous years (2) | 2,969,754 | 3,861,856 |
| Provisional payment on absorbed profits (3) | 2,718,729 | 2,718,729 |
| Sence and others | 770,771 | - |
| Total | 11,064,336 | 14,137,836 |

(1) Corresponds to the net balance between monthly provisional payments and the income tax provision at 2021 and 2022.

(2) Corresponds to Telefónica Chile S.A. For ThCh\$44,486 (Income Statement AT2019), Telefónica Móviles S.A. for ThCh\$739,892 (Income Statement AT2017) and Telefónica Chile Servicios Corporativos Ltda. for ThCh\$2,199,685 (Income Statement AT2020 and previous years).

(3) Tax refunds from Inversiones Telefónica Móviles Holding S.A. for fiscal years 2015 and 2016.

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



11. Income Taxes, continued

c) Deferred tax assets and liabilities

As of December 31, 2021 and 2020, accumulated balances of temporary differences originated net deferred tax assets in the amount of ThCh\$3,739,451 and ThCh\$21,844,559, respectively and which are detailed as follows:

| Disclosure of temporary differences, losses and unused tax credits December 31, 2021 | Provision for impairment | 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 |
|--|--------------------------|------------------------|---------------------|--|-----------------------|---|----------------------|---|---------------------|--------------------------------------|-----------------------------|----------------------|-----------------------|--|
| Deferred tax assets and liabilities | | | | | | | | | | | | | | |
| Deferred tax assets | 26,626,034 | 388,859 | 27,731,560 | 67,060,767 | 5,151,427 | - | 17,064,265 | 15,418,084 | 18,712,443 | 13,178,444 | (3,550,972) | (87,038,213) | 100,742,698 | 100,742,698 |
| Deferred tax liabilities | - | - | 4,309,226 | - | - | 11,606,875 | 11,108,145 | 134,745,684 | - | 10,565,775 | 11,705,755 | (87,038,213) | 97,003,247 | 97,003,247 |
| Deferred tax liabilities (assets) | (26,626,034) | (388,859) | (23,422,334) | (67,060,767) | (5,151,427) | 11,606,875 | (5,956,120) | 119,327,600 | (18,712,443) | (2,612,669) | 15,256,727 | - | (3,739,451) | (3,739,451) |
| Deferred tax assets and liabilities, net | | | | | | | | | | | | | | |
| Deferred tax assets, net | (26,626,034) | (388,859) | (23,422,334) | (67,060,767) | (5,151,427) | - | (5,956,120) | - | (18,712,443) | (2,612,669) | - | - | (149,930,653) | (149,930,653) |
| Deferred tax liabilities, net | - | - | - | - | - | 11,606,875 | - | 119,327,600 | - | - | 15,256,727 | - | 146,191,202 | 146,191,202 |
| Deferred tax expense (benefit) | | | | | | | | | | | | | | |
| Deferred tax expense (benefit) | 9,310,582 | 42,690 | (26,399,462) | 21,265,864 | (131,576) | 4,175,153 | (293,871) | (16,514,543) | 4,684,960 | (2,297,241) | 22,609,488 | - | 16,452,044 | 16,452,044 |
| Deferred tax expense (benefit) recognized in income | 9,310,582 | 42,690 | (26,399,462) | 21,265,864 | (131,576) | 4,175,153 | (293,871) | (16,514,543) | 4,684,960 | (2,297,241) | 22,609,488 | - | 16,452,044 | 16,452,044 |
| Changes in deferred tax liabilities (assets) | | | | | | | | | | | | | | |
| Deferred tax liabilities (assets) – Beginning balance Dec, 2020 | (35,936,616) | (431,549) | 2,977,128 | (88,326,631) | (5,019,851) | 7,431,722 | (6,632,068) | 135,842,143 | (24,080,648) | (315,428) | (7,352,761) | - | (21,844,559) | (21,844,559) |
| Changes in deferred tax liabilities (assets) | | | | | | | | | | | | | | |
| Deferred tax expense (benefit) recognized in income | 9,310,582 | 42,690 | (26,399,462) | 21,265,864 | (131,576) | 4,175,153 | (293,871) | (16,514,543) | 4,684,960 | (2,297,241) | 22,609,488 | - | 16,452,044 | 16,452,044 |
| Deferred taxes related to items credited (charged) directly to equity | - | - | - | - | - | - | - | - | 683,245 | - | - | - | 683,245 | 683,245 |
| Income taxes related to components of other comprehensive income | - | - | - | - | - | - | 969,819 | - | - | - | - | - | 969,819 | 969,819 |
| 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) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in deferred tax (assets) liabilities | 9,310,582 | 42,690 | (26,399,462) | 21,265,864 | (131,576) | 4,175,153 | 675,948 | (16,514,543) | 5,368,205 | (2,297,241) | 22,609,488 | - | 18,105,108 | 18,105,108 |
| Deferred tax liabilities (assets) | (26,626,034) | (388,859) | (23,422,334) | (67,060,767) | (5,151,427) | 11,606,875 | (5,956,120) | 119,327,600 | (18,712,443) | (2,612,669) | 15,256,727 | - | (3,739,451) | (3,739,451) |

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



11. Income Taxes, continued

c) Assets and Liability by Deferred taxes, continued

| Disclosure of temporary differences, losses and unused tax credits December 31, 2020 | Provision for impairment | 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 |
|--|--------------------------|------------------------|------------------|--|-----------------------|---|----------------------|---|---------------------|--------------------------------------|-----------------------------|----------------------|-----------------------|--|
| Deferred tax assets and liabilities | | | | | | | | | | | | | | |
| Deferred tax assets | 35,936,616 | 431,549 | 3,627,492 | 88,326,631 | 5,019,851 | - | 17,788,044 | 9,836,021 | 24,080,648 | 9,461,264 | 5,124,675 | (82,085,299) | 117,547,492 | 117,547,492 |
| Deferred tax liabilities | - | - | 6,604,620 | - | - | 7,431,722 | 11,155,976 | 145,678,164 | - | 9,145,836 | (2,228,086) | (82,085,299) | 95,702,933 | 95,702,933 |
| Deferred tax liabilities (assets) | (35,936,616) | (431,549) | 2,977,128 | (88,326,631) | (5,019,851) | 7,431,722 | (6,632,068) | 135,842,143 | (24,080,648) | (315,428) | (7,352,761) | - | (21,844,559) | (21,844,559) |
| Deferred tax assets and liabilities, net | | | | | | | | | | | | | | |
| Deferred tax assets, net | (35,936,616) | (431,549) | - | (88,326,631) | (5,019,851) | - | (6,632,068) | - | (24,080,648) | (315,428) | (7,352,761) | - | (168,095,552) | (168,095,552) |
| Deferred tax liabilities, net | - | - | 2,977,128 | - | - | 7,431,722 | - | 135,842,143 | - | - | - | - | 146,250,993 | 146,250,993 |
| Deferred tax expense (benefit) | | | | | | | | | | | | | | |
| Deferred tax expense (benefit) | 375,557 | 66,704 | 478,233 | 8,553,726 | 37,363 | 3,769,784 | 19,678 | 4,347,556 | (10,003,992) | (1,287,642) | (2,261,730) | - | 4,095,237 | 4,095,237 |
| Deferred tax expense (benefit) recognized in income | 375,557 | 66,704 | 478,233 | 8,553,726 | 37,363 | 3,769,784 | 19,678 | 4,347,556 | (10,003,992) | (1,287,642) | (2,261,730) | - | 4,095,237 | 4,095,237 |
| Changes in deferred tax liabilities (assets) | | | | | | | | | | | | | | |
| 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) |
| Changes in deferred tax liabilities (assets) | | | | | | | | | | | | | | |
| Deferred tax expense (benefit) recognized in income | 375,557 | 66,704 | 478,233 | 8,553,726 | 37,363 | 3,769,784 | 19,678 | 4,347,556 | (10,003,992) | (1,287,642) | (2,261,730) | - | 4,095,237 | 4,095,237 |
| Deferred taxes related to items credited (charged) directly to equity | - | - | - | - | - | - | - | - | (3,405,172) | - | - | - | (3,405,172) | (3,405,172) |
| Income taxes related to components of other comprehensive income | - | - | - | - | - | - | (67,733) | - | - | - | - | - | (67,733) | (67,733) |
| 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) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in deferred tax (assets) liabilities | 375,557 | 66,704 | 478,233 | 8,553,726 | 37,363 | 3,769,784 | (48,055) | 4,347,556 | (13,409,164) | (1,287,642) | (2,261,730) | - | 622,332 | 622,332 |
| Deferred tax liabilities (assets) | (35,936,616) | (431,549) | 2,977,128 | (88,326,631) | (5,019,851) | 7,431,722 | (6,632,068) | 135,842,143 | (24,080,648) | (315,428) | (7,352,761) | - | (21,844,559) | (21,844,559) |

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

11. Income Taxes, continued

c) Assets and Liability by Deferred taxes, continued

jj. Effect of taxable goodwill due to merger of Telefónica Móviles Chile S.A. with Inversiones Telefónica Móviles Holding Ltda.

On May 2, 2017 the Company (formerly Inversiones Telefónica Móviles Holding Ltda.) 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 came from allocation of taxable goodwill generated in the merger, the non-monetary assets of the absorbed entity, which ultimately was reflected in the recording of a deferred tax asset under IFRS. This allocation required management to determine the fair values of those assets using their best estimate. As of March 31, 2018, the Company finished the process of estimating the fair values of the non-monetary assets involved in the merger and determined a deferred tax which was audited by the Chilean Internal Revenue Service in FY 2018. On September 23, 2021, the audit was concluded determining final deferred taxes in the amount of ThCh\$139,353,817. The difference generated in function of the recognition of beginning deferred taxes in 2017 was recorded with a credit to income, under income taxes.

As of December 31, 2021 and 2020, the balance of this deferred tax asset amounted to ThCh\$67,060,767 and ThCh\$82,405,744, respectively.

d) Taxable Income

As of December 31, 2021 and 2020 a first category income tax provision has been established, therefore a taxable positive base was determined in the amount of ThCh\$406,156,814 and ThCh\$11,052,172, respectively for year, detailed as follows:

| Concepts | Taxable Net Income | |
|---|----------------------|----------------------|
| | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
| Finance income | 335,559,843 | 31,952,319 |
| Recorded tax expense | 112,913,614 | 17,012,510 |
| Additions | 1,230,330,271 | 534,794,531 |
| Deductions | (1,272,646,914) | (572,707,188) |
| Taxable net income | 406,156,814 | 11,052,172 |
| First category tax rate 27% | 109,662,340 | 2,984,086 |
| Art. 21 rejected expenses tax base | 1,825,937 | 2,112,087 |
| First category tax rate 40% | 730,375 | 844,834 |
| Total tax provision | 110,392,715 | 3,828,920 |
| Provision contingencies (1) | 5,283,841 | 6,317,103 |
| Provision for hedging instruments to equity (2) | (10,927,797) | 2,041,884 |
| Settlement of derivatives of previous years (3) | (4,978,567) | 353,752 |
| (Excess) losses of previous year | (3,308,763) | 375,614 |
| Total first category taxes | 96,461,570 | 12,917,273 |

(1) Corresponds to interest and readjustments of the contingencies provision of the parent company (see Note 34 a).

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

(3) Corresponds to the tax expense (benefit) calculated on 2020 hedging instruments, which is carried out in the settlement of the derivative, which occurs in the following period to its provision. This tax provision is presented as a higher or lower expense for the year.

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



11. Income Taxes, continued

e) Income tax reconciliation

The income tax expense reconciliation for December 31, 2021 and 2020 is detailed as follows:

| Items | 12.31.2021 | | 12.31.2020 | |
|--|------------------------|------------------------|------------------------|------------------------|
| | Taxable Base ThCh\$ | 27% Tax Rate ThCh\$ | Taxable Base ThCh\$ | 27% Tax Rate ThCh\$ |
| Based on accounting income before taxes: | | | | |
| Finance income | 335,559,843 | | 31,952,319 | |
| Recorded tax expense | 112,913,614 | | 17,012,510 | |
| Income before taxes | 448,473,457 | 121,087,833 | 48,964,829 | 13,220,504 |
| Permanent differences | (30,274,885) | (8,174,219) | 14,044,464 | 3,792,006 |
| Price-level restatement of taxable equity | (117,724,277) | (31,785,555) | (60,222,401) | (16,260,048) |
| Price-level restatement of taxable value of investments in related companies | 79,204,239 | 21,385,145 | 29,245,963 | 7,896,410 |
| Income from investment in related parties | (56,144,233) | (15,158,943) | 1,270,791 | 343,114 |
| Contingency provision | 19,346,463 | 5,223,545 | 23,396,678 | 6,317,103 |
| Adjustment on deferred tax balances | 40,116,144 | 10,831,359 | (2,922,470) | (789,067) |
| Losses previous year (surplus) | (12,254,159) | (3,308,623) | 1,391,163 | 375,614 |
| Art. 21 non-deductible expenses | 2,705,093 | 730,375 | 3,129,015 | 844,834 |
| IFRS16 adjustment | (3,558,511) | (960,798) | 18,214 | 4,918 |
| Adjustment for BAF and DECOS components | 6,330,956 | 1,709,358 | (783,763) | (211,616) |
| Price-level restatement of non-monetary assets associated to merger intangibles | 7,357,194 | 1,986,442 | 2,891,822 | 780,792 |
| Uncollectible debtor write-offs | - | - | 3,709,065 | 1,001,448 |
| Dividend charged to tax loss in T-Chile | - | - | 9,868,605 | 2,664,523 |
| Others (1) | 4,346,206 | 1,173,476 | 3,051,782 | 823,981 |
| Permanent differences | | | | |
| Total corporate tax expense | 418,198,572 | 112,913,614 | 63,009,293 | 17,012,510 |
| Based on taxable net income and deferred taxes calculated on the basis of temporary differences | | | | |
| 27% income tax | | 98,734,544 | | 5,025,970 |
| 40% income tax | | 730,375 | | 844,834 |
| Contingency provision | | 5,283,841 | | 6,317,103 |
| Settlement of derivatives of previous years | | (4,978,567) | | 353,752 |
| Losses previous year (surplus) | | (3,308,622) | | 375,614 |
| Income tax expense | | 96,461,571 | | 12,917,273 |
| Total deferred tax expense (income) | | 16,452,044 | | 4,095,237 |
| Total corporate tax expense (income) | | 112,913,614 | | 17,012,510 |
| Effective income tax rate (2) | | 25.18% | | 34.74% |

(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 25.32%.

11. Income Taxes, continued

f) Current income tax liabilities

As of December 31, 2021 and 2020, current income tax liabilities are detailed as follows:

| Concepts | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|------------------------|----------------------|----------------------|
| Income tax accrual (1) | 95,893,746 | 119,330 |
| Unic income tax | 730,377 | 844,834 |
| Contingency provision | 195,475 | 6,569,411 |
| Others | 126,928 | 126,927 |
| Total | 96,946,526 | 7,660,502 |

(1) Annual income taxes are presented net of monthly provisional payments in the amount of ThCh\$13,999,222 and ThCh\$3,957,604, respectively.

12. Non-current trade and other accounts receivable

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

| Concepts | 12.31.2021 | | | 12.31.2020 | | |
|---|-----------------------|---------------------------------------|---------------------|-----------------------|---------------------------------------|---------------------|
| | Gross value ThCh\$ | Provision for impairment ThCh\$ | Net value ThCh\$ | Gross value ThCh\$ | Provision for impairment ThCh\$ | Net value ThCh\$ |
| Receivables on non-current loan transactions | 17,135,102 | (1,935,042) | 15,200,060 | 15,628,533 | (2,905,586) | 12,722,947 |
| Trade receivables | 15,589,761 | (1,907,973) | 13,681,788 | 13,530,862 | (2,801,321) | 10,729,541 |
| Contractual asset (1) | 1,545,341 | (27,069) | 1,518,272 | 2,097,671 | (104,265) | 1,993,406 |
| Miscellaneous receivables (2) | 9,906,974 | - | 9,906,974 | 10,600,975 | - | 10,600,975 |
| Total | 27,042,076 | (1,935,042) | 25,107,034 | 26,229,508 | (2,905,586) | 23,323,922 |

(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) Non-current trade and other accounts receivable by due date, as of December 31, 2021 and 2020, are detailed as follows:

| Concepts | As of December 31, 2021 | | | | | | | | Net Total |
|------------------------------|---------------------------------|------------------|-------------------------|-----------------------|---------------------------------|-----------------|-------------------------|-----------------------|-------------------|
| | Gross Portfolio value in ThCh\$ | | | | Provision for impairment ThCh\$ | | | | |
| | 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 | 16,966,537 | 168,565 | - | 17,135,102 | (1,931,624) | (3,418) | - | (1,935,042) | 15,200,060 |
| Miscellaneous receivables | 225,483 | 989,102 | 8,692,389 | 9,906,974 | - | - | - | - | 9,906,974 |
| Total | 17,192,020 | 1,157,667 | 8,692,389 | 27,042,076 | (1,931,624) | (3,418) | - | (1,935,042) | 25,107,034 |

| Concepts | As of December 31, 2020 | | | | | | | | Net Total |
|------------------------------|---------------------------------|------------------|-------------------------|-----------------------|---------------------------------|-----------------|-------------------------|-----------------------|-------------------|
| | Gross Portfolio value in ThCh\$ | | | | Provision for impairment ThCh\$ | | | | |
| | 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 | 13,608,496 | 1,424,241 | 595,796 | 15,628,533 | (2,895,757) | (9,829) | - | (2,905,586) | 12,722,947 |
| Miscellaneous receivables | 240,611 | 1,058,459 | 9,301,905 | 10,600,975 | - | - | - | - | 10,600,975 |
| Total | 13,849,107 | 2,482,700 | 9,897,701 | 26,229,508 | (2,895,757) | (9,829) | - | (2,905,586) | 23,323,922 |

13. Intangible Assets other than goodwill

a) Intangible assets other than goodwill as of December 31, 2021 and 2020 are detailed as follows:

| Concepts | 12.31.2021 | | | 12.31.2020 | | |
|--------------------------------------|-----------------------------|------------------------------------|---------------------------|-----------------------------|------------------------------------|---------------------------|
| | Intangible, gross ThCh\$ | Accumulated amortization ThCh\$ | Intangible, net ThCh\$ | Intangible, gross ThCh\$ | Accumulated amortization ThCh\$ | Intangible, net ThCh\$ |
| Administrative grantings (1) | 213,643,943 | (80,046,427) | 133,597,516 | 96,164,309 | (77,696,724) | 18,467,585 |
| Licenses and franchises (2) | 617,054,105 | (534,316,589) | 82,737,516 | 693,467,896 | (600,393,470) | 93,074,426 |
| Intangible assets in development (3) | 37,021,028 | - | 37,021,028 | 30,728,545 | - | 30,728,545 |
| Other intangible assets (4) | 21,689,823 | (21,689,823) | - | 21,689,823 | (21,547,146) | 142,677 |
| Total | 889,408,899 | (636,052,839) | 253,356,060 | 842,050,573 | (699,637,340) | 142,413,233 |

- (1) Mainly includes Operating continuity in the amount of ThCh\$7,938,433, Platforms and services (Development, licenses and other) in the amount of ThCh\$29,826,717, Core – Transportation and optimization in the amount of ThCh\$4,181,634 and 5G Spectrum tender in the amount of ThCh\$117,479,632 which will become due between 2032 and 2045.
- (2) Corresponds to IBM license and Microsoft license in the amount of ThCh\$ 11,566,084, Switching and administrative software in the amount of ThCh\$ 50,683,084, Believe ThCh\$ 14,399,069 and other licenses and franchises in the amount of ThCh\$ 6,509,713.
- (3) Corresponds to platforms and services in the amount of ThCh\$26,324,205, operating continuity in the amount of ThCh \$7,006,233 and core transportation and optimization in the amount of ThCh\$3,690,590.
- (4) Corresponds to submarine cable usage rights.

b) As of December 31, 2021 the movements of intangible assets other than goodwill are detailed as follows:

| Movements | Intangible assets in development, net | Licenses and franchises, net | Administratives Grantings Net | Other intangible assets, Net | Intangible, net |
|---|---------------------------------------|------------------------------|-------------------------------|------------------------------|--------------------|
| | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ |
| Beginning balance as of 01.01.2021 | 30,728,545 | 93,074,466 | 18,467,585 | 142,677 | 142,413,273 |
| Additions (1) | - | - | 159,746,207 | - | 159,746,207 |
| Transfer from costs of developing to service | 117,479,634 | 53,812,939 | (171,292,573) | - | - |
| Cancellations | - | (125,114,081) | (59,590) | - | (125,173,671) |
| Amortization of cancellations | - | 125,114,082 | - | - | 125,114,082 |
| Amortization | (2,349,703) | (61,212,855) | - | (142,677) | (63,705,235) |
| Transfer from work in progress (Note 15b) | - | - | 17,898,439 | - | 17,898,439 |
| Transfer of gross value to assets available for sale (see Note 18) | - | (5,112,649) | - | - | (5,112,649) |
| Transfer of amortization to assets available for sale (see Note 18) | - | 2,175,654 | - | - | 2,175,654 |
| Movement, subtotal | 115,129,931 | (10,336,910) | 6,292,483 | (142,677) | 110,942,827 |
| Ending balance as of 12.31.2021 | 133,597,516 | 82,737,516 | 37,021,028 | - | 253,356,060 |
| Remaining average useful life | - | 25.3 years | 1,35 years | - | - |

- (1) Mainly includes Operating continuity in the amount of ThCh\$7,938,433, Platforms and services (Development, licenses and others) in the amount of ThCh\$29,826,717, Core – Transportation and Optimization in the amount of ThCh\$4,181,634 and 5G Spectrum tender in the amount of ThCh\$117,479,632.

13. Intangible Assets other than goodwill, continued

As of December 31, 2020 the movements of intangible assets other than goodwill are detailed as follows:

| Movements | Intangible assets in development, net | Licenses and franchises, net | Administratives Grantings Net | Other intangible assets, Net | Intangible, net |
|--|---|------------------------------------|-------------------------------------|---------------------------------------|---------------------|
| | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ |
| Beginning balance as of 01.01.2020 | 31,563,423 | 101,315,038 | 25,748,004 | 713,383 | 159,339,848 |
| Additions | 46,977,157 | - | - | - | 46,977,157 |
| Transfer from costs of developing to service | (52,558,310) | 52,558,310 | - | - | - |
| Cancellations | - | (180,296) | (31,318,658) | - | (31,498,954) |
| Amortization of cancellations | - | 180,296 | 31,318,658 | - | 31,498,954 |
| Amortization | - | (61,155,094) | (4,594,187) | (570,706) | (66,319,987) |
| Transfer from work in progress (Note 15b) | 5,133,091 | - | - | - | 5,133,091 |
| Transfer of gross value to assets available for sale (see Note 18) | - | (180,821) | (34,004,889) | - | (34,185,710) |
| Transfer of amortization to assets available for sale (see Note 18) | - | 150,177 | 31,318,657 | - | 31,468,834 |
| Movement, subtotal | (448,062) | (8,627,428) | (7,280,419) | (570,706) | (16,926,615) |
| Ending balance as of 12.31.2020 | 31,115,361 | 92,687,610 | 18,467,585 | 142,677 | 142,413,233 |
| Remaining average useful life | - | 1.52 years | 13 years | 0.25 years | |

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 signs of a potential loss in value, and in any case at each year-end.

As of December 31, 2021, impairment testing did not result in loss of value of intangible assets.

The main additions to intangible assets, other than goodwill, as of December 31, 2021 and 2020, are investments in computer application and licenses.

Items in the intangibles heading that are fully depreciated and in use are licenses and franchises which amount to ThCh\$445,965,660 and ThCh\$492,568,088, as of December 31, 2021 and 2020 respectively.

14. Goodwill

Current goodwill as of this year was generated before the date of transition to and adoption of International Financial Reporting Standards and, as of December 31, 2021, the value recorded as of that date remains the same.

Goodwill movement as of December 31, 2021 and 2020, is as follows:

| Taxpayer No. | Company | 01.01.2021 ThCh\$ | Additions ThCh\$ | Eliminations ThCh\$ | 12.31.2021 ThCh\$ |
|--------------|--|----------------------|---------------------|------------------------|----------------------|
| 76.124.890-1 | Telefónica Móviles Chile S.A. | 483,179,725 | - | - | 483,179,725 |
| 96.672.160-k | Telefónica Chile S.A. (Ex Telefónica Larga Distancia S.A.) | 21,039,896 | - | - | 21,039,896 |
| 96.834.320-3 | Telefónica Internet Empresas S.A. | 555,251 | - | - | 555,251 |
| Total | | 504.774.872 | - | - | 504,774,872 |

| Taxpayer No. | Company | 01.01.2020 ThCh\$ | Additions ThCh\$ | Eliminations ThCh\$ | 12.31.2020 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 |
| Total | | 504.774.872 | - | - | 504,774,872 |

(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.

Assets indicated in goodwill are tested for impairment once a year, at each year-end.

Impairment testing carried out as of December 31, 2021, was carried out considering the variables mentioned in criteria note (see Note 2I).

15. Property, plant and equipment

a) The detail of Property, plant and equipment items for the years as of December 31, 2021 and 2020 and their corresponding accumulated depreciation, is as follows:

| Concepts | 12.31.2021 | | Property, plant & equipment, Net ThCh\$ | Property, plant & equipment, Gross ThCh\$ | 12.31.2020 | |
|--|--|------------------------------------|--|--|------------------------------------|--|
| | Property, plant & equipment, Gross ThCh\$ | Accumulated depreciation ThCh\$ | | | Accumulated depreciation ThCh\$ | Property, plant & equipment, Net ThCh\$ |
| Land | 21,844,513 | - | 21,844,513 | 23,448,557 | - | 23,448,557 |
| Buildings | 911,997,733 | (650,259,853) | 261,737,880 | 916,316,041 | (647,690,000) | 268,626,041 |
| Supplies and accessories | 34,790,435 | (33,256,474) | 1,533,961 | 33,761,988 | (32,543,037) | 1,218,951 |
| Office equipment | 4,226,390 | (3,238,322) | 988,068 | 3,809,975 | (2,971,541) | 838,434 |
| Construction in progress | 161,422,658 | - | 161,422,658 | 156,941,673 | - | 156,941,673 |
| Information equipment | 63,387,321 | (55,474,355) | 7,912,966 | 68,663,830 | (57,743,283) | 10,920,547 |
| Network and communication Equipment | 3,280,997,276 | (2,762,175,289) | 518,821,987 | 3,364,297,728 | (2,704,264,138) | 660,033,590 |
| Other property, plant & equipment (1) | 345,345,100 | (331,725,713) | 13,619,387 | 347,418,394 | (315,883,254) | 31,535,140 |
| Total | 4,824,011,426 | (3,836,130,006) | 987,881,420 | 4,914,658,186 | (3,761,095,253) | 1,153,562,933 |

(1) Corresponds to the right of use of underwater cable.

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



15. Property, plant and equipment, continued

b) As of December 31, 2021 the movements in Property, plant and equipment items are as follows:

| Movements | Land | Buildings, net | Supplies and accessories, net | Office equipment, net | Construction in progress Net | Information equipment, net | Network and communications equipment, net | Other property, plant & equipment, net | Property, plant and equipment, net |
|--|--------------------|--------------------|-------------------------------|-----------------------|------------------------------|----------------------------|---|--|------------------------------------|
| | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ |
| Beginning balance as of 01.01.2021 | 23,448,557 | 268,626,041 | 1,218,951 | 838,434 | 156,941,673 | 10,920,547 | 660,033,590 | 31,535,140 | 1,153,562,933 |
| Additions (1) | - | - | - | - | 160,625,062 | - | - | - | 160,625,062 |
| Withdrawals | (457,085) | (7,915,626) | - | - | (6,817) | (7,686,912) | (2,472,207) | (9,257,288) | (27,795,935) |
| Withdrawals depreciation | - | 7,486,383 | - | - | - | 6,329,951 | 2,256,149 | 8,983,129 | 25,055,612 |
| Depreciation expense | - | (24,240,222) | (713,437) | (268,525) | - | (4,061,023) | (97,825,830) | (24,350,608) | (151,459,645) |
| Transfer of gross value to investment property (note 16b) | - | (1,777,951) | - | (3,076) | - | - | (319,819) | (582) | (2,101,428) |
| Transfer of depreciation to investment property (note 16b) | - | 937,495 | - | 1,744 | - | - | 316,742 | 582 | 1,256,563 |
| Transfer of gross value to assets available for sale (2) | (1,246,178) | (34,433,783) | - | - | - | - | (161,672,416) | - | (197,352,377) |
| Transfer of depreciation to assets available for sale (2) | - | 13,246,491 | - | - | - | - | 36,866,226 | - | 50,112,717 |
| Traspaso a activos intangibles (3) | - | - | - | - | (17,898,439) | - | - | - | (17,898,439) |
| Other Increase (decrease) (4) | 99,219 | 39,809,052 | 1,028,447 | 419,491 | (138,238,821) | 2,410,403 | 81,639,552 | 6,709,014 | (6,123,643) |
| Movements, subtotal | (1,604,044) | (6,888,161) | 315,010 | 149,634 | 4,480,985 | (3,007,581) | (141,211,603) | (17,915,753) | (165,681,513) |
| Ending balance as of 12.31.2021 | 21,844,513 | 261,737,880 | 1,533,961 | 988,068 | 161,422,658 | 7,912,966 | 518,821,987 | 13,619,387 | 987,881,420 |

(1) Additions in 2021 correspond mainly to new investments in Operating Continuity in the amount of ThCh\$16,675,904, Core, Transportation and Optimization in the amount of ThCh\$18,688,759, customer equipment in the amount of ThCh\$5,925,134, Civil works in the amount of ThCh\$1,181,856, Platforms and services in the amount of ThCh\$15,531,496, Network in the amount of ThCh\$74,317,487, and others in the amount of ThCh\$28,304,426.

(2) Corresponds to transfer of the net value from available-for-sale assets (see note 18b).

(3) Corresponds to transfer of the net value from Property, plant and equipment to intangible assets for ThCh\$17,898,439 (see note 13b).

(4) Mainly includes transfers to inventory in the amount of ThCh\$ (8,596,591) (see Note 10) corresponding to materials destined to investment which were transferred due to the sale of the Fiber network and are detailed as follows: Fiber cables in the amount of ThCh\$ (3,719,112), optic terminal boxes in the amount of ThCh\$ (2,864,863), steel cable "cruquetas" and "mufas" in the amount of ThCh\$ (1,768,236), splitter, jumper and optical boxes in the amount of ThCh\$ (244,380).

As of December 31, 2021, the Property, plant and equipment items, which are fully depreciated and still in use, are detailed as follows:

| | Land | Buildings, gross | Supplies and accessories, gross | Office equipment, gross | Construction in progress gross | Information equipment, gross | Network and communications equipment, gross | Finance lease on property, plant and equipment, Gross | Other property, plant & equipment, gross | Property, plant and equipment, gross |
|--|--------|------------------|---------------------------------|-------------------------|--------------------------------|------------------------------|---|---|--|--------------------------------------|
| | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ |
| Fully depreciated assets still in use | - | 291,691,621 | 30,780,741 | 2,266,839 | - | 54,980,231 | 2,237,396,433 | - | 341,117,449 | 3,404,198,975 |

To date, the Company has no Property, plant and equipment that is temporarily out of service and not actively in use. Should any of these situations occur, they will be destined for sale or will be derecognized.

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



15. Property, plant and equipment, continued

c) As of December 31, 2020 the movements of Property, plant and equipment items are as follows:

| Movements | Land | Buildings, net | Supplies and accessories, net | Office equipment, net | Construction in progress Net | Information equipment, net | Network and communications equipment, net | Other property, plant & equipment, net | Property, plant and equipment, net |
|---|-------------------|---------------------|-------------------------------|-----------------------|------------------------------|----------------------------|---|--|------------------------------------|
| | 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 | 38,302,946 | 1,226,827,465 |
| Additions (1) | - | - | - | - | 140,916,986 | - | - | - | 140,916,986 |
| Withdrawals | (250,382) | (16,913,942) | (3,579) | - | (2,521,836) | (3,149,622) | (284,489,993) | (13,431,160) | (320,760,514) |
| Withdrawals depreciation | - | 16,331,243 | 3,579 | - | - | 2,353,538 | 283,494,253 | 11,846,708 | 314,029,321 |
| Depreciation expense | - | (51,644,269) | (495,532) | (224,711) | - | (7,785,513) | (114,914,622) | (20,849,840) | (195,914,487) |
| Other Increase (decrease) (2) | 21,355 | 17,296,316 | 52,148 | 183,108 | (136,953,090) | 2,574,456 | 95,592,546 | 16,127,250 | (5,105,911) |
| Transfer of gross value to investment property (3) | (8,989,442) | - | (15,557) | - | - | (1,617,025) | (2,944) | (10,624,968) | (8,989,442) |
| Transfer of depreciation to investment property (3) | - | 4,910,233 | - | 9,981 | - | - | 1,603,398 | 2,944 | 6,526,556 |
| Transfer of gross value to assets available for sale (4) | - | - | - | - | (575,363) | (5,608,521) | - | (1,097,966) | (7,281,850) |
| Transfer of depreciation to assets available for sale (4) | - | - | - | - | - | 4,313,133 | - | 637,202 | 4,950,335 |
| Movements, subtotal | (229,027) | (39,009,861) | (443,384) | (47,179) | 866,697 | (7,302,529) | (20,331,443) | (6,767,806) | (73,264,532) |
| Ending balance as of 12.31.2020 | 23,448,557 | 268,626,041 | 1,218,951 | 838,434 | 156,941,673 | 10,920,547 | 660,033,590 | 31,535,140 | 1,153,562,933 |

- (1) Additions in 2020 correspond mainly to new investments, in operational continuity in the amount of ThCh\$29,267,538, access to fiber optics ThCh\$21,758,870, platforms and services in the amount of ThCh\$13,603,163, corporate customer equipment in the amount of ThCh\$6,963,403, core, transportation and optimization in the amount of ThCh\$41,222,622, and mobile network in the amount of ThCh\$23,355,117.
- (2) Corresponds to the movement of net transfers from intangible assets to Property, plant and equipment in the amount of ThCh\$ 4.746.275 (Note 13 b).
- (3) Corresponds to transfer of the net value from Property, plant and equipment to Investment properties (Note 16).
- (4) Transfer to assets available for sale (Note 18).

As of December 31, 2020, the Property, plant and equipment items that are fully depreciated and still in use are detailed as follows:

| | Land | Buildings, gross | Supplies and accessories, gross | Office equipment, gross | Construction in progress gross | Information equipment, gross | Network and communications equipment, gross | Other property, plant & equipment, gross | Property, plant and equipment, gross |
|--|----------|--------------------|---------------------------------|-------------------------|--------------------------------|------------------------------|---|--|--------------------------------------|
| | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ |
| Fully depreciated assets still in use | - | 288,322,002 | 29,414,722 | 2,172,871 | - | 55,205,712 | 2,159,537,035 | - | 281,556,372 |

The Company has evaluated the possible impairment of Property, plant and equipment as of December 31, 2020 due to the macroeconomic effects generated by the health emergency (Covid-19) and impairment testing did not result in any loss of value. Furthermore, should there be signs of impairment, the respective testing will be carried out.

16. Investment properties

The composition of this item corresponds to eleven rental floors in the Corporate Building and its related assets and the detail is as follows:

| Concepts | 12.31.2021 | | | 12.31.2020 | | |
|--------------------------------------|-----------------------|---------------------------------------|---------------------|-----------------------|---------------------------------------|---------------------|
| | Gross value ThCh\$ | Accumulated amortization ThCh\$ | Net value ThCh\$ | Gross value ThCh\$ | Accumulated amortization ThCh\$ | Net value ThCh\$ |
| Buildings | 10,767,393 | (6,085,397) | 4,681,996 | 8,989,442 | (4,910,233) | 4,079,209 |
| Network and communications equipment | 1,936,845 | (1,922,880) | 13,965 | 1,617,025 | (1,603,398) | 13,627 |
| Office equipment | 18,632 | (13,432) | 5,200 | 15,557 | (9,981) | 5,576 |
| Plant and equipment | 3,526 | (3,526) | - | 2,944 | (2,944) | - |
| Total | 12,726,396 | (8,025,235) | 4,701,161 | 10,624,968 | (6,526,556) | 4,098,412 |

As of March 2020, the Company has recognized rentals from investment properties in operating income. As of December 31, 2021, and 2020 this concept amounts to ThCh\$1,023,566 and ThCh\$596,080.

The useful life of the assets included within Investment Property is standardized to those defined for Property, plant and equipment assets.

a) The movements as of December 31, 2021 and 2020 of the items that make up the Investment Property item are as follows:

| Movements | Buildings, net | Network and communications equipment, net | Office equipment, net | Investment properties, net | |
|---|-------------------|---|--------------------------|----------------------------------|------------------|
| | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ |
| Beginning balance as of 01.01.2021 | 4,079,209 | 13,627 | 5,576 | - | 4,098,412 |
| Depreciation expense | (237,669) | (2,739) | (1,708) | - | (242,116) |
| Transfer of gross value to investment property | 1,777,951 | 319,819 | 3,076 | 582 | 2,101,428 |
| Transfer of depreciation to investment property | (937,495) | (316,742) | (1,744) | (582) | (1,256,563) |
| Movements, subtotal | 602,787 | 338 | (376) | - | 602,749 |
| Ending balance as of 12.31.2021 | 4,681,996 | 13,965 | 5,200 | - | 4,701,161 |

| Movements | Buildings, net | Network and communications equipment, net | Office equipment, net | Investment properties, net | |
|---|-------------------|---|--------------------------|----------------------------------|------------------|
| | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ |
| Beginning balance as of 04.01.2020 | 4,249,401 | 15,557 | 6,741 | - | 4,271,699 |
| Depreciation expense | (170,192) | (1,166) | (1,929) | - | (173,287) |
| Movements, subtotal | (170,192) | (1,166) | (1,929) | - | (173,287) |
| Ending balance as of 12.31.2020 | 4,079,209 | 14,391 | 4,812 | - | 4,098,412 |

17. Right of use assets

a) As of December 31, 2021 and 2020, the items that compose this account and their corresponding accumulated depreciation are detailed as follows:

| Concepts | 12.31.2021 | | 12.31.2020 | | Property, plant & equipment, Net ThCh\$ | |
|-------------------------|---|-------------------------------|---|---|---|-------------------------------|
| | Property, plant & equipment, Gross ThCh | Accumulated depreciation ThCh | Property, plant & equipment, Net ThCh\$ | Property, plant & equipment, Gross ThCh\$ | | Accumulated depreciation ThCh |
| Land (1) | 117,009,875 | (73,878,986) | 43,130,889 | 72,881,183 | (39,313,703) | 33,567,480 |
| Constructions (2) | 218,850,496 | (110,561,572) | 108,288,924 | 198,779,645 | (75,214,028) | 123,565,617 |
| Plant and machinery (3) | 18,289,658 | (6,064,662) | 12,224,996 | 10,121,817 | (3,701,511) | 6,420,306 |
| Other Rights of use (4) | 62,301,147 | (16,648,746) | 45,652,401 | 29,782,510 | (6,018,070) | 23,764,440 |
| Total | 416,451,176 | (207,153,966) | 209,297,210 | 311,565,155 | (124,247,312) | 187,317,843 |

- (1) Gross assets consider modification of contract valuation and termination clauses by both parties in the amount of ThCh\$10,270,783, variable income contract modifications under IFRS 16 in the amount of ThCh\$5,696,391, and other contract modifications due to rate changes, income, periodicity, etc.
- (2) Gross assets consider land additions transferred to Telxius Torres in the amount of ThCh\$6,500,117 and DAS (interior antennas) in the amount of ThCh\$4,338,085 and other contract modifications due to changes in rates, income, periodicity.
- (3) Gross assets consider additions due to CTR optical fiber link contracts in the amount of ThCh\$8,412,680.
- (4) Gross assets consider mainly a provision for variable income under IFRS 16 in the amount of ThCh\$15,650,931, provision for Claro contracts in the amount of ThCh\$9,215,286, a UF contract post capitalization provision of ThCh\$8,756,429.

b) As of December 31, 2021 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\$ | Rights of use, net ThCh\$ |
|---|--|--|--|---------------------------------|---------------------------|
| Beginning balance as of 01.01.2021 | 33,567,480 | 123,565,617 | 6,420,306 | 23,764,440 | 187,317,843 |
| Additions (1) | 43,952,726 | 19,523,604 | 8,138,488 | 31,646,579 | 103,261,397 |
| Withdrawals | (329,843) | - | - | - | (329,843) |
| Amortization withdrawals | 264,278 | - | - | - | 264,278 |
| Amortization expense | (34,829,561) | (35,347,543) | (2,363,151) | (10,630,675) | (83,170,930) |
| Other increases (decreases) | 505,809 | 547,246 | 29,353 | 872,057 | 1,954,465 |
| Movements, subtotal | 9,563,409 | (15,276,693) | 5,804,690 | 21,887,961 | 21,979,367 |
| Ending balance as of 12.31.2021 | 43,130,889 | 108,288,924 | 12,224,996 | 45,652,401 | 209,297,210 |

- (1) Considers additions of ThCh\$25,846,842, provision for variable income under IFRS 16 in the amount of ThCh\$15,650,931, provision for Claro contracts in the amount of ThCh\$9,215,286, a UF contract post capitalization provision of ThCh\$8,756,429, modification of contract valuation and termination clause by both parties in the amount of ThCh\$10,270,783, variable income contract modification under IFRS 16 in the amount of ThCh\$5,696,391, and other contract modifications due to rate changes, income, and periodicity.

b) As of December 31, 2020 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\$ | Rights of use, net ThCh\$ |
|---|--|--|--|---------------------------------|---------------------------|
| Beginning balance as of 01.01.2020 | 47,322,970 | 148,521,581 | 19,237,278 | 5,941,020 | 221,022,849 |
| Additions (1) | 8,403,536 | 12,119,713 | - | 10,403,838 | 30,927,087 |
| Withdrawals | (2,237,672) | (98,935) | - | - | (2,336,607) |
| Depreciation withdrawals | 969,639 | 76,814 | - | - | 1,046,453 |
| Depreciation expense | (21,001,811) | (39,159,576) | (1,729,525) | (4,347,259) | (66,238,171) |
| Other increases (decreases) | 110,818 | 2,106,020 | (11,087,447) | 11,766,841 | 2,896,232 |
| Movements, subtotal | (13,755,490) | (24,955,964) | (12,816,972) | 17,823,420 | (33,705,006) |
| Ending balance as of 12.31.2020 | 33,567,480 | 123,565,617 | 6,420,306 | 23,764,440 | 187,317,843 |

- (1) Considers lease back provision to Telxius in the amount of ThCh\$880,033 (DAS and land), lease back provision to ATP in the amount of ThCh\$1,376,454 (DAS and land) and others pending additions provision in the amount of ThCh\$1,750,002.

18. Current assets or groups of assets for disposal classified as held for sale

- a) Current assets or disposal groups classified as held for sale correspond to assets that the Company expects to sell in the short-term. As of December 31, 2021, this account includes assets of the optic fiber business and the data center, detailed as follows:

| Conceptos | 12.31.2021 | | | 12.31.2020 | | |
|--|-----------------------|---------------------------------------|---------------------|-----------------------|---------------------------------------|---------------------|
| | Gross value ThCh\$ | Accumulated amortization ThCh\$ | Net value ThCh\$ | Gross value ThCh\$ | Accumulated amortization ThCh\$ | Net value ThCh\$ |
| Land (1) | 1,246,178 | - | 1,246,178 | - | - | - |
| Buildings (1) | 8,321,416 | (6,564,174) | 1,757,242 | - | - | - |
| Network and communication Equipment (1) | 14,895,697 | (12,505,501) | 2,390,196 | - | - | - |
| Administrative concessions (2) | - | - | - | 34,004,890 | (31,318,657) | 2,686,233 |
| Computer equipment (2) | - | - | - | 5,608,521 | (4,313,133) | 1,295,388 |
| Licenses and franchises (2) | - | - | - | 180,821 | (150,177) | 30,644 |
| Other assets for sale (2) | - | - | - | 3,448,192 | (637,202) | 2,810,990 |
| Total | 24,463,291 | (19,069,675) | 5,393,616 | 43,242,424 | (36,419,169) | 6,823,255 |

(1) These elements correspond to transfer of property, plant and equipment to available for sale assets; corresponding to land, buildings and data centers located at San Martin and Apoquindo.

(2) The assets that were recorded as of December 31, 2020, associated to the Cloud business, were sold in January 2021.

On July 1, 2021, the Company sold the assets related to the optical fiber network transferred from property, plant and equipment and intangibles in the amount of ThCh\$163,671,052 and intangibles in the amount of ThCh\$2,936,995, as well as other assets held for sale that were sold for ThCh\$6,340,109.

- b) As of December 31, 2021, movements of items that comprise disposal assets classified as held for sale are detailed as follows:

| Movements | Land | Buildings, Net | Network and communication Equipment, Net | Administrative granting's, Net | Information equipment, Net | Licenses and franchises, Net | Other assets for sale, Net | Assets held for sale, Net |
|---|------------------|-------------------|---|--------------------------------------|----------------------------------|------------------------------------|----------------------------------|---------------------------------|
| | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ |
| Beginning balance as of 01.01.2021 | - | - | - | 2,686,233 | 1,295,388 | 30,644 | 2,810,990 | 6,823,255 |
| Transfer from Intangible (note13b) | - | - | - | - | - | 2,936,995 | - | 2,936,995 |
| Transfer from property, plant and equipment (note 15b) | 1,246,178 | 21,187,292 | 124,806,190 | - | - | - | - | 147,239,660 |
| Additions | - | - | 21,825,008 | - | - | - | 6,340,109 | 28,165,117 |
| Withdrawals | - | (26,112,367) | (168,601,725) | (34,004,890) | (5,608,521) | (5,293,470) | (9,788,301) | (249,409,274) |
| Amortization withdrawals | - | 6,682,316 | 24,360,724 | 31,318,657 | 4,313,133 | 2,325,831 | 637,202 | 69,637,863 |
| Movements, subtotal | 1,246,178 | 1,757,241 | 2,390,197 | (2,686,233) | (1,295,388) | (30,644) | (2,810,990) | (1,429,639) |
| Ending balance as of 12.31.2021 | 1,246,178 | 1,757,241 | 2,390,197 | - | - | - | - | 5,393,616 |

19. Investments in associates and joint ventures

a) As of December 31, 2021, The detail of the movement of investment in associates is as follows:

| Company | Ownership % | Investments 07.31.2021 ThCh\$ | Additions o drops ThCh\$ | Share in income for the year ThCh\$ | other movements (1) ThCh\$ | Investments 12.31.2021 ThCh\$ |
|--------------------|-------------|----------------------------------|-----------------------------|--|-------------------------------|----------------------------------|
| HoldCo InfraCo SpA | 40% | 67,793,623 | - | 274,038 | 4,360,396 | 72,428,057 |

(1) Corresponds to calculation of the share in equity and amortization of the PPA (Purchase Price Allocation) in the amount of ThCh\$1,120,972.

b. As of December 31, 2021, investments in associates, as well as a summary of their information are detailed as follows:

| Tax No. | Ownership % | Current assets | Non-current assets | Total assets | Current liabilities | Non-Current liabilities | Total liabilities | Equity | Net profit | Tax No. Company name |
|--------------|--------------------|----------------|--------------------|--------------|---------------------|-------------------------|-------------------|-------------|------------|----------------------|
| Company name | | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ |
| 77,374,961-2 | HoldCo InfraCo SpA | 40% | 23 | 247,622,564 | 247,622,587 | 5,572 | 208,161,768 | 208,167,340 | 39,455,247 | 685,096 |

| RUT | Nombre Sociedad | Cash flows provided used in operating activities | cash flows provided used in investment activitie | cash flows provided by financing activities | Increase in cash and cash equivalents | Cash and cash equivalents at beginning of year 12.31.2020 | Cash and cash equivalents at end of year 12.31.2021 |
|--------------|--------------------|--|--|---|---------------------------------------|---|---|
| | | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ |
| 77,374,961-2 | HoldCo InfraCo SpA | (52) | (14,820,198) | 14,820,273 | 23 | - | 23 |

On February 22, 2021 at Board of Directors meeting of Telefónica Chile S.A. the Directors agreed to sign a share purchase agreement with KKR Alameda Aggregator L.P. (vehicle controlled by funds managed or advised by subsidiaries of KKR), for the sale of 60% of the shares of its subsidiary Infraco SpA.

HoldCo InfraCo SpA, was created on April 13, 2021, whereby Telefónica Chile S.A. as the only concurrent company, obtained 100% of its equity. Subsequently, on June 23, 2021, Telefónica Chile S.A. sold to HoldCo InfraCo SpA, 100% of its ownership in subsidiary InfraCo SpA (created in January 2020) whereby the latter becoming the main asset of HoldCo Infraco SpA.

On July 1, 2021, having complied with all the suspensive conditions established in the respective contracts and with the corresponding approvals granted by the competition authorities, both Chilean (National Economic Prosecutor's Office or "Fiscalía Nacional Económica") and foreign (Commission to Promote Competition in Costa Rica and European Commission in the European Union), Telefónica Chile S.A. and KKR Alameda Aggregator L.P. performed the actions and signed the contracts necessary to materialize the agreement indicated in the previous paragraph, through the sale of 60% of the shares of HoldCo Infraco SpA.

19. Investments in associates and joint ventures, continued

As a result of the transaction, Telefónica Chile S.A. received net operating cash flows of ThCh\$457,946,989, generating an operating income of ThCh\$358,254,176 (see Note 29b) and a final income net of taxes in the amount of ThCh\$260,523,157. The following transactions and records form an integral part of this transaction:

- i) Telefónica Chile S.A. sold to InfraCo SpA certain assets related to the fiber optic network, which imply 2.4 million real estate units passed with fiber optic. The assets transferred in this operation have been recorded under "Current assets or disposal groups of assets classified as held for sale" since February 2021. The total amount of this account associated to this transaction is ThCh\$ 173,361,294.
- ii) Subordinate promissory note receivable from HoldCo Infraco SpA por ThCh\$78,863,065, documented in the Share Purchase Agreement signed with KKR Alameda Aggregator L.P. and which is recorded as "Non-current accounts receivable from related parties" (see Note 9b).
- iii) Account receivable from KKR Alameda Aggregator L.P. for the concept of additional contingent payment by the purchaser, according to clause established in the Share Purchase Contract. The determined value with high probability of occurrence, is recorded under "Other financial assets", with ThCh\$18,956,206 in current, and ThCh\$ 20,523,632 in non-current (see note 6).
- iv) Deferred income recorded under "Other non-financial liabilities", with ThCh\$8,969,110 in current and ThCh\$80,821,991 in non-current (see Note 26a). The price of the transaction that is being retributed to Telefónica Chile S.A. for the purchase of the fiber optics business, is based on two concepts: the purchase of a business, and the commitment to exclusivity of Telefónica Chile S.A. with InfraCo SpA through the Connectivity Services Supply Contract through the fiber optics network. That exclusivity has the same 10- year term as the contract, therefore its period of deferral is for the same term in a linear way.
- v) Capital contributions to HolCo Infraco SpA and adjustments to the fair value of the investment in the amount of ThCh\$67,793,623.

20. 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 | | 12.31.2021 | | 12.31.2020 | |
|--------------------------------------|-----------------|--------------------|-----------------------|--------------------|-----------------------|
| | | Current ThCh\$ | Non-Current ThCh\$ | Current ThCh\$ | Non-Current ThCh\$ |
| Bank loans | (a) | 1.088.844 | 352.932.060 | 107,005,217 | 177,503,803 |
| Unguaranteed obligations (Bonds) (1) | (b) | 436.772.648 | 691.104.877 | 119,223,234 | 553,244,197 |
| Hedge instruments | (see Note 23,2) | 5.149.880 | 1.044.730 | 28,697,814 | 24,855,039 |
| Other financial debts (2) | | - | - | 1,922,525 | - |
| Total | | 443.011.372 | 1.045.081.667 | 256,848,790 | 755,603,039 |

(1) Includes mark-to-market of loans subject to fair value hedging. As of December 2021, the amount corresponds to ThCh\$8,283,644 in non-current.

(2) Corresponds to the generation of financial liabilities for portfolio sales operations.

The Company entered into financial obligations through the issuance and placement of a bond in the international market that will be destined to pay liabilities of Telefónica Chile S.A., a subsidiary of the Company, and to other corporate purposes.

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



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

a) As of December 31, 2021, 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 | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | 97,018,000-1 | Bank Scotiabank | Chile | USD | At maturity | 1,463% | 3,62% | US\$ 68,6 mm | 11-13-2023 |
| Bilateral Loan | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Foreign | Bank of Nova Scotia | Chile | USD | At maturity | 2,08% | 3,05% | US\$ 140,19 mm | 09-29-2023 |
| Bilateral Loan | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | 97,004,000-5 | Banco de Chile | Chile | CLP | At maturity | 2,15% | 1,90% | CLP 30,000 mm | 10-06-2024 |
| Bilateral Loan | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | 97,023,000-9 | Banco Itaú | Chile | CLP | At maturity | 3,62% | 3,35% | CLP 17,911 mm | 09-19-2025 |
| Bilateral Loan | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | 97,036,000-k | Banco Santander | Chile | CLP | At maturity | 3,53% | 3,22% | CLP 50,000 mm | 03-26-2025 |
| Bilateral Loan | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | 97,030,000-7 | Banco Estado | Chile | CLP | At maturity | 1,59% | 1,30% | CLP 50,000 mm | 03-29-2024 |
| Bilateral Loan | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | 97,006,000-6 | Banco BCI | Chile | CLP | At maturity | 3,22% | 2,94% | CLP 30,000 mm | 03-30-2025 |

| 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 (2) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Bank Scotiabank | - | - | 47,022,556 | - | 47,022,556 | - | - | - | - | - | 47.022.556 |
| Bilateral Loan (3) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Bank of Nova Scotia | - | - | 119,080,998 | - | 119,080,998 | - | - | - | - | - | 119.080.998 |
| Bilateral Loan (4) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco de Chile | - | - | - | 30,000,000 | 30,000,000 | - | - | - | - | - | 30.000.000 |
| Bilateral Loan (5) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco Itaú | - | - | - | - | - | 17,911,000 | - | 17,911,000 | - | - | 17.911.000 |
| Bilateral Loan (6) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco Santander | - | - | - | - | - | 50,000,000 | - | 50,000,000 | - | - | 50.000.000 |
| Bilateral Loan (7) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco Estado | - | - | - | 50,000,000 | 50,000,000 | - | - | - | - | - | 50.000.000 |
| Bilateral Loan (8) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco BCI | - | - | - | - | - | 30,000,000 | - | 30,000,000 | - | - | 30.000.000 |
| Total | | | | | - | - | 166,103,554 | 80,000,000 | 246,103,554 | 97,911,000 | - | 97,911,000 | - | - | 344,014,554 |

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



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

a) As of December 31, 2021, the detail of bank loans is as follows

| Types | Debtor taxpayer No, | Debtor | Debtor country | Creditor | Current | | | Non-current | | | | | | Total Non-current as of 12.31.2021 ThCh\$ | |
|--------------------|---------------------|-------------------------------|----------------|---------------------|----------------------|---------------------------|---------------------------------------|---------------------|---------------------|---------------------------|---------------------|---------------------|-------------------------|---|---------------------------|
| | | | | | To Maturity | | Total current as of 12.31.2021 ThCh\$ | To Maturity | | | | | 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\$ | | | Total 3 to 5 years ThCh\$ |
| Bilateral Loan (2) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Bank Scotiabank | 85,731 | - | 85,731 | 57,681,500 | - | 57,681,500 | - | - | - | - | 57,681,500 |
| Bilateral Loan (3) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Bank of Nova Scotia | 228,997 | - | 228,997 | 118,179,396 | - | 118,179,396 | - | - | - | - | 118,179,396 |
| Bilateral Loan (4) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco de Chile | - | 76,177 | 76,177 | - | 29,892,945 | 29,892,945 | - | - | - | - | 29,892,945 |
| Bilateral Loan (5) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco Itaú | 136,447 | - | 136,447 | - | - | - | 17,823,591 | - | 17,8123,591 | - | 17,823,591 |
| Bilateral Loan (6) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco Santander | 17,889 | - | 17,889 | - | - | - | 49,662,650 | - | 49,662,650 | - | 49,662,650 |
| Bilateral Loan (7) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco Estado | 373,646 | - | 373,646 | - | 49,834,869 | 49,834,869 | - | - | - | - | 49,834,869 |
| Bilateral Loan (8) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco BCI | 169,957 | - | 169,957 | - | - | - | 29,857,109 | - | 29,857,109 | - | 29,857,109 |
| Total | | | | | 1,012,667 | 76,177 | 1,088,844 | 175,860,896 | 79,727,814 | 255,588,710 | 97,343,350 | - | 97,343,350 | - | 352,932,060 |

1) 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, maturing on November 13, 2023.

2) On April 17, 2020, a loan was obtained from Bank of Nova Scotia 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, On September 30, 2020, the due date was extended to September 29, 2023 with an interest rate of Libor (6M) + 1,53%.

3) On October 6, 2020, a local loan was taken with the Banco de Chile for ThCh \$ 30,000,000 with an annual interest rate of 1,9%, maturing on October 6, 2024.

4) On March 23, 2021, a local loan was taken with the Banco Itaú for ThCh \$ 17,911,000 with an annual interest rate of 3,35%, maturing on September 19, 2025.

5) On March 26, 2021, a local loan was taken with the Banco Santander for ThCh \$ 50,000,000 with an annual interest rate of 3,22%, maturing on March 26, 2025.

6) On March 29, 2021, a local loan was taken with the Banco Estado for ThCh \$ 50,000,000 with an annual interest rate of 1,30%, maturing on March 29, 2025.

7) On March 30, 2021, a local loan was taken with the Banco BCI for ThCh \$ 30,000,000 with an annual interest rate of 2,94%, maturing on March 30, 2025.

On April 15, 2021, Telefónica Móviles Chile S.A. paid the Tokyo loan from MUFG BANK, LTD. for a total of USD 150,000,000 of capital and USD 113,266.25 of interest equivalent to ThCh\$106,087,500 and ThCh\$80,108 respectively.

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



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

a) As of December 31, 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 | 0,36% | 1.23% | US\$ 150 mm | 04-15-2021 |
| Bilateral Loan (2) | 76.124.890-1 | Telefónica Móviles Chile S.A. | Chile | 97.018.000-1 | Bank Scotiabank | Chile | USD | At maturity | 1,49% | 3,62% | US\$ 68,6 mm | 11-13-2023 |
| Bilateral Loan (3) | 76.124.890-1 | Telefónica Móviles Chile S.A. | Chile | Foreign | Bank of Nova Scotia | Chile | USD | At maturity | 2,07% | 3,05% | US\$ 140,19 mm | 09-29-2023 |
| Bilateral Loan (4) | 76.124.890-1 | Telefónica Móviles Chile S.A. | Chile | 97.004.000-5 | Banco Chile | Chile | CLP | At maturity | 2,15% | 1,90% | CLP 30.000 mm | 10-06-2024 |

| 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 (3) | 76.124.890-1 | Telefónica Móviles Chile S.A. | Chile | Bank of Nova Scotia | - | - | - | 119,080,998 | 119,080,998 | - | - | - | - | - | 119,080,998 |
| Bilateral Loan (4) | 76.124.890-1 | Telefónica Móviles Chile S.A. | Chile | Banco de Chile | - | - | - | - | - | 30,000,000 | - | 30,000,000 | - | - | 30,000,000 |
| Total | | | | | - | 99,057,000 | - | 166,103,554 | 166,103,554 | 30,000,000 | - | 30,000,000 | - | - | 265,160,554 |

| Types | Debtor taxpayer No. | Debtor | Debtor country | Creditor | Current | | | Non-current | | | | | Total Non-current as of 12.31.2020 ThCh\$ | | |
|--------------------|---------------------|-------------------------------|----------------|---------------------|----------------------|---------------------------|---------------------------------------|---------------------|---------------------|---------------------------|---------------------|---------------------|---|---------------------------|-------------------------|
| | | | | | To Maturity | | Total current as of 12.31.2020 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 | 44,794 | 106,578,247 | 106,623,040 | - | - | - | - | - | - | - | - |
| Bilateral Loan (2) | 76.124.890-1 | Telefónica Móviles Chile S.A. | Chile | Bank Scotiabank | 79,464 | - | 79,464 | - | 48,434,807 | 48,434,807 | - | - | - | - | 48,434,807 |
| Bilateral Loan (3) | 76.124.890-1 | Telefónica Móviles Chile S.A. | Chile | Bank of Nova Scotia | 224,379 | - | 224,379 | - | 99,236,991 | 99,236,991 | - | - | - | - | 99,236,991 |
| Bilateral Loan (4) | 76.124.890-1 | Telefónica Móviles Chile S.A. | Chile | Banco de Chile | - | 78,334 | 78,334 | - | - | - | 29,832,005 | - | 29,832,005 | - | 29,832,005 |
| Total | | | | | 348,636 | 106,656,581 | 107,005,217 | - | 147,671,798 | 147,671,798 | 29,832,005 | - | 29,832,005 | - | 177,503,805 |

- 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, maturing on November 13, 2023.
- 3) On April 17, 2020, a loan was obtained from Bank of Nova Scotia 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, On September 30, 2020, the due date was extended to September 29, 2023 with an interest rate of Libor (6M) + 1,53%.
- 4) On October 6, 2020, a local loan was taken with the Banco de Chile for ThCh \$ 30,000,000 with an annual interest rate of 1,9%, maturing on October 6, 2024.

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



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

b) As of December 31, 2021, 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 maturity | 4,06% | 3,88% | US\$ 500 mm | 10-12-2022 |
| Bond series F (2) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | 97,036,000-K | Banco Santander | Chile | U,F, | At maturity | 3,82% | 3,60% | UF 3 mm | 10-04-2023 |
| Bond series T (3) | 90,635,000-9 | Telefónica Chile S,A, | Chile | 97,004,000-5 | Banco de Chile | Chile | CLP | At maturity | 4,72% | 4,90% | MM\$ 48,000 | 07-05-2023 |
| Bono Serie O (4) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | 97,004,000-5 | Banco de Chile | Chile | CLP | At maturity | 3,36% | 3,50% | MM\$ 70,000 | 12-01-2025 |
| Bono Serie Q (5) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | 97,004,000-5 | Banco de Santander | Chile | CLP | At maturity | 3,36% | 3,60% | MM\$ 70,000 | 03-01-2026 |
| Bond Serie 144A II (6) | 90,635,000-9 | Telefónica Chile S,A, | Chile | 0-E | The Bank of New York Mellon | EE,UU, | USD | At maturity | 3,73% | 3,54% | US\$ 500 mm | 11-18-2031 |

| 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 | The Bank of New York Mellon | - | 236,400,000 | - | - | - | - | - | - | - | - | - | 236,400,000 |
| Bono Serie F (3) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco Santander | - | - | 66,392,760 | - | 66,392,760 | - | - | - | - | - | - | 69,392,760 |
| Bono Serie T (4) | 90,635,000-9 | Telefónica Chile S,A, | Chile | Banco de Chile | - | - | 19,200,000 | - | 19,200,000 | - | - | - | - | - | - | 19,200,000 |
| Bono Serie O (5) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco de Chile | - | - | - | - | - | 70,000,000 | - | - | 70,000,000 | - | - | 70,000,000 |
| Bono Serie Q (5) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco de Santander | - | - | - | - | - | - | 90,000,000 | - | 90,000,000 | - | - | 90,000,000 |
| Bond Serie 144A II (6) | 90,635,000-9 | Telefónica Chile S,A, | Chile | The Bank of New York Mellon | - | - | - | - | - | - | - | - | - | 409,780,000 | - | 409,780,000 |
| Total | | | | | - | 236,400,000 | 88,592,760 | - | - | 88,592,760 | 70,000,000 | 90,000,000 | 160,000,000 | 409,780,000 | - | 894,772,760 |

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



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

b) As of December 31, 2021 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 12.31.2021 ThCh\$ | | |
|-----------------------------|---------------------|-------------------------------|----------------|-----------------------------|----------------------|---------------------------|---------------------------------------|---------------------|---------------------|---------------------------|---------------------|---------------------|---|---------------------------|-------------------------|
| | | | | | To Maturity | | Total current as of 12.31.2021 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 | The Bank of New York Mellon | - | 432,354,475 | 432,354,475 | - | - | - | - | - | - | - | - |
| Bono Serie F (2) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco Santander | - | 612,542 | 612,542 | 93,004,243 | - | 93,004,243 | - | - | - | - | 93,004,243 |
| Bono Serie T (3) (4) (5)(8) | 90,635,000-9 | Telefónica Chile S,A, | Chile | Banco Chile | 484,725 | - | 484,725 | 19,208,901 | - | 19,208,901 | - | - | - | - | 19,208,901 |
| Bono Serie O(4) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco de Chile | - | 286,375 | 286,375 | - | - | - | 70,268,325 | - | 70,268,325 | - | 70,268,325 |
| Bono Serie Q (7) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco de Santander | 1,260,087 | - | 1,260,087 | - | - | - | - | 90,633,125 | 90,633,125 | - | 90,633,125 |
| Bond Serie 144A II (9) | 90,635,000-9 | Telefónica Chile S,A, | Chile | The Bank of New York Mellon | - | 1,774,444 | 1,774,444 | - | - | - | - | - | - | 417,990,283 | 417,990,283 |
| Total | | | | | 1,744,812 | 435,027,836 | 436,772,648 | 112,213,144 | - | 112,213,144 | 70,268,325 | 90,633,125 | 160,901,450 | 417,990,283 | 691,104,877 |

- (1) On October 12, 2012, Telefónica Chile S,A, issued a 10-year 144A Reg S bullet Bond in the American Capital 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 and 10-year bullet, 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 used for refinancing liabilities and other corporate purposes.
- (2) 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.
- (3) On January 5, 2017, Telefónica Chile S,A, placed a 6,5-year bullet Bond Series T 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.
- (4) On December 21, 2020, there was a 5-year bullet placement in the local market for an amount of ThCh \$ 70,000,000, maturing December 1, 2025.
- (5) On July 3, 2020, Telefónica Chile S.A. paid the first principal instalment of the T Bond in the amount of ThCh\$9,600,000 and ThCh\$1,161,936 in interest.
- (6) On January 5, 2021, Telefónica Chile S.A. paid the second instalment of the T Bond in the amount of ThCh\$9,600,000 and ThCh\$929,549 in interest.
- (7) On April 13, 2021, a placement was made in the local market for an amount of ThCh\$90,000,000 for a term of 5 bullet years, maturing March 1, 2026.
- (8) On July 2, 2021, Telefónica Chile S.A. paid the third installment of the capital of the T bond for ThCh\$9,600,000 and ThCh\$697,162 of interest.
- (9) On November 18, 2021, Telefónica Móviles Chile S.A. issued 144A Reg S Bonds in the American capitals market in the amount of US\$ 500,000,000 (equivalent to ThCh\$ 409,780,000 historical), at an effective annual interest rate of 3.537% in US dollars and 10-year bullet maturing on November 18, 2031. The placing banks were Banco Bilbao Vizcaya Argentaria, S.A. Scotiabank, Goldman Sachs and Bank of America. The proceeds from the issuance were destined to refinancing liabilities and other corporate purposes.

On September 10, 2021 Telefónica Móviles Chile S.A. paid the K Bond for a total of ThCh\$ 94,410,000 in principal and ThCh\$ 2,285,383.

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



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

b) As of December 31, 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 maturity | 4,06% | 3,88% | US\$ 500 mm | 10-12-2022 |
| Bond series K (2) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | 97,036,000-K | Banco Santander | Chile | CLP | At maturity | 4,91% | 4,90% | MM\$ 94,410 | 09-13-2021 |
| Bond series F (3) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | 97,036,000-K | Banco Santander | Chile | U,F, | At maturity | 3,82% | 3,60% | UF 3 mm | 10-04-2023 |
| Bond series T (4) | 90,635,000-9 | Telefónica Chile S,A, | Chile | 97,004,000-5 | Banco de Chile | Chile | CLP | At maturity | 4,72% | 4,90% | MM\$ 48,000 | 07-05-2023 |
| Bono Serie O (5) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | 97,004,000-5 | Banco de Chile | Chile | CLP | At maturityexpiry | 3,36% | 3,50% | MM\$ 70,000 | 12-01-2025 |

| 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 | The Bank of New York Mellon | - | - | 236,400,000 | - | - | 236,400,000 | - | - | - | - | - | 236,400,000 |
| Bono Serie K (2) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco Santander | - | 94,410,000 | - | - | - | - | - | - | - | - | - | 94,410,000 |
| Bono Serie F (3) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco Santander | - | - | - | 66,928,680 | 66,928,680 | - | - | - | - | - | - | 66,928,680 |
| Bono Serie T (4) | 90,635,000-9 | Telefónica Chile S,A, | Chile | Banco de Chile | 9,600,000 | 9,600,000 | - | 19,200,000 | 19,200,000 | - | - | - | - | - | - | 38,400,000 |
| Bono Serie O (5) | 76,124,890-1 | Telefónica Móviles Chile S,A, | Chile | Banco de Chile | - | - | - | - | - | - | 70,000,000 | 70,000,000 | - | - | - | 70,000,000 |
| Total | | | | | 9,600,000 | 104,010,000 | 236,400,000 | 86,128,680 | 322,528,680 | - | 70,000,000 | 70,000,000 | - | - | - | 506,138,680 |

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



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

b) As of December 31, 2020, 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 12.31.2020 ThCh\$ | | |
|------------------|---------------------|-------------------------------|----------------|-----------------------------|-------------------------|------------------------------|--|------------------------|------------------------|------------------------------|------------------------|------------------------|--|------------------------------|----------------------------|
| | | | | | To Maturity | | Total current as of 12.31.2020 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 | The Bank of New York Mellon | - | 2,528,210 | 2,528,210 | 366,355,594 | - | 366,355,594 | - | - | - | - | 366,355,594 |
| Bono Serie K (2) | 76.124.890-1 | Telefónica Móviles Chile S.A. | Chile | Banco Santander | 1,348,498 | 94,404,420 | 95,768,074 | - | - | - | - | - | - | - | - |
| Bono Serie F (3) | 76.124.890-1 | Telefónica Móviles Chile S.A. | Chile | Banco Santander | - | 582,242 | 582,242 | - | 97,207,595 | 97,207,595 | - | - | - | - | 97,207,595 |
| Bono Serie T (6) | 90.635.000-9 | Telefónica Chile S.A. | Chile | Banco Chile | 10,524,294 | 9,620,005 | 20,144,299 | - | 19,241,482 | 19,241,482 | - | - | - | - | 19,241,482 |
| Bono Serie G (5) | 76.124.890-1 | Telefónica Móviles Chile S.A. | Chile | Banco Santander | - | 200,409 | 200,409 | - | - | - | - | 70,439,526 | 70,439,526 | - | 70,439,526 |
| Total | | | | | 11.887.948 | 116.957.996 | 119.507.903 | 366.355.594 | 116.449.077 | 482.804.671 | - | 70.439.526 | 70.439.526 | - | 553.244.197 |

- (1) On October 12, 2012, Telefónica Chile S,A, issued 144A Reg S bullet Bonds in the American Capital 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% and 10-year bullet, 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 used for refinancing liabilities and other corporate purposes.
- (2) On October 12, 2012, Telefónica Chile S,A, issued a 10-year 144A Reg S bullet Bond in the American Capital 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 and 10-year bullet, 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 used for refinancing liabilities and other corporate purposes.
- (3) 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.
- (4) 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.
- (5) On January 5, 2017, Telefónica Chile S,A, placed a 6,5-year bullet Bond Series T 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
- (6) On December 21, 2020, there was a 5-year bullet placement in the local market for an amount of ThCh \$ 70,000,000, maturing December 1, 2025.

On June 22, 2020, Telefónica Móviles Chile S,A, paid the Banco Santander G Bond for a total capital amount of UF 2,000,000 and interest in the amount of UF 21,880, equivalent to ThCh \$ 57,408,140 and ThCh \$ 628,045 respectively.

On August 14, 2020, Telefónica Móviles Chile S,A, paid the Banco Santander I Bond for a total capital amount of UF2,000,000 and interest in the amount of UF 19,406 equivalent to ThCh \$ 57,327,460 and ThCh \$ 556,248 respectively.

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



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

c) As of December 31, 2021 the composition of movements in current and non-current financial assets and liabilities from financial activities are as follows:

| Conciliation of financing activities, current | Cash flows | | | | Items other than cash flows | | | 12.31.2021 |
|---|--------------------|-------------------|----------------------|--------------------|-----------------------------|--|----------------------|--------------------|
| | 12.31.2020 | Charges | Payments | Exchange rate | Accrued interest | Reclassification current / non-current | Others (*) movements | |
| | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | |
| Financial liabilities | 323,826,778 | 13,842,839 | (358,123,099) | 146,236,291 | 33,502,291 | 308,203,939 | 17,363,518 | 484,852,557 |
| Banks loans (1) | 107,005,217 | - | (105,670,491) | (7,629,086) | 6,410,057 | - | 973,147 | 1,088,844 |
| Unguaranteed obligations (Bonds) (1) | 119,223,234 | - | (147,967,613) | 185,877,034 | 29,809,957 | 236,400,000 | 13,430,036 | 436,772,648 |
| Hedge instruments (2) | 28,697,814 | 13,842,839 | (8,165,865) | (19,890,185) | (8,692,789) | - | (641,934) | 5,149,880 |
| Leases (3) | 66,977,988 | - | (87,978,740) | (12,121,472) | 5,975,066 | 71,803,939 | (2,815,596) | 41,841,185 |
| Other financial debts (4) | 1,922,525 | - | (8,340,390) | - | - | - | 6,417,865 | - |
| Related companies commercial mandate (5) | 88,368 | 707,608 | (1,564,289) | - | - | - | 178,120 | (590,193) |
| Related companies leases (3) | 2,560,600 | - | - | - | - | (2,560,600) | - | - |
| Dividends pending of payment (6) | 9,971,466 | - | (448,670,663) | - | - | - | 438,699,197 | - |
| Total | 336,447,212 | 14,550,447 | (808,358,051) | 146,236,291 | 33,502,291 | 305,643,339 | 456,240,835 | 484,262,364 |

(*) Others

- (1) Corresponds to recognition of amortized cost, 4% tax and stamp tax.
- (2) Corresponds to recognition of the fair value of interest rate insurance and transfer from financial assets.
- (3) Corresponds to recognition of the obligation for liabilities on lease contracts that qualify under IFRS 16.
- (4) Corresponds to portfolio sales settlement.
- (5) Corresponds to movements of related-party transactions with Fundación Telefónica Chile.
- (6) Corresponds to dividends paid in July and August 2021.

| Conciliation of financing activities, Non-current | Cash flows | | | | Items other than cash flows | | | 12.31.2021 |
|---|--------------------|--------------------|----------|---------------------|-----------------------------|--|----------------------|----------------------|
| | 12.31.2020 | Charges | Payments | Exchange rate | Accrued interest | Reclassification current / non-current | Others (*) movements | |
| | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | |
| Financial liabilities | 854,041,423 | 651,137,064 | - | (93,811,090) | - | (266,196,301) | 93,070,652 | 1,238,241,748 |
| Banks loans (1) | 177,503,803 | 147,911,000 | - | 27,849,670 | - | - | (332,413) | 352,932,060 |
| Unguaranteed obligations (Bonds) (2) | 553,244,197 | 503,226,064 | - | (100,943,601) | - | (236,400,000) | (28,021,783) | 691,104,877 |
| Hedge instruments (3) | 24,855,039 | - | - | (20,717,159) | - | - | (3,093,150) | 1,044,730 |
| Leases (4) | 98,438,384 | - | - | - | - | (29,796,301) | 124,517,998 | 193,160,081 |
| Related companies leases (4) | 39,447,038 | - | - | - | - | (39,447,038) | - | - |
| Total | 893,488,461 | 651,137,064 | - | (93,811,090) | - | (305,643,339) | 93,070,652 | 1,238,241,748 |

(*) Others

- (1) Corresponds to recognition of amortized cost, 4% tax and stamp tax.
- (2) Includes fair value adjustment for loans subject to fair value hedging in the amount of ThCh\$(20,201,020) and amortized cost in the amount of ThCh\$4,788,094.
- (3) Corresponds to recognition of the fair value of rate insurance.
- (4) Corresponds to recognition of the obligation for liabilities on lease contracts that qualify under IFRS 16.

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

c) As of Decemberh 31, 2020, the composition of movements in current and non-current financial liabilities from financial activities are as follows:

| Conciliación Actividades de Financiación, corriente | Flujo de efectivo | | | | Otras partidas distintas al flujo de efectivo | | | 12.31.2020 |
|---|----------------------|--------------------|----------------------|----------------------|---|--|-----------------------|----------------------|
| | 12.31.2019 | Cobros | Pagos | Diferencia de cambio | Intereses devengados | Reclasificación corriente / no corriente | Otros (*) movimientos | |
| | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ | |
| Pasivos financieros | 208,737,239 | 233,002,471 | (239,920,375) | 19,654,388 | 28,615,412 | 54,694,868 | 13,567,829 | 318,351,832 |
| Préstamos bancarios (1) | 204,520 | 149,999,216 | (4,401,162) | 7,602,110 | 4,799,361 | (50,023,998) | (1,174,830) | 107,005,217 |
| Obligaciones no garantizadas (Bonos) (1) | 119,507,903 | 71,078,150 | (138,699,796) | (12,742,779) | 27,083,853 | 53,210,000 | (214,097) | 119,223,234 |
| Instrumentos de cobertura (2) | 3,538,527 | 11,435,602 | (6,093,582) | 24,373,147 | (6,162,823) | - | 1,606,943 | 28,697,814 |
| Obligaciones por arrendamiento (3) | 82,658,986 | - | (74,319,498) | 421,910 | 2,895,021 | 51,508,866 | (1,662,243) | 61,503,042 |
| Otras Deudas Financieras (4) | 2,827,303 | 489,503 | (16,406,337) | - | - | - | 15,012,056 | 1,922,525 |
| Mandato mercantil entidades relacionadas (5) | 87,574 | 1,434,640 | (820,000) | - | - | - | (613,846) | 88,368 |
| Arrendamientos entidades relacionadas (3) | 6,884,953 | - | (7,902,235) | 136,549 | 616,151 | 2,643,761 | 3,756,706 | 6,135,885 |
| Capital emitido | 1,329,872,285 | 35,000,000 | - | - | - | - | - | 1,364,872,285 |
| Dividendos pendientes de pago (6) | 75,721 | - | (81,249) | - | - | - | 5,528 | - |
| Total | 1,545,657,772 | 269,437,111 | (248,723,859) | 19,790,937 | 29,231,563 | 57,338,629 | 16,716,217 | 1,689,448,370 |

(*) Others

- (1) Corresponds to recognition of amortized cost, 4% tax and stamp tax.
- (2) Corresponds to recognition of the fair value of rate insurance.
- (3) Corresponds to recognition of the obligation for liabilities on lease contracts that qualify under IFRS 16.
- (4) Corresponds to portfolio sales settlement.
- (5) Corresponds to movements of related-party transactions with Fundación Telefónica Chile.
- (6) Corresponds to dividends paid in May 2020.

| Conciliación Actividades de Financiación, no corriente | Flujo de efectivo | | | | Otras partidas distintas al flujo de efectivo | | | 12.31.2020 |
|--|--------------------|--------|-------|----------------------|---|--|-----------------------|--------------------|
| | 12.31.2019 | Cobros | Pagos | Diferencia de cambio | Intereses devengados | Reclasificación corriente / no corriente | Otros (*) movimientos | |
| | M\$ | M\$ | M\$ | M\$ | M\$ | M\$ | M\$ | |
| Pasivos financieros | 905,937,680 | - | - | (30,078,201) | - | (54,694,868) | 32,876,812 | 854,041,423 |
| Préstamos bancarios | 163,252,643 | - | - | (35,245,011) | - | 50,023,998 | (527,827) | 177,503,803 |
| Obligaciones no garantizadas (Bonos) | 614,538,045 | - | - | (16,537,352) | - | (53,210,000) | 8,453,504 | 553,244,197 |
| Instrumentos de cobertura | 5,599,137 | - | - | 21,704,162 | - | - | (2,448,260) | 24,855,039 |
| Obligaciones por arrendamiento (1) | 122,547,855 | - | - | - | - | (51,508,866) | 27,399,395 | 98,438,384 |
| Arrendamientos entidades relacionadas | 37,179,397 | - | - | - | - | (2,643,761) | 4,911,402 | 39,447,038 |
| Total | 943,117,077 | - | - | (30,078,201) | - | (57,338,629) | 37,788,214 | 893,488,461 |

(*) Others

- (1) Corresponds to recognition of amortized cost, 4% tax and stamp tax.
- (2) Includes fair value adjustment for loans subject to fair value hedging in the amount of ThCh\$7,073,906 and amortized cost in the amount of ThCh\$364,695.
- (3) Corresponds to recognition of the fair value of rate insurance.
- (4) Corresponds to recognition of the obligation for liabilities on lease contracts that qualify under IFRS 16.

21. Current and non-current lease liabilities

a) The composition of the Liabilities for current and non-current leases that accrue interest is as follows:

| Concepts | 12.31.2021 | | 12.31.2020 | |
|-----------------------|-------------------|--------------------|-------------------|--------------------|
| | Current M\$ | Non-current M\$ | Current M\$ | Non-current M\$ |
| Lease obligations (1) | 41,841,185 | 193,160,081 | 61,503,041 | 98,438,384 |
| Total | 41,841,185 | 193,160,081 | 61,503,041 | 98,438,384 |

(1) Corresponds to recognition of the liability for lease agreements that qualify under IFRS 16. In 2021, we emphasize the incorporation of new contracts due to changes in components from variable to fixed and recognition of Telxius Torres Chile, S.A. as an external supplier.

b) The detail of the expirations of the current and non-current financial liabilities for leases as of December 31, 2021 and 2020 is as follows:

| Up to 90 days ThCh\$ | Due date | | Total current 12.31.2021 ThCh\$ | 1 to 3 years ThCh\$ | Due dates | | Total non-current as of 12.31.2021 ThCh\$ |
|-------------------------|-----------------------------|------------------------|---------------------------------------|------------------------|------------------------|-------------|---|
| | 91 days to 1 year ThCh\$ | 3 to 5 years ThCh\$ | | | Over 5 years ThCh\$ | | |
| 22,275,189 | 19,565,996 | 41,841,185 | 140,440,778 | 36,572,713 | 16,146,590 | 193,160,081 | |

| Up to 90 days ThCh\$ | Due date | | Total current 12.31.2020 ThCh\$ | 1 to 3 years ThCh\$ | Due dates | | Total non-current as of 12.31.2020 ThCh\$ |
|-------------------------|-----------------------------|------------------------|---------------------------------------|------------------------|------------------------|------------|---|
| | 91 days to 1 year ThCh\$ | 3 to 5 years ThCh\$ | | | Over 5 years ThCh\$ | | |
| 29,537,743 | 31,965,298 | 61,503,041 | 55,268,820 | 26,224,368 | 16,945,196 | 98,438,384 | |

22. Trade and other payables

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

| Description | 12.31.2021 | | 12.31.2020 | |
|--|--------------------|----------------------|--------------------|----------------------|
| | Current ThCh\$ | No-current ThCh\$ | Current ThCh\$ | No-current ThCh\$ |
| Debts due to purchases or services provided, invoiced (1) | 184,131,524 | - | 160,043,934 | - |
| Debts due to purchases or services provided, provisioned (1) (2) | 185,820,030 | 280,037 | 108,343,256 | 1,160,617 |
| Real property providers, invoiced | 63,663,843 | - | 47,804,868 | - |
| Real property providers, provisioned | 29,819,329 | - | 5,335,893 | - |
| Payables to employees | 34,521,366 | - | 32,097,916 | - |
| Dividends pending of payment | 555,203 | - | 65,659 | - |
| Total | 498,511,295 | 280,037 | 353,691,526 | 1,160,617 |

(1) "Debts from purchases or services rendered" corresponding to foreign and domestic suppliers, for the years ended as of December 31, 2021 and 2020 are detailed as follows:

| Debts due to purchases or services provided | 12.31.2021 | 12.31.2020 |
|---|--------------------|--------------------|
| | ThCh\$ | ThCh\$ |
| Domestic | 318,058,081 | 240,181,598 |
| Foreign | 51,893,473 | 28,205,592 |
| Total | 369,951,554 | 268,387,190 |

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

22. Trade and other payables, continued

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, among others,

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

As of December 31, 2021, the main suppliers in mobile operations are : Samsung Electronics Chile Ltda. with 11.0%, Nokia Solutions and Networks Chile with 8.4%, Comercial Multiwireless Ltda. with 4.8%, Apple Chile Comercial Ltda. with 4.8%, Huawei Chile S.A. with 4.1%, As of December 31, 2020, the main suppliers in mobile operations are Huawei Chile S,A, with 11.9%, Samsung Electronics Chile Ltda, with 9.4%, Nokia Solutions and Networks Chile with 4.3%,

The terms of accounts payable to suppliers with up to date payments as of December 31, 2021 and 2020 are detailed as follows:

| Suppliers with up to date payments As of 12.31.2021 | Goods (Immobilized) ThCh\$ | Services and Purchases ThCh\$ | Total ThCh\$ |
|---|----------------------------------|-------------------------------------|--------------------|
| Trade accounts to date | | | |
| Up to 30 days | 32,419,903 | 106,730,489 | 139,150,392 |
| From 31 to 60 days | 25,468,394 | 51,294,450 | 76,762,844 |
| From 61 to 90 days | 1,805,519 | 4,535,714 | 6,341,233 |
| From 91 to 120 days | 908,178 | 1,875,653 | 2,783,831 |
| From 121 to 180 days | 25,650 | 21,841 | 47,491 |
| More than 180 days | 164,464 | 30,442 | 194,906 |
| Total | 60,792,108 | 164,488,589 | 225,280,697 |
| Average period of payment of up to date accounts | 71 | 70 | |

| Suppliers with up to date payments As of 12.31.2020 | Goods (Immobilized) ThCh\$ | Services and ShoppingPurchases ThCh\$ | Total ThCh\$ |
|---|----------------------------------|---|--------------------|
| Trade accounts to date | | | |
| Up to 30 days | 29,670,694 | 95,128,442 | 124,799,136 |
| From 31 to 60 days | 13,587,224 | 44,335,237 | 57,922,461 |
| From 61 to 90 days | 155,540 | 3,637,929 | 3,793,469 |
| From 91 to 120 days | 479,791 | 235,581 | 715,372 |
| From 121 to 180 days | 846,391 | 64,709 | 911,100 |
| More than 180 days | 428,890 | 425,307 | 854,197 |
| Total | 45,168,530 | 143,827,205 | 188,995,735 |
| Average period of payment of up to date accounts | 113 | 76 | |

22. Trade and other payables, continued

b) Payment terms of accounts payable, continued

The terms of accounts payable to suppliers with overdue payments as of December 31, 2021 and 2020 are detailed as follows:

| Overdue suppliers by term As of 12.31.2021 | Goods (Immobilized) ThCh\$ | Services and Purchases ThCh\$ | Total ThCh\$ |
|---|----------------------------------|-------------------------------------|-------------------|
| Overdue trade accounts payable by term | | | |
| Up to 30 days | 2,090,915 | 13,044,726 | 15,135,641 |
| From 31 to 60 days | 499,259 | 3,045,222 | 3,544,481 |
| From 61 to 90 days | 229,595 | 671,776 | 901,371 |
| From 91 to 120 days | 6,336 | 354,957 | 361,293 |
| From 121 to 180 days | 3,381 | 299,948 | 303,329 |
| More than 180 days | 42,249 | 2,226,306 | 2,268,555 |
| Total | 2,871,735 | 19,642,935 | 22,514,670 |
| Average payment period of overdue accounts | 60 | 43 | |

| Overdue suppliers by term As of 12.31.2020 | Goods (In ThCh\$ | Services and Purchases ThCh\$ | Total ThCh\$ |
|---|---------------------|----------------------------------|-------------------|
| Overdue trade accounts payable by term | | | |
| Up to 30 days | 2,285,026 | 10,045,370 | 12,330,396 |
| From 31 to 60 days | 39,024 | 2,193,933 | 2,232,957 |
| From 61 to 90 days | 233,821 | 588,885 | 822,706 |
| From 91 to 120 days | 33,546 | 243,520 | 277,066 |
| From 121 to 180 days | 160 | 985,571 | 985,731 |
| More than 180 days | 44,761 | 2,159,450 | 2,204,211 |
| Total | 2,636,338 | 16,216,729 | 18,853,067 |
| Average payment period of overdue accounts | 57 | 36 | |

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



23. 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 December 31, 2021 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 (market prices) | | | Level 2 (observable inputs other than market 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\$ | |
| Other participations (net) | 6-c | - | - | - | - | - | 6,831,994 | - | 6,831,994 | 6,831,994 | 118 | - | 6,832,112 | 6,832,112 | |
| Other participations | | - | - | - | - | - | 6,831,994 | - | 6,831,994 | 6,831,994 | 118 | - | 6,832,112 | 6,832,112 | |
| Derivative instrument assets | | - | - | - | - | - | - | 53,949,739 | 53,949,739 | - | 53,949,739 | - | 53,949,739 | 53,949,739 | |
| Derivative instrument assets | 23-2 | - | - | - | - | - | - | 53,949,739 | 53,949,739 | - | 53,949,739 | - | 53,949,739 | 53,949,739 | |
| Non-current trade and other accounts receivable | | 108,367,705 | 108,367,705 | - | - | - | - | - | - | - | - | - | 108,367,705 | 108,367,705 | |
| Non-current trade and other accounts receivable | 12 | 25,107,034 | 25,107,034 | - | - | - | - | - | - | - | - | - | 25,107,034 | 25,107,034 | |
| Account receivable from relate entities | 9-b | 83,260,671 | 83,260,671 | - | - | - | - | - | - | - | - | - | 83,260,671 | 83,260,671 | |
| Other non-trade accounts receivable | 6-a | 21,401,681 | 21,401,681 | - | - | - | - | - | - | - | - | - | 21,401,681 | 21,401,681 | |
| Non-current financial assets | | 129,769,386 | 129,769,386 | - | - | - | 6,831,994 | 53,949,739 | 60,781,733 | 6,831,994 | 53,949,857 | - | 190,551,237 | 190,551,237 | |
| Current trade accounts receivable | | 282,489,939 | 282,489,939 | - | - | - | - | - | - | - | - | - | 282,489,939 | 282,489,939 | |
| Current trade and other accounts receivable | 8-a | 243,735,280 | 243,735,280 | - | - | - | - | - | - | - | - | - | 243,735,280 | 243,735,280 | |
| Account receivable from relate entities | 9-a | 38,754,659 | 38,754,659 | - | - | - | - | - | - | - | - | - | 38,754,659 | 38,754,659 | |
| Other non-trade accounts receivable | 6-a | 19,752,048 | 19,752,048 | - | - | - | - | - | - | - | - | - | 19,752,048 | 19,752,048 | |
| Current deposits and pledges | | 414,098,995 | 414,098,995 | - | - | - | - | - | - | - | - | - | 414,098,995 | 414,098,995 | |
| Current pledges and deposits | 6-b | 414,098,995 | 414,098,995 | - | - | - | - | - | - | - | - | - | 414,098,995 | 414,098,995 | |
| Derivative instrument of assets | | - | - | - | - | - | - | 220,841,822 | 220,841,822 | - | 220,841,822 | - | 220,841,822 | 220,841,822 | |
| Derivative instrument of assets | 22-2 | - | - | - | - | - | - | 220,841,822 | 220,841,822 | - | 220,841,822 | - | 220,841,822 | 220,841,822 | |
| Cash and cash equivalents | | 412,783,123 | 412,783,123 | - | - | - | - | - | - | - | - | - | 412,783,123 | 412,783,123 | |
| Cash and cash equivalents | 5 | 412,783,123 | 412,783,123 | - | - | - | - | - | - | - | - | - | 412,783,123 | 412,783,123 | |
| Current financial assets | | 1,129,124,105 | 1,129,124,105 | - | - | - | - | 220,841,822 | 220,841,822 | - | 220,841,822 | - | 1,349,965,927 | 1,349,965,927 | |
| Total financial assets | | 1,258,893,491 | 1,258,893,491 | - | - | - | 6,831,994 | 274,791,561 | 281,623,555 | 6,831,994 | 274,791,679 | - | 1,540,517,164 | 1,540,517,164 | |

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



23. 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, 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 (market prices) | | | Level 2 (observable inputs other than market prices) | Level 3 (inputs not based on observable market data) | | | |
| | | | | | | | | | | | | | ThCh\$ | | |
| Other participations (net) | 6-c | - | - | - | - | - | 5,972,036 | - | 5,972,036 | 5,971,918 | 118 | - | 5,972,036 | 5,972,036 | |
| Other participations | | - | - | - | - | - | 5,972,036 | - | 5,972,036 | 5,971,918 | 118 | - | 5,972,036 | 5,972,036 | |
| Derivative instrument assets | | - | - | - | - | - | - | 159,119,588 | 159,119,588 | - | 159,119,588 | - | 159,119,588 | 159,119,588 | |
| Derivative instrument assets | 23-2 | - | - | - | - | - | - | 159,119,588 | 159,119,588 | - | 159,119,588 | - | 159,119,588 | 159,119,588 | |
| Non-current Deposits and pledges | | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Deposits and pledges | | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Non-current trade and other accounts receivable | | 23,323,922 | 23,323,922 | - | - | - | - | - | - | - | - | - | 23,323,922 | 23,323,922 | |
| Non-current trade and other accounts receivable | 12 | 23,323,922 | 23,323,922 | - | - | - | - | - | - | - | - | - | 23,323,922 | 23,323,922 | |
| Non-current financial assets | | 23,323,922 | 23,323,922 | - | - | - | 5,972,036 | 159,119,588 | 165,091,624 | 5,971,918 | 159,119,706 | - | 188,415,546 | 188,415,546 | |
| Current trade accounts receivable | | 243,586,649 | 243,586,649 | - | - | - | - | - | - | - | - | - | 243,586,649 | 243,586,649 | |
| Current trade and other accounts receivable | 8-a | 234,486,698 | 234,486,698 | - | - | - | - | - | - | - | - | - | 234,486,698 | 234,486,698 | |
| Account receivable from relate entities | 9-a | 9,099,951 | 9,099,951 | - | - | - | - | - | - | - | - | - | 9,099,951 | 9,099,951 | |
| Current deposits and pledges | | 319,953 | 319,953 | - | - | - | - | - | - | - | - | - | 319,953 | 319,953 | |
| Current pledges and deposits | 6-d | 319,953 | 319,953 | - | - | - | - | - | - | - | - | - | 319,953 | 319,953 | |
| Derivative instrument of assets | | - | - | - | - | - | - | 10,167,161 | 10,167,161 | - | 10,167,161 | - | 10,167,161 | 10,167,161 | |
| Derivative instrument of assets | 23-2 | - | - | - | - | - | - | 10,167,161 | 10,167,161 | - | 10,167,161 | - | 10,167,161 | 10,167,161 | |
| Cash and cash equivalents | | 465,809,329 | 465,809,329 | - | - | - | - | - | - | - | - | - | 465,809,329 | 465,809,329 | |
| Cash and cash equivalents | 5 | 465,809,329 | 465,809,329 | - | - | - | - | - | - | - | - | - | 465,809,329 | 465,809,329 | |
| Current financial assets | | 709,715,931 | 709,715,931 | - | - | - | - | 10,167,161 | 10,167,161 | - | 10,167,161 | - | 719,883,092 | 719,883,092 | |
| Total financial assets | | 733,039,853 | 733,039,853 | - | - | - | 5,972,036 | 169,286,749 | 175,258,785 | 5,971,918 | 169,286,867 | - | 908,298,638 | 908,298,638 | |

23. 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 maturities.

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 maturities.

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 6a).

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

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



23. 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 December 31, 2021 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 (market prices) | Level 2 (observable inputs other than market 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 | 20-b | 691,104,877 | 670,149,934 | - | - | - | - | - | - | - | 691.104.877 | 670,149,934 |
| Non-current debts with loan entities | 20-a | 352,932,060 | 352,932,061 | - | - | - | - | - | - | - | 352.932.060 | 352,932,061 |
| Long-term hedge derivative instrument of liabilities | 20-a | - | - | - | - | 1,044,730 | 1,044,730 | - | 1,044,730 | - | 1.044.730 | 1,044,730 |
| Trade and other accounts payable | 22-a | 280,037 | 280,037 | - | - | - | - | - | - | - | 280.037 | 280,037 |
| Accounts payable to related entities | 9-d | 1,529,371 | 1,529,371 | - | - | - | - | - | - | - | 1.529.371 | 1,529,371 |
| Other non-current financial debts | 21 | 193,160,081 | 193,160,081 | - | - | - | - | - | - | - | 193.160.081 | 193,160,081 |
| Non-current financial liabilities | | 1,239,006,426 | 1,218,051,484 | - | - | 1,044,730 | 1,044,730 | - | 1,044,730 | - | 1.240.051.156 | 1,219,096,214 |
| Issuance of short-term obligations and other marketable securities | 20-b | 436,772,648 | 444,423,200 | - | - | - | - | - | - | - | 436.772.648 | 444,423,200 |
| Short-term debts with credit entities | 20-a | 1,088,844 | 1,088,843 | - | - | - | - | - | - | - | 1.088.844 | 1,088,843 |
| Short-term derivative instrument of liabilities | 23-2 | - | - | - | - | 5,149,880 | 5,149,880 | - | 5,149,880 | - | 5.149.880 | 5,149,880 |
| Trade and other accounts payable | 22-a | 498,511,295 | 498,511,295 | - | - | - | - | - | - | - | 498.511.295 | 498,511,295 |
| Accounts payable to related entities | 9-c | 185,744,314 | 185,744,314 | - | - | - | - | - | - | - | 185.744.314 | 185,744,314 |
| Other non-current financial debts (1) | 20-21 | 41,841,185 | 41,841,185 | - | - | - | - | - | - | - | 41.841.185 | 41,841,185 |
| Current financial liabilities | | 1,163,958,286 | 1,171,608,837 | - | - | 5,149,880 | 5,149,880 | - | 5,149,880 | - | 1.169.108.166 | 1,176,758,717 |
| Total financial liabilities | | 2,402,964,712 | 2,389,660,321 | - | - | 6,194,610 | 6,194,610 | - | 6,194,610 | - | 2.409.159.322 | 2,395,854,931 |

(1) Includes sale of portfolio to Banco Santander (See Note 19 Other financial debts).

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



23. 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, 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 (market prices) | Level 2 (observable inputs other than market 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 | 20-b | 553,244,197 | 586,245,617 | - | - | - | - | - | - | - | 553,244,197 | 586,245,617 |
| Non-current debts with loan entities | 20-a | 177,503,803 | 177,503,803 | - | - | - | - | - | - | - | 177,503,803 | 177,503,803 |
| Long-term hedge derivative instrument of liabilities | 23-2 | - | - | - | - | 24,855,039 | 24,855,039 | - | 24,855,039 | - | 24,855,039 | 24,855,039 |
| Trade and other accounts payable | 22-a | 1,160,617 | 1,160,617 | - | - | - | - | - | - | - | 1,160,617 | 1,160,617 |
| Accounts payable to related entities | 9-d | 40,801,985 | 40,801,985 | - | - | - | - | - | - | - | 40,801,985 | 40,801,985 |
| Other long-term financial debts | 21 | 98,438,384 | 98,438,384 | - | - | - | - | - | - | - | 98,438,384 | 98,438,384 |
| Non-current financial liabilities | | 871,148,986 | 904,150,406 | - | - | 24,855,039 | 24,855,039 | - | 24,855,039 | - | 896,004,025 | 929,005,445 |
| Issuance of short-term obligations and other marketable securities | 20-b | 119,223,234 | 123,017,030 | - | - | - | - | - | - | - | 119,223,234 | 123,017,030 |
| Short-term debts with credit entities | 20-a | 107,005,217 | 107,005,217 | - | - | - | - | - | - | - | 107,005,217 | 107,005,217 |
| Short-term derivative instrument of liabilities | 23-2 | - | - | - | - | 28,697,814 | 28,697,814 | - | 28,697,814 | - | 28,697,814 | 28,697,814 |
| Trade and other accounts payable | 22-a | 353,691,526 | 353,691,526 | - | - | - | - | - | - | - | 353,691,526 | 353,691,526 |
| Accounts payable to related entities | 9-c | 59,548,404 | 59,548,404 | - | - | - | - | - | - | - | 59,548,404 | 59,548,404 |
| Other long-term financial debts (1) | 20-21 | 63,425,566 | 63,425,566 | - | - | - | - | - | - | - | 63,425,566 | 63,425,566 |
| Current financial liabilities | | 702,893,947 | 706,687,743 | - | - | 28,697,814 | 28,697,814 | - | 28,697,814 | - | 731,591,761 | 735,385,557 |
| Total financial liabilities | | 1,574,042,933 | 1,610,838,149 | - | - | 53,552,853 | 53,552,853 | - | 53,552,853 | - | 1,627,595,786 | 1,664,391,002 |

(1) Includes sale of portfolio to Banco Santander (See Note 19 Other financial debts).

23. 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) (see note 20).

Notes to the consolidated financial statements, continued

As of December 31, 2021 and 2020



23. Financial instruments, continued

2. Hedging instruments

As of December 31, 2021, 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 hedge – cash flow (1) | Suppliers Debt | 6,036,831 | 3,621,584 | (1,109,468) | (133,523) | 505,386 | - | (341,271) | - |
| Exchange rate hedge – fair value (2) | Suppliers Debt | 2,168,668 | - | (72,350) | (3,337,438) | - | - | - | - |
| Interest rate hedge – cash flow (3) | Financial Debt | 9,774,582 | - | (288,514) | - | 9,926,328 | - | (413,861) | (289,598) |
| Exchange rate and interest rate hedge – fair value (4) | Financial Debt | 394,511 | 198,845,646 | (208,587) | - | - | 43,518,025 | - | - |
| Total | | 18,374,592 | 202,467,230 | (1,678,919) | (3,470,961) | 10,431,714 | 43,518,025 | (755,132) | (289,598) |

As of December 31, 2021, Hedging instruments have generated an effect on year result of ThCh\$(35,021,989), and an accumulated effect on equity, net of taxes, of ThCh\$117,575,925 (see note 27d).

As of December 31, 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 hedge – cash flow (1) | Suppliers Debt | 132,308 | 46,637 | (8,040,984) | (15,621,964) | - | - | (1,411,828) | - |
| Exchange rate hedge – fair value (2) | Suppliers Debt | 302,015 | 6,619,837 | (1,620,762) | - | - | - | (21,808,182) | - |
| Interest rate hedge – cash flows (3) | Financial Debt | 2,667,757 | - | (3,414,104) | - | - | 11,688,395 | (1,635,029) | - |
| Exchange rate and interest rate hedge – fair value (4) | Financial Debt | 398,607 | - | - | - | - | 147,431,188 | - | - |
| Total | | 3,500,687 | 6,666,474 | (13,075,850) | (15,621,964) | - | 159,119,588 | (24,855,039) | - |

Hedge instruments have generated an effect on result of ThCh\$36,254,603, as of December 31, 2020 and the accumulated effect on equity, net of taxes, is ThCh\$14,505,537 (see note 26d).

Description of hedge instruments:

- Exchange rate hedge – cash flow: This category includes derivative instruments used to hedge highly probable future cash flows of trade debt.
- Exchange rate hedge – fair value: This category includes derivative instruments entered into to hedge existing commercial debt.
- Interest rate hedge – cash flows: 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 hedge – fair value: This category includes derivative instruments entered into to hedge foreign currency risk on capital of debt instrument.

23. 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, both 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 apply consistently from one period 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. Hierarchy of financial instruments fair value

Financial instruments recognized at fair value in the Statement of financial position are classified according to the following hierarchies (note 23,1):

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.

24. Other currents provisions

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

| Concepts | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|---------------------------------|----------------------|----------------------|
| Civil and regulatory provisions | 8,013,274 | 5,494,711 |
| Total | 8,013,274 | 5,494,711 |

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 34a, therefore they do not foresee that they will result in liabilities other than those recorded.

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

As of December 31, 2021 and 2020, the movements in provisions are as follows:

| Movements | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|---------------------------------|----------------------|----------------------|
| Beginning balance | 5,494,711 | 1,601,625 |
| Increase in existing provisions | 8,070,007 | 5,296,788 |
| Provision application | (5,551,444) | (1,403,702) |
| Movements subtotal | 2,518,563 | 3,893,086 |
| Ending balance | 8,013,274 | 5,494,711 |

b) Other non-currents provisions:

As of December 31, 2021 and 2020, the balance of other non-current provisions are detailed as follows:

| Concepts | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|------------------------------------|----------------------|----------------------|
| Dismantling provision (1) | 17,662,669 | 17,175,350 |
| Non-currents provisions others (2) | 134,090 | 89,895 |
| Total | 17,796,759 | 17,265,245 |

(1) Movements of the dismantling provision as of December 31, 2021 and 2020 are detailed as follows:

| Movements | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|----------------------------------|----------------------|----------------------|
| Beginning balance | 17,175,350 | 18,730,421 |
| Financial update | 140,145 | 141,182 |
| Upward | 434,844 | 114,318 |
| Reverse of dismantling provision | (87,670) | (1,810,571) |
| Movement subtotal | 487,319 | (1,555,071) |
| Ending balance | 17,662,669 | 17,175,350 |

(2) Includes provisions for municipal licenses and mutual support.

25. Employee benefits accrual

a) Post-employment benefits

The employee benefits provision corresponds to liabilities for future severance pay for years of service that are estimated to be accrued for employees, both in the general and private payroll, through collective or individual employee contracts, and are 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. This procedure has been applied by the Company since the beginning of the convergence to International Standard.

As of December 31, 2021 and 2020 current and non-current employee benefits accrual are as follows:

| Concepts | 12.31.2021 | 12.31.2020 |
|---|-------------------|-------------------|
| | ThCh\$ | ThCh\$ |
| Current amount of liability recognized for termination benefits | 3,764,665 | 3,342,973 |
| Non-current amount of liability recognized for termination benefits | 28,518,971 | 33,147,540 |
| Total | 32,283,636 | 36,490,513 |

As of January 1, 2021, the Company currently presents the benefits of employees who will reach the legal age to retire within the next twelve months.

As of December 31, 2021 and 2020 the movements for current employee benefits provisions are detailed as follows:

| Movements | 12.31.2021 | 12.31.2020 |
|--|--------------------|-------------------|
| | ThCh\$ | ThCh\$ |
| Beginning balance | 36,490,513 | 36,121,497 |
| Service costs | 236,353 | 95,680 |
| Interest costs (see note 25 d) | 1,332,998 | 1,295,678 |
| Actuarial profits, net due to experience | (3,591,920) | 250,267 |
| Benefits paid | (2,283,603) | (921,887) |
| Others | 99,295 | (350,722) |
| Movement subtotal | (4,206,877) | 369,016 |
| Ending balance | 32,283,636 | 36,490,513 |

25. 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 December 31, 2021 and 2020:

- **Discount rate:** An annual nominal rate of 5.924% and 3.65% is used as of December 31, 2021 and 2020, respectively. This rate must be representative of the time value of money, for which a risk-free rate, represented by BCP financial instruments (Central Bank of Chile Bonds issued in Chilean pesos), is used for a relevant term of around 20 years.
- **Incremental Salary Rate:** for calculation, an increase table is used according to the inflation projection established by the Central Bank of Chile. The rate used for the periods ended December 31, 2021 and 2020 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 years are as follows:

| Benefit group | Turnover rate for resignation | Turnover rate for dismissal |
|--------------------------|-------------------------------|-----------------------------|
| Frozen Compensation | 0.06% | 1.69% |
| Post-frozen Compensation | 3.31% | 8.32% |
| 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 December 31, 2021, 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 | 5.924% | (1,832,569) | 2,047,393 |

25. Employee benefits accrual, continued

c) Expected cash flows

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

| Description | 1st year ThCh\$ |
|---------------------------|--------------------|
| Future payment cash flows | 6,433,375 |

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 | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|---|----------------------|----------------------|
| Wages and salaries | 134,236,050 | 131,292,749 |
| Post employment benefit obligations expense | 236,353 | 95,680 |
| Total | 134,472,403 | 131,388,429 |

26. Other current and non-current non-financial liabilities

a) Other non-financial liabilities are detailed as follows:

| Concepts | 12.31.2021 | | 12.31.2020 | |
|--|-------------------|-----------------------|-------------------|-----------------------|
| | Current ThCh\$ | Non-current ThCh\$ | Current ThCh\$ | Non-current ThCh\$ |
| Contractual liabilities | 14,371,041 | 1,800,015 | 18,599,189 | 2,250,291 |
| Handsets sold and not activated | 5,819,342 | - | 9,429,162 | - |
| Services charged and not rendered | 5,468,223 | - | 5,034,677 | - |
| IRUS rights of use | 450,277 | 1,800,015 | 422,250 | 2,250,291 |
| Others contractual liabilities (1) | 2,633,199 | - | 3,713,100 | - |
| Deferred income | 12,363,866 | 76,918,319 | 4,357,500 | 1,069,070 |
| Corporate projects to be undertaken (2) | 1,183,969 | 203,175 | 1,978,284 | 435,723 |
| Sale of telecommunications infrastructure | 362,188 | 317,569 | 1,097,554 | 419,712 |
| Optical fiber business sale exclusivity (3) | 8,969,110 | 76,237,436 | - | - |
| Other Deferred income (4) | 1,848,599 | 160,139 | 1,281,662 | 213,635 |
| Subsidies | 359,756 | 1,973,734 | 359,756 | 2,333,490 |
| Extreme zones | 118,942 | 238,738 | 118,942 | 357,680 |
| Subsidy for Tierra del Fuego base stations | 70,355 | 633,198 | 70,355 | 703,554 |
| Puerto Natales and Cerro Castillo Fiber Optics Network | 52,623 | 298,198 | 52,623 | 350,820 |
| Connectivity for service networks and telecentre | 90,380 | 160,672 | 90,380 | 251,052 |
| Juan Fernandez Island Satellite links | 27,456 | 642,928 | 27,456 | 670,384 |
| Taxes | 21,269,742 | - | 26,699,733 | - |
| VAT (5) | 19,832,184 | - | 24,681,683 | - |
| Other taxes (6) | 1,437,558 | - | 2,008,050 | - |
| Others non-financial liabilities | 48,364,405 | 80,692,068 | 50,016,178 | 5,652,851 |

- (1) Includes connection instalments, electronic prepay top-up and unaccrued interest on sales paid in instalments.
(2) Corresponds to billing of projects of companies that are recorded in revenue to the extent of their degree of progress.
(3) Corresponds to the deferral due to exclusivity in the sale of the fiber optic business (see note 19)
(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.

26. Other current and non-current non-financial liabilities, continued

Movements of contractual liabilities, deferred income and subsidies as of December 31, 2021 and 2020 are as follows:

| Movements | 12.31.2021 | | | | | |
|--------------------------|-------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|
| | Contractual liabilities | | Deferred Income | | Subsidies | |
| | Current ThCh\$ | Non-Current ThCh\$ | Current ThCh\$ | Non-Current ThCh\$ | Current ThCh\$ | Non-Current ThCh\$ |
| Beginning balance | 18,599,190 | 2,250,291 | 4,357,500 | 1,069,070 | 359,756 | 2,333,490 |
| Endowments | 233,136,971 | - | 12,823,390 | 80,872,535 | - | - |
| Reduction/applications | (237,815,397) | - | (6,030,241) | (3,810,068) | (359,756) | - |
| Transfers | 450,276 | (450,276) | 1,213,218 | (1,213,218) | 359,756 | (359,756) |
| Movement subtotal | (4,228,150) | (450,276) | 8,006,367 | 75,849,249 | - | (359,756) |
| Ending balance | 14,371,040 | 1,800,015 | 12,363,867 | 76,918,319 | 359,756 | 1,973,734 |

| Movements | 12.31.2020 | | | | | |
|----------------------------|-------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|
| | 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 | 254,905,765 | - | 5,448,246 | 386,300 | - | - |
| Write downs/applications | (250,989,749) | - | (5,673,335) | (324,923) | (1,102,772) | - |
| Transfers | 423,259 | (423,259) | 702,230 | (702,230) | 939,173 | (939,173) |
| Movements, subtotal | 4,339,275 | (423,259) | 477,141 | (640,853) | (163,599) | (939,173) |
| Ending balance | 18,599,190 | 2,250,291 | 4,357,500 | 1,069,070 | 359,756 | 2,333,490 |

b) The detail of the expirations of the current non-financial liabilities as of December 31, 2021 and 2020 is as follows:

| Expirations | | Total Current to 12.31.2021 ThCh\$ | Expirations | | | | Total non-current to 12.31.2021 ThCh\$ |
|-------------------------|-----------------------------|--|------------------------|------------------------|----------------------------|-------------------|--|
| until 90 days ThCh\$ | 91 days to 1 year ThCh\$ | | 1 to 3 years ThCh\$ | 3 to 5 years ThCh\$ | 5 years and more ThCh\$ | | |
| 44,138,919 | 4,225,486 | 48,364,405 | 20,298,678 | 18,609,031 | 41,784,359 | 80,692,068 | |

| Expirations | | Total Current to 12.31.2020 ThCh\$ | Expirations | | | | Total non-current to 12.31.2020 ThCh\$ |
|-------------------------|-----------------------------|--|------------------------|------------------------|----------------------------|------------------|--|
| until 90 days ThCh\$ | 91 days to 1 year ThCh\$ | | 1 to 3 years ThCh\$ | 3 to 5 years ThCh\$ | 5 years and more ThCh\$ | | |
| 47,141,182 | 2,874,997 | 50,016,179 | 3,030,380 | 783,330 | 1,839,141 | 5,652,851 | |

27. Equity

The Company manages its capital for the purpose of safeguarding its capacity to continue as a going concern for the purpose of generating returns to its shareholders. As well with the objective of maintaining a strong credit rating and favorable capital ratios in order to support its businesses and guarantee ongoing and expedite access to the financial markets, maximizing the shareholders' 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 years ended as of December 31, 2021 and 2020.

a) Equity

As of December 31, 2021 and 2020, the Company's paid-in capital is composed as follows:

Number of shares

| Series | 12.31.2021 | | | 12.31.2020 | | |
|--------------|--------------------------|------------------------|----------------------------------|--------------------------|------------------------|----------------------------------|
| | No. of shares subscribed | No. of shares paid | No. of shares with voting rights | No. of shares subscribed | No. of shares paid | No. of shares with voting rights |
| Unique | 960,392,966,349 | 960,392,966,349 | 960,392,966,349 | 960,392,966,349 | 960,392,966,349 | 960,392,966,349 |
| Total | 960,392,966,349 | 960,392,966,349 | 960,392,966,349 | 960,392,966,349 | 960,392,966,349 | 960,392,966,349 |

Equity

| Series | 12.31.2021 | | 12.31.2020 | |
|--------------|----------------------|----------------------|----------------------|----------------------|
| | Subscribed capital | Paid-in capital | Subscribed capital | Paid-in capital |
| | ThCh\$ | ThCh\$ | ThCh\$ | ThCh\$ |
| Unique | 1,364,872,285 | 1,364,872,285 | 1,364,872,285 | 1,364,872,285 |
| Total | 1,364,872,285 | 1,364,872,285 | 1,364,872,285 | 1,364,872,285 |

At the Extraordinary Shareholders' Meeting held on March 13, 2019, the shareholders approved a Capital increase from ThCh\$1,294,872,285, that was 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 from ThCh\$1,329,872,285, that was divided into 936,165,609,040 ordinary shares, to ThCh\$1,364,872,285, divided into 960,392,966,349 ordinary shares.

27. Equity, continued

Based on the above, as of December 31, 2021, 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 |
| Total | 960,392,966,349 |

On March 31, 2020 according to contract of purchase sale of shares, 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 December 31, 2021, is as follows:

| Type of Shareholder | Participation % | 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 | - | - |
| Total | 100.0000 | 2 |
| 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.

On April 22, 2021, the Ordinary Shareholders' Meeting agreed not to distribute dividends on profits for the year 2020, for which the provisional dividend provision, for an amount of ThCh\$ 9,917,452 constituted in December 2020, was reversed in the same date.

As of December 31, 2021, the Company has provisioned 30% of the profit for fiscal year 2021 as an interim dividend of ThCh\$ 98,820,761.

As of December 31, 2021, the following dividend distribution was made:

| Date | Dividend | Distributed amount ThCh\$ | Value per share ThCh\$ | Charge to utilities | Payment date |
|------------|------------|------------------------------|---------------------------|------------------------|--------------|
| 01.28.2021 | Definitive | 105,124,000 | 0.1094 | Previs exercises | 02.02.2021 |
| 07.26.2021 | Definitive | 243,447,842 | 0.25349 | Previs exercises | 07.27.2021 |
| 08.11.2021 | Definitive | 98,472,747 | 0.10253 | Previs exercises | 08.12.2021 |

27. 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 |
|---|----------------------|-------------------|----------------------|
| | 12.31.2020 | | 12.31.2021 |
| | ThCh\$ | ThCh\$ | ThCh\$ |
| Capital revaluation reserve (i) | (233,685,327) | - | (233,685,327) |
| Business combination reserve (ii) | (95,176,556) | - | (95,176,556) |
| Other miscellaneous reserves (iii) | (122,214,004) | 625,482 | (121,588,522) |
| Employee benefits reserve (iv) | (10,127,704) | 2,610,613 | (7,517,089) |
| Foreign currency translation difference reserve (v) | (58,310) | - | (58,310) |
| Cash flow hedges reserve (vi) | (14,505,535) | 49,527,524 | 35,021,989 |
| Reserve for financial assets (vii) | 293,418 | 852,685 | 1,146,101 |
| Total | (475,474,018) | 53,616,304 | (421,857,714) |

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 Financial Market Commission (ex-Superintendency of Securities and Insurance), the revaluation of the Company's Capital as of December 31, 2008, date of application of international financial reporting standards, must be presented in this item.

ii) Business combination reserve

Corresponds to corporate reorganizations performed in previous periods.

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 as of December 31, 2016. 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 (Note 26)v), 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 Inversiones Telefónica Internacional Holding S.A. with the contribution in dominion of a group of assets and liabilities. This transaction generated a difference between the book value of those assets and liabilities and the contribution value of ThCh\$61,567,621 that were recognized in this item, 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 responsible. 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.

27. Equity, continued**d) Other reserves, continued****i) 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.

ii) Foreign currency translation difference reserve

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

iii) Cash Flow hedges reserves

Transactions designated as cash flow hedges for expected transactions are probable, and if 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 remain probable of occurrence 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.

iv) 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 December 31, 2021 and 2020 recognition of the portion of Equity belonging to third parties is detailed as follows:

| Subsidiaries | Percentage | | Non-controlling interest | |
|-----------------------|--------------------------|-----------|--------------------------|------------------|
| | Non-controlling interest | | Shareholders' Equity | |
| | 2021 | 2020 | 12.31.2021 | 12.31.2020 |
| | % | % | ThCh\$ | ThCh\$ |
| Telefonica Chile S.A. | 0.8594402 | 0.8594402 | 8,443,820 | 5,659,883 |
| Total | | | 8,443,820 | 5,659,883 |

As of December 31, 2021 and 2020 recognition of the portion of Results belonging to third parties is detailed as follows:

| Subsidiaries | Percentage | | Non-controlling interest in result | |
|-----------------------|--------------------------|-----------|------------------------------------|-----------------|
| | Non-controlling interest | | Profit (loss) | |
| | 2021 | 2020 | 12.31.2021 | 12.31.2020 |
| | % | % | ThCh\$ | ThCh\$ |
| Telefonica Chile S.A. | 0.8594402 | 0.8594402 | 2,700,570 | (22,490) |
| Total | | | 2,700,570 | (22,490) |

28. Earnings per Share

The detail of Earnings per share is as follows:

| Basic earnings per share | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|--|----------------------|----------------------|
| Earnings attributable to parent owners | 332,859,272 | 31,974,809 |
| Resultado disponible para accionistas | 332,859,272 | 31,974,809 |
| Weighted average number of shares | 960,392,966,349 | 957,701,037,759 |
| Basic earnings per share in Ch\$ | 0.347 | 0.033 |

Earnings per share have been calculated dividing income the Result for the period attributable to the Parent company, by the weighted average number of common shares outstanding during the period. 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.

29. Incomes

a) The detail of incomes from ordinary operations, as of December 31, 2021 and 2020, is as follows:

| Ordinary incomes | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|--|----------------------|----------------------|
| Mobile Telecommunications | 893,155,130 | 830,285,705 |
| Fixed Telecommunications | 376,972,622 | 307,199,084 |
| Data services and technology solutions companies | 179,464,446 | 177,136,639 |
| Television services and equipment | 136,264,087 | 115,562,154 |
| Total | 1,585,856,285 | 1,430,183,582 |

b) The detail of Other operating incomes, as of December 31, 2021 and 2020, is as follows:

| Other incomes | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|--|----------------------|----------------------|
| Profits from sale of fixed assets and other (1)(2) | 378,332,453 | 3,177,231 |
| Surcharges due to default | 3,218,388 | 1,773,339 |
| Incomes from indemnities, complaints and others(3) | 6,126,640 | 12,917,777 |
| Subsidies | 359,756 | 1,102,772 |
| Total | 388,037,237 | 18,971,119 |

(1) In February 2021 the Cloud business was sold to related company Telefónica Cibersecurity & Cloud Tech Chile SpA for ThCh\$4,831,873. Likewise, in April 2021 the IOT business was sold to related company Telefónica IoT & Big Data Tech Chile, SpA for ThCh\$3,095,943. In addition, it includes the sale of spectrum to Claro Chile S.A.

(2) On July 1, 2021 the optical fiber business was sold to InfraCo SpA for ThCh\$358,254,176.

(3) In 2021 it corresponds mainly to deferral of exclusivity installment on the sale of the optical fiber business.

30. Expenses

a) Impairment loss, net:

| Provision for impairment | 12.31.2021 M\$ | 12.31.2020 M\$ |
|---|-------------------|-------------------|
| Trade accounts receivable (see note 8b) | 48,980,803 | 63,732,465 |
| Inventories (see note 10) | (158,106) | (247,057) |
| Total | 48,822,697 | 63,485,408 |

b) The detail of Other expenses, by nature, as of December 31, 2021 and 2020, is as follows:

| Other expenses | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|--|----------------------|----------------------|
| Sale cost of inventory and commissions (1) | 428,919,603 | 366,065,701 |
| Media rental and other exterior services (2) | 393,815,116 | 355,642,427 |
| Customer service | 44,520,974 | 45,760,350 |
| Fiber optic network connectivity (3) | 45,156,729 | - |
| Interconnections and roaming (4) | 30,773,216 | 25,406,145 |
| Advertising | 20,324,535 | 16,837,378 |
| Others (5) | 36,445,932 | 20,094,877 |
| Total | 999,956,105 | 829,806,878 |

(1) The variance corresponds mainly to an increase in the cost of sale of cell phones in the amount of ThCh\$42,956,455 due to a rise in sales, the net effect of higher amortized compliance costs for fixed broadband equipment and television in the amount of ThCh\$5,913,812, an increase in cost of sales for turnkey deployment projects sold to Infraco SPA in the amount of ThCh\$ 27,832,211, lower expense on customer acquisition commissions activation in the amount of ThCh\$8,195,083 (see Note 7) and lower direct cost of sale of security equipment in the amount of ThCh\$ 4,249,380 as per new business model with Cybersecurity & Cloud.

(2) This heading includes media rental, external services, maintenance, information services, power supply, TV content and real estate expenses. The variance is mainly explained by the implementation of the new Cybersecurity & Cloud business model in the amount of ThCh\$11,051,258, higher amortized labor compliance costs for BAF and TV in the amount of ThCh\$ 7,696,556, higher TV content expense in the amount of ThCh\$ 7,474,702 associated to an increase in the commercial activity of the IPTV business, an increase in plant maintenance expenses in the amount of ThCh\$6,761,458, an increase in warehousing services in the amount of ThCh\$4,089,797 associated to higher amortized compliance costs, link costs in the amount of ThCh\$1,973,389 and an increase in the amount of ThCh\$1,655,993.

(3) The increase corresponds mainly to connectivity service on optical fiber network provided by InfraCo SPA as of July 1, 2021.

(4) Corresponds mainly to the increase in domestic roaming costs in the amount of ThCh\$4,536,881 due to new contracts signed with wholesale companies

(5) This heading includes transportation expenses, insurance, consulting, security and surveillance, indemnities and taxes, among other things.

31. Financial incomes and expenses

a) The detail of net financial incomes and expenses, as of December 31, 2021 and 2020, is as follows:

| Financial expenses, net | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|---|----------------------|----------------------|
| Financial incomes | | |
| Interest earned on deposits and investments | 6,801,399 | 1,933,287 |
| Interest earned on projects | 819,719 | 1,032,801 |
| Dividends received and accrued | 421,303 | 683,795 |
| Other financial incomes | 314,411 | 307,915 |
| Total financial incomes | 8,356,832 | 3,957,798 |
| Financial expenses | | |
| Interest on obligations (bonds) (1) | 19,196,064 | 18,994,384 |
| Interest on loans from bank institutions (1) | 9,489,575 | 7,987,466 |
| Financial expenses Portfolio sale / Factoring | 7,302,631 | 14,580,536 |
| Leasing costs | 6,244,860 | 3,513,556 |
| Interest on update of employee termination benefits | 1,332,990 | 1,295,678 |
| Interest on projects | 995,246 | 1,172,238 |
| Cost of remittances abroad | 803,939 | 811,157 |
| Other financial expenses | 5,303,487 | 2,673,169 |
| Total financial expenses | 50,668,792 | 51,028,184 |
| Total financial incomes and expenses, net | (42,311,960) | (47,070,386) |

(1) This item is presented net of interest rate hedge for M\$9,116,890.

b) The detail of the differences and units of currency exchange readjustments as of December 31, 2021 and 2020 is as follows:

| Differences exchange | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|---|----------------------|----------------------|
| Cash and cash equivalents | 856,100 | (163,151) |
| Current trade and other accounts receivable | 1,760,170 | (612,898) |
| Current accounts receivable from related entities | (187,233) | 474,712 |
| Trade and other accounts payable | (8,937,172) | (933,397) |
| Current accounts payable to related entities | (4,515,834) | 304,283 |
| Hedge instruments | 109,742,138 | (45,881,970) |
| Financial debt | (106,352,265) | 46,470,284 |
| Total | (7,634,096) | (342,137) |

| Units readjustments | 12.31.2021 ThCh\$ | 12.31.2020 ThCh\$ |
|---|----------------------|----------------------|
| Trade and other payables | 3,437,086 | (18,092) |
| Current trade and other accounts receivable | (74,541) | 378,969 |
| Cash and cash equivalents | 45 | - |
| Current accounts receivable from related entities | 6,795,733 | - |
| Current accounts payable to related entities | 7,894 | - |
| Financial debt | (5,737,432) | (3,761,877) |
| Hedge instruments | 2,773,270 | 3,777,010 |
| Total | 7,202,055 | 376,010 |

32. 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.

As of December 31, 2021, lease expenses amount to ThCh\$ 4,979,133.

Future lease obligations, as of December 31, 2021 and 2020 are detailed as follows:

| Concepto | 12.31.2021 | | | Total ThCh\$ |
|--|-----------------------------|-------------------------------------|--------------------------------|-----------------|
| | Up to one year ThCh\$ | From one to five years ThCh\$ | More than 5 years ThCh\$ | |
| Minimum operating lease payments payable | 2,867,959 | 8,542,302 | 9,982,624 | 21,392,886 |

| Concepto | 12.31.2020 | | | Total ThCh\$ |
|--|-----------------------------|-------------------------------------|--------------------------------|-----------------|
| | Up to one year ThCh\$ | From one to five years ThCh\$ | More than 5 years ThCh\$ | |
| Minimum operating lease payments payable | 2,968,579 | 6,615,802 | 5,979,091 | 15,563,472 |

33. Local and Foreign Currency

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

| Currents assets | 12.31.2021 | 12.31.2020 |
|--|----------------------|--------------------|
| | ThCh\$ | ThCh\$ |
| Cash and cash equivalents | 412,783,123 | 465,809,329 |
| Chilean Pesos | 409,566,269 | 463,863,858 |
| US Dollars | 3,006,635 | 1,786,501 |
| Euros | 152,420 | 87,083 |
| Other currencies | 57,799 | 71,887 |
| Other current financial assets | 654,692,865 | 10,487,114 |
| Chilean Pesos | 435,042,437 | 232,106 |
| US Dollars | 219,360,126 | 1,383,278 |
| Euros | 290,302 | - |
| U.F. | - | 8,871,730 |
| Current trade and other accounts receivable | 243,735,280 | 234,486,698 |
| Chilean Pesos | 243,261,377 | 233,698,688 |
| U.F. | 429,913 | 752,514 |
| Euros | 43,990 | 35,496 |
| Current receivables from related companies | 38,754,659 | 9,099,951 |
| Chilean Pesos | 37,103,209 | 7,340,242 |
| Other currencies | 733,759 | 253,095 |
| U.F. | 717,961 | - |
| US Dollars | 199,730 | 1,506,614 |
| Other current assets (1) | 219,732,250 | 160,014,672 |
| Chilean Pesos | 219,732,250 | 160,014,672 |
| Total current assets | 1,569,698,177 | 879,897,764 |
| Chilean Pesos | 1,344,705,542 | 865,149,566 |
| US Dollars | 222,566,491 | 4,676,393 |
| U.F. | 1,147,874 | 9,624,244 |
| Other currencies | 791,558 | 324,982 |
| Euros | 486,712 | 122,579 |

- (1) Includes: Other current non-financial assets, current tax assets, current inventory and non-current assets or groups of assets for disposal classified as held for sale or as held for distribution to the owners.

| Non-currents assets | 12.31.2021 | 12.31.2020 |
|---|----------------------|----------------------|
| | ThCh\$ | ThCh\$ |
| Other non-current financial assets | 82,183,532 | 165,091,624 |
| Chilean Pesos | 38,160,121 | 11,688,397 |
| U.F. | 23,756,031 | 28,128,170 |
| US Dollars | 20,267,380 | 119,303,018 |
| Other currencies | - | 5,972,039 |
| Right of use | 209,297,210 | 187,317,843 |
| Chilean Pesos | 209,065,446 | 187,065,017 |
| U.F. | 231,764 | 252,826 |
| Other non-current assets (2) | 2,172,107,357 | 2,003,216,052 |
| Chilean Pesos | 2,172,107,357 | 2,003,216,052 |
| Total non-current assets | 2,463,588,099 | 2,355,625,519 |
| Chilean Pesos | 2,419,332,924 | 2,201,969,466 |
| US Dollars | 20,267,380 | 119,303,018 |
| U.F. | 23,987,795 | 28,380,996 |
| Other currencies | - | 5,972,039 |

- (2) Includes: Non-current trade and other accounts receivable, non-current receivables from related companies, other non-currents non-financial assets, intangible assets other than goodwill, goodwill, property, plant and equipment and Investment properties.

33. Local and Foreign Currency, continued

Currency breakdown of current liabilities is as follows:

| Currents liabilities | Up to 90 days | | From 91 days to 1 year | |
|---|--------------------|--------------------|------------------------|--------------------|
| | 12.31.2021 | 12.31.2020 | 12.31.2021 | 12.31.2020 |
| | ThCh\$ | | ThCh\$ | |
| Other current financial liabilities | 4,436,398 | 26,910,998 | 438,574,974 | 229,937,792 |
| US Dollars | 1,496,546 | 9,993,996 | 434,322,375 | 124,728,420 |
| Chilean Pesos | 2,939,852 | 16,900,623 | 3,610,134 | 104,627,130 |
| U.F. | - | - | 612,542 | 582,242 |
| Euros | - | 16,379 | 29,923 | - |
| Finance leases | 22,275,189 | 29,537,742 | 19,565,996 | 31,965,299 |
| U.F. | 13,440,948 | 20,911,937 | 10,793,494 | 23,807,799 |
| Chilean Pesos | 8,726,932 | 8,450,252 | 8,665,789 | 7,981,948 |
| US Dollars | 107,309 | 175,553 | 106,713 | 175,552 |
| Trade and other payables | 498,511,295 | 353,691,526 | - | - |
| Chilean Pesos | 408,871,939 | 306,875,803 | - | - |
| US Dollars | 57,937,791 | 27,627,085 | - | - |
| Euros | 22,373,408 | 3,955,256 | - | - |
| U.F. | 9,309,364 | 15,216,241 | - | - |
| Other currencies | 18,793 | 17,141 | - | - |
| Current receivables from related companies | 185,744,314 | 59,548,404 | - | - |
| Chilean Pesos | 148,345,472 | 20,971,344 | - | - |
| US Dollars | 32,105,880 | 28,663,012 | - | - |
| Euros | 4,294,789 | 2,664,985 | - | - |
| U.F. | 998,173 | 7,249,063 | - | - |
| Other current liabilities (1) | 152,863,385 | 63,639,368 | 4,225,486 | 2,874,996 |
| Chilean Pesos | 152,863,385 | 63,639,368 | 4,225,486 | 2,874,996 |
| Total current liabilities | 863,830,581 | 533,328,038 | 462,366,456 | 264,778,087 |
| Chilean Pesos | 721,747,580 | 416,837,390 | 16,501,409 | 115,484,074 |
| US Dollars | 91,647,526 | 66,459,646 | 434,429,088 | 124,903,972 |
| Euros | 26,668,197 | 6,636,620 | 29,923 | - |
| U.F. | 23,748,485 | 43,377,241 | 11,406,036 | 24,390,041 |
| Other currencies | 18,793 | 17,141 | - | - |

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

33. 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 | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| | 12.31.2021 | 12.31.2020 | 12.31.2021 | 12.31.2020 | 12.31.2021 | 12.31.2020 |
| | ThCh\$ | | ThCh\$ | | ThCh\$ | |
| Other non-current financial liabilities | 338,664,041 | 655,331,507 | 258,244,800 | 100,271,532 | 448,172,826 | - |
| US Dollars | 176,202,168 | 537,247,402 | - | 100,271,532 | 417,990,283 | - |
| U.F. | 93,004,243 | 97,207,595 | - | - | - | - |
| Chilean Pesos | 69,457,630 | 20,876,510 | 258,244,800 | - | 30,182,543 | - |
| Finance leases | 140,440,778 | 55,268,820 | 36,572,713 | 26,224,368 | 16,146,590 | 16,945,196 |
| U.F. | 77,204,961 | 39,298,351 | 17,005,845 | 18,507,015 | 9,222,286 | 6,943,046 |
| Chilean Pesos | 63,235,817 | 15,543,815 | 19,566,868 | 7,717,353 | 6,924,304 | 10,002,150 |
| US Dollars | - | 426,654 | - | - | - | - |
| Non-current accounts payable to related companies | 1,529,371 | 40,801,985 | - | - | - | - |
| Chilean Pesos | 1,529,371 | 34,480,215 | - | - | - | - |
| U.F. | - | 6,321,770 | - | - | - | - |
| Other non-current liabilities (1) | 112,927,463 | 26,578,308 | 19,236,552 | 73,752,268 | 92,127,067 | 52,598,610 |
| Chilean Pesos | 112,927,463 | 26,578,308 | 19,236,552 | 73,752,268 | 92,127,067 | 52,598,610 |
| Total Non-current liabilities | 593,561,653 | 777,980,620 | 314,054,065 | 200,248,168 | 556,446,483 | 69,543,806 |
| Chilean Pesos | 230,384,681 | 97,478,848 | 297,048,220 | 81,469,621 | 129,233,914 | 62,600,760 |
| U.F. | 186,974,804 | 142,827,716 | 17,005,845 | 18,507,015 | 9,222,286 | 6,943,046 |
| US Dollars | 176,202,168 | 537,674,056 | - | 100,271,532 | 417,990,283 | - |

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

34. Contingencies and restrictions

a) Legal proceedings

In the normal development of its line of business, the company and its subsidiaries are 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 the company 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 the company 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 led to the provisions at a parent company level, for the amount of the estimated loss as of December 31, 2021, which altogether amounts to ThCh\$ 8,013,274, of which ThCh\$ 6,288,958 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\$ 310,000 on its part, during the first quarter of 2022 and the rest during following two semesters.

34. Contingencies and restrictions, continued

a) Legal proceedings, continued

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\$ 7,754,760 in the Parent company and the amount of ThCh\$ 4,418,568 in the subsidiaries.

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

i) Voissnet Proceeding

On March 31, 2016, the 4th 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. Telefónica Chile S.A. filed an appeal for dismissal, in form and substance against that sentence before the Supreme Court, which was heard on September 9, 2021.

In their sentence dated December 14, 2021, the Supreme Court accepted the appeal filed by Telefónica Chile S.A. and annulled the final second instance sentence, and through separate replacement final sentence stated the following in its resolutive part:

I.- That the referred complaint has been accepted, and the latter is sentenced to pay in favor of the complainant, to indemnify for loss of profit, the sum of Ch\$1,657,849,480 (one billion six hundred and fifty seven million eight hundred and forty nine thousand four hundred and eighty pesos).

II.- That such sum shall be increased by the indexation experienced by the Consumer Price Index, and with the common interest for indexed operations, from the date of the firm sentence up to its effective payment.

III.- That the defendant is not condemned to pay costs, since they were not completely defeated."

b) Financial restrictions:

As of December 31, 2021, the Company has no financial restrictions.

c) Insurances:

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, street riots and malicious damages, among others, as well as extraordinary expenses to minimize damages and to execute contingency plans to reestablish services. All in accordance with the conditions, limits and deductibles established in the contracted 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 Orion. As of December 31, 2020, a total amount of ThCh\$5,056,608 has been recognized in the income statement for the settlement associated to coverage of the damages to commercial offices, to the headquarters and telephone exchanges, among others, whose recovered amounts are in accordance with the settlement previously received from the insurance company.

34. Contingencies and restrictions, continued

d) Guarantee deposits:

The detail of guaranteed deposits is as follows:

| Guarantee creditor | Debtor | | | Current guaranteed deposits ThCh\$ | Liberated guarantees | | |
|--|--------|--------------|-------------------|---------------------------------------|----------------------|-------------------|-------------------|
| | Name | Relationship | Type of guarantee | | 2022 | 2023 | 2024 and more |
| | | | | | ThCh\$ | ThCh\$ | ThCh\$ |
| Public and Private Organisms | | | | 1,365,135 | 1,288,880 | 64,850 | 11,405 |
| Public Organisms - Undersecretaries and Ministries | TCH | Subsidiary | Deposit | 848,280 | 782,714 | 58,930 | 6,636 |
| Public Organisms - Municipalities | TCH | Subsidiary | Deposit | 256,404 | 256,404 | - | - |
| Public Organisms - Others | TCH | Subsidiary | Deposit | 164,427 | 159,658 | - | 4,769 |
| Private Organisms - Others | TCH | Subsidiary | Deposit | 96,024 | 90,104 | 5,920 | - |
| Public and Private Organisms | | | | 29,646,040 | 10,833,637 | 10,339,095 | 8,473,309 |
| Public Organisms - Undersecretaries and Ministries | TEM | Subsidiary | Deposit | 12,214,210 | 1,123,148 | 6,378,878 | 4,712,185 |
| Public Organisms - Others | TEM | Subsidiary | Deposit | 8,484,310 | 4,750,482 | 1,950,672 | 1,783,156 |
| Private Organisms - Others | TEM | Subsidiary | Deposit | 6,140,306 | 3,306,062 | 1,307,338 | 1,526,906 |
| Banks | TEM | Subsidiary | Deposit | 1,707,316 | 1,166,839 | 453,356 | 87,121 |
| Public Organisms - Municipalities | TEM | Subsidiary | Deposit | 951,174 | 386,845 | 222,389 | 341,940 |
| Universities | TEM | Subsidiary | Deposit | 148,724 | 100,261 | 26,462 | 22,001 |
| Public and Private Organisms | | | | 20,389,618 | 4,122,967 | 1,027,413 | 15,239,238 |
| Public Organisms - Undersecretaries and Ministries | TMCH | Parent | Deposit | 14,786,030 | 62,452 | 768,461 | 13,955,117 |
| Private Organisms - Others | TMCH | Parent | Deposit | 4,497,426 | 3,628,387 | 19,808 | 849,231 |
| Public Organisms - Municipalities | TMCH | Parent | Deposit | 549,346 | 280,906 | 191,418 | 77,022 |
| Public Organisms - Others | TMCH | Parent | Deposit | 487,510 | 143,622 | 41,425 | 302,463 |
| Banks | TMCH | Parent | Deposit | 55,405 | - | - | 55,405 |
| Universities | TMCH | Parent | Deposit | 13,901 | 7,600 | 6,301 | - |
| Total | | | | 51,400,793 | 16,245,484 | 11,431,358 | 23,723,952 |

TMCH: Telefónica Móviles Chile S.A.

TCH: Telefónica Chile S.A.

TEM: Telefónica Empresas Chile S.A.

35. Environment

Law No. 20,599 was published on June 11, 2012 regulating the installation of emitting and transmitting antennas of telecommunication services. 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 are based on reducing the number of structures or, failing that, compensations related to tasks for improving the community, which must be agreed by the Neighborhood Groups and the Municipal Council, and that correspond to a 20% of the total cost of the tower in case that some type of camouflage be used in the structure and to 50% in case that 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 the residues.

The Company bases itself on what is required in the environmental assessment in reference to emission levels of electromagnetic waves and also in the urbanistic and environmental area. In this context, certain information requirements have been presented by the competent authorities (Municipalities, Superintendency of the Environment, among others), to measure noise and take mitigating measures if necessary.

The 2020-2024 environmental investment plan was activated nationwide, 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. Additionally, the regularization of fuel tanks at critical operating sites began in 2021.

The regime established by Law No. 20,920 framework for Waste Management, the Extended Responsibility of the Producer and Encouragement of Recycling, pays special attention to the wording of the Regulations that are in 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 movements of dangerous and non-dangerous waste. In March 2021, the new regulation on containers and packaging came into effect, establishing 12 recollection and waste valuation goals as of 2023. In addition, the basis for the beginning of a work plan for electrical and electronic waste, which will allow us to work in advance on the new regulation. We are already working on the qualitative and quantitative impacts that this new regulation may have on the operations of Telefónica Chile and, in particular, on its waste management, which has been taken into account in various processes related to suppliers and incorporated in new corporate purchasing processes.

35. Environment, continued

In the context of Supreme Decree 1/2013 issued by the Ministry of the Environment, that approves the Regulation of Pollutant Emissions and Transfers, PRTR, and Res. Ex.144/2020 issued by the Ministry of the Environment, that approves the basic standard for the implementation of amendment to the regulation for the pollutant release and transfer registry, PRTR; Telefónica Chile has complied with its environmental declaration obligations for fiscal year 2020, which culminates with the Annual Sworn Declaration which is in the declaration process.

The Company, through a successful Audit process, was informed during the month of May that the certification of the International standard ISO 14001: 2015 is renewed until the year 2024, in conformity with the implementation of an Environmental Management System at Telefónica Chile. This is a full-scope certification, which provides us with coverage from the design, 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 nationwide, complemented with the environmental mitigation plan which allows Telefónica to evaluate and address environmental risks in all its technical facilities.

In addition, in December the Company obtained certification of the Energy Management System under ISO 50001:2018, where the scope of this certification will be greater in 2022. This energy management system ("SGE" its acronym in Spanish) certifies that we work with a policy of continuous improvement in safety and energy performance in all our production processes. Specifically, this standard will certify that we adequately manage all energy aspects derived from the Company's activities, i.e., from delivery of our services to the operation of our infrastructure. In addition, it challenges us to activate a plan with measures to minimize energy consumption at our facilities.

36. 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 demand of its current and potential customers, innovating and developing excellence in its customer service.

b) 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 established 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.

36. Risk management, continued

c) 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.

c.1) Divestiture of Spectrum

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

1. To renounce to two concessions in the 3400 – 3600 MHz band, in the XI and XII Regions (south zone of the country), equivalent to 10 MHz of spectrum nationwide. This renouncement was presented to Subtel on November 9, 2019.
2. Tender for a 10 MHz concession in the 1900 MHz band: tender documents were presented in Subtel and in the Antitrust Commission (“Tribunal de Defensa de la Libre Competencia” or “TDLC”, in Spanish) in November 2019. Both organizations have made observations, therefore a new version of the tender documents was presented on June 25, 2020, which has been approved by Subtel and the “TDLC”. Therefore, the timeline for the tender process came into effect on September 4, 2020, as follows:
 - Sale of tender documents: September 25, 2020 – November 9, 2020
 - Tender consultation: October 9, 2020 – November 9, 2020
 - Consultation response: November 23, 2020
 - Delivery of offers: December 7, 2020

On December 7, 2020, WOM S.A. and Claro Chile S.A. submitted offers for the tender. On December 15, 2020, those offers were opened and, on December 21, 2020, Telefónica announced its acceptance of the offer presented by Claro Chile S.A., in reason of which both companies presented to Subtel a request for prior authorization of the transfer of the concession. On January 11, 2021, the concession was authorized by Subtel, after which the sales agreement was signed by the parties, and the transaction was paid on January 27, 2021.

The Decree authorizing transfer of the concession was published on April 22, 2021, completing the transfer of the concession title to the new holder.

c.2) Spectrum caps

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.

36. Risk management, continued

c) Radio electric spectrum assignation, continued

c.2) Spectrum caps, continued

- 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 cannot auction contiguous blocks which, altogether, add up 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 MHz contiguous per operator. Finally, in the long-term, a maximum cap of 30% will be in force for this macroband, 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 macroband.
- 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 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 MHz contiguous in this macroband. 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.

Resolution No. 59-2019 issued by the "TDLC" was appealed before the Supreme Court by the consumer organization "Conadecus" and by operators WOM and Netline, although WOM desisted from its complaint. The allegations for the other two appeals took place at the end of April and, on July 13, 2020, the Court issued its decision which establishes the following:

- Confirms all caps proposed by the "TDLC", except for the microband associated to low bands (< than 1 GHz), which it adjusts from 35% to 32% and eliminates the validity of the short, medium and long-term period for those caps.
- Complementary measures are decreed: 1) Mandatory and temporary national roaming; 2) Offer of Facilities and Resale for VMOs, approved by the National Economic Prosecutor's Office ("Fiscalía Nacional Económica" or FNE, in Spanish), with prior report from Subtel; 3) audits, paid by mobile network operators, to permanently monitor roaming and VMO offer obligations; 4) commitment for effective use of the spectrum, under penalty of being obligated to make available to third parties the part of the spectrum that is not being used; 5) before another spectrum allocation tender, Subtel must analyze whether the incumbent operators can reasonably offer it in their preexisting frequencies in an immediate manner or after optimizing those networks in the available frequencies within a deadline and at reasonable costs.

36. Risk management, continued

c) Radio electric spectrum assignment, continued

c.3) 5G Public tenders

On the other hand, on January 14, 2020, Subtel called a new Citizen Consultation to define the “Technical Model for allocating Telecommunications Service Concessions operating 5G networks”, with a deadline of until February 14, 2020 for all interested parties to issue opinions. Subsequently, on August 1 and 17, 2020, Subtel published in the Official Gazette the tenders for “Granting Telecommunication Service Concessions that Operate High Speed Wireless Networks”. The project considers four public tenders:

- 700 MHz Band: 20 MHz bandwidth
- AWS Band: 30 MHz bandwidth
- 3.5 GHz Band: 150 MHz bandwidth
- 26 GHz Band: 1600 MHz bandwidth

In September 7, 2020 was the deadline for all those interested in participating in the tenders, called by Subtel for “Granting Telecommunication Service Concessions that Operate High Speed Wireless Networks”, to make their consultations and clarifications on the tender documents published on August 17, 2020. On September 28, 2020, an Exempt Resolution was issued to provide a response to the consultations made by the interested parties. In that Resolution, Subtel announced that it would make amendments to the Tender Documents, stating that one of those amendments would be that the deadline for presenting proposals would be extended from its original date, October 19, 2020, to a new date, November 18, 2020. On November 17, 2020, Telefónica submitted all its information and its technical project to participate in the tender for the 3.5 GHz band. Subsequently, on November 19, 2020, the public act took place, via streaming, for opening the proposals received through which there is a review of which are the candidates in each contest and it is verified that all the information required in the Bases have been sent. In the case of the 3.5 GHz band tender, 5 applicants were submitted, adding to the proposal of Telefónica that of Claro Chile S.A.; Entel; WOM and Boreal NET. On December 30, 2020, Subtel informed that there were no comments on the application made by Telefónica, qualifying it to participate in the tender that took place on February 16. In this tender, it was awarded 5 blocks of 10 MHz of the 3.5 GHz band with the best economic offer presented, which allowed it to choose the spectrum range awarded. Thus, on February 22, 2021, Subtel notified Telefónica Móviles Chile that it had been allocated the band width ranging from 3.35 to 3.4 GHz. On March 1, the Company must present a compliance guarantee ticket for the technical project, in the total amount of UF 450,000 and publish the extract assigned to it by the concession on March 2, 2021. Subsequently, on March 30, 2021, the State was paid the amount stated in the bid tender.

On April 6, TMCH submitted its proposal for a Plan for Effective and Efficient Use of the Spectrum to Subtel, in accordance with the requirements contemplated in the 3.5 GHz tender documents and in the judicial ruling of the Supreme Court on July 13, 2020. Through Exempt Resolution 865 dated April 26, 2021, Subtel approved the Plan submitted by TMCH with no objections.

36. Risk management, continued

c) Radio electric spectrum assignment, continued

c.3) 5G Public tenders, continued

On September 27, 2021, Subtel notified Telefónica Móviles Chile S.A. of the license granted by the concession, for a 30-year term as of its publication in the Official Gazette, which occurred on October 2, 2021. That date is the beginning of the maximum deadline of 12 months by which all the base stations committed in Phase 1 of the technical project must be deployed and operating.

On December 16, 2021, the Government, together with different operators in the industry carried out the official public ceremony to kick-off deployment of the new 5G technology in Chile.

After this joint communicational milestone was achieved, operators were able to begin the commercial launching of the new 5G technology, as soon as Subtel grants the respective project reception approvals for the base stations of each operator.

c.3) Consultation with the “TDLC” regarding Subtel’s wireless fixed telephone service resolutions

In addition, the “TDLC” allegations audience took place in August 2019 regarding 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). Regarding this consultation, on August 31, 2020, the “TDLC” issued Resolution No. 62 in which, although it was resolved that with its administrative actions Subtel would not be violating free competition and that no advantage would be granted to the “first mover”, also stated in its Recitals 141 to 150 and in Resolution 2) that there must be a public tender to grant mobile service concessions on the 3400 – 3600 MHz band and that the current concessionaries of local wireless public telephone service operating on the 3400 – 3600 MHz band cannot be exempted from that tender.

Regarding this Resolution, on March 22, 2021, Telefónica Móviles Chile S.A. desisted from the appeal claim filed in the face of the Supreme Court.

c.4) Consultation with the “TDLC” regarding the Tender Documents for 5G Public Tenders

On October 30, Telefónica Móviles Chile S.A. submitted a new query to the “TDLC”, proposing that the Tender Documents for the 5G tenders be previously reviewed by said Court and requesting that, in the meantime, it dictate a precautionary measure to suspend the contests. That precautionary measure was rejected on two occasions and the consultation continues its course in the Court, which established a deadline until December 23 for the interested parties to provide information on the case. Eleven interested parties provided information, mostly questioning the consultation made by Telefónica, except for the Conadecus Consumers Organization, who shared, in general terms, that the bidding rules have anti-competitive aspects. The pleadings hearing was scheduled for March 24, 2021, but it was rescheduled to July. Subsequently, TMCH withdrew the Consultation, which was endorsed by Resolution of the Court on June 29, 2021.

36. Risk management, continued

c) Radio electric spectrum assignation, continued

c.6) Public Consultation on reordering of spectrum on the 3400 – 3600 MHz band.

On December 21, Subtel published in its website a Public Consultation in reference to the issue of reordering of spectrum on the 3400 – 3600 MHz band.

The main issues subjected to consultation are related to the advantages which, in terms of efficiency, reordering the mentioned band would have; the technical complexities that should be considered and what are the possible impacts for future development of telecommunications in the country.

The deadline for responding to the consultation is January 21, 2022.

d) New Law: Internet access minimum guaranteed speed

Law No. 21.046 was published in the Official Gazette on November 25, 2017.

This 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 the Technical Standard.

On March 16, 2020, through ATELMO, companies in the industry made Comptroller General of the Republic (“Contraloría General de la República”) 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.

Finally, on July 27, 2020, the Official Gazette published the regulation that “ESTABLISHES THE ORGANIZATION, OPERATION AND PUBLIC TENDER MECHANISM OF THE INDEPENDENT TECHNICAL ORGANIZATION” which is the entity in charge of implementing and managing an Internet speed measurement system in the county, by virtue of Law No. 21,046 dated in 2017.

Additionally, on Monday, August 3, 2020, Subtel published Exempt Resolution No. 1251 in the Official Gazette, which “SETS THE TECHNICAL STANDARD OF LAW No. 21.046, WHICH ESTABLISHES THE OBLIGATION OF A GUARANTEED MINIMUM SPEED OF INTERNET ACCESS”, by means of which establishes the characteristics of the Internet speed measurement systems and other parameters. The foregoing is notwithstanding the amendments that will subsequently be made to Resolution No. 3729 of 2011 in reference to network neutrality measurements.

36. Risk management, continued

d) **New Law: Internet access minimum guaranteed speed**, continued

Through the Representative Committee of the ISP, we have worked jointly in the preparation of the Tender Documents to call a tender for the new Independent Technical Organization (“OTI”, or “Organismo Técnico Independiente”) established in the Regulation. Those Tender Documents were approved by Subtel on March 9, 2021, after which the tender process began. On August 16, 2021, the deadline for submitting a proposal expired. Ultimately, two proposals were received from companies that had acquired the tender document. On August 24, 2021, the technical proposals were opened, and were reviewed and analyzed by the Technical Committee established for that purpose. After the analysis, the Representative Committee of the ISPs decided to declare the tender void.

The Tender Documents must be reviewed and adjusted, in order for a new tender process to begin once they have been approved by Subtel.

e) **Law on removal of unused cable**

After concluding its legislative process, the Bill, that obligates concessionaries and holders of telecommunications services 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 enacted, it will allow to put into operation what is ordered in the law.

On June 15, 2021, Subtel submitted the new PTF to the Contraloría for the acknowledgement process. In this instance the operators grouped in ChileTelcos filed complaints due to possible illegalities contained in such regulation. The Contraloría transferred these complaints to Subtel in order it to issue a report on the matter.

Finally, at the end of 2021, Subtel removed the wording of the regulation that was being reviewed by the Controllorship. Subtel must resubmit the regulation for the review process.

f) **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).

36. Risk management, continued**f) Bill on the use of facilities to provide Virtual Mobile Operation and Automatic National Roaming, continued**

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 nationwide, 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. On January 13, 2021, Subtel sent to the Comptroller General of the Republic the Regulation No. 138, dated October 13, 2020, for acknowledgement of legality and constitutionality (“toma de razón”), but subsequently it was withdrawn from the Comptroller on April 6, 2021. After incorporating some minor modifications, Subtel once again submitted the mentioned Regulation to the Comptroller’s Office on April 23. TMCH submitted its illegality complaints on June 9, 2021. On September 15, the Comptroller notified Telefónica Móviles Chile S.A. that the decree in process had been withdrawn by Subtel. Finally, on Thursday, December 2, 2021, the Official Gazette published the Regulation on Automatic Domestic Roaming (“RAN” its acronym in Spanish) and OMV’s.

Based on the deadlines established in the regulation itself, it is in force as of January 31, 2022 and the maximum deadline for network operators to present the RAN and OMV Facilities Offer to Subtel is March 14, 2022.

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, deadline that expires on October 9, 2020.

g) Public Consultation on regulations for the operation of International Roaming at a local price between Chile and Argentina and Chile-Brasil

Subtel published the new local price roaming regulation in the Official Gazette on August 28, 2020, with immediate application as of August 29, 2020.

On October 20, through Atelmo, the industry filed two appeals, one before the Comptroller General of the Republic to claim possible illegalities in the procedure used by Subtel to dictate the regulation and another before Subtel itself to clarify the correct meaning and scope of roaming at “local rate”. Subtel has not yet made a pronouncement. In any case, none of these proceedings suspends the coming into force of the regulation.

36. Risk management, continued**g) Public Consultation on regulations for the operation of International Roaming at a local price between Chile and Argentina and Chile-Brasil, continued**

Regarding the case of Brazil, at the end of September 2021, the Congress of that country approved the new free trade agreement with Chile, which also establishes international roaming at local price between both nations. This new commercial treaty, which in Chile was approved by Congress in August 2020, was notified to ALADI, therefore it is in force as of January 2022. This means that the chapter on international roaming at local prices between both countries begins one year after, in January 2023.

h) Bill declaring Internet as a Public Service

The processing of this bill that was presented on March 9, 2018, and which has been approved in its first legislative process in the Senate, has passed to its second process in the Chamber of Deputies.

Mainly, the purpose of the proposal is to modify the General Telecommunications Law to include access to Internet as a public service and force companies to provide all the services that are defined as “public” in the law to be provided within a maximum period of 6 months, since the time the request has been submitted by a user. To date, it is still being processed by the Commission.

i) Bill that creates the Superintendency of Telecommunications

A project, that was first presented in 2011 and which creates the Superintendency of Telecommunications, has been resumed. It is at the stage of the second constitutional process, at the Senate’s Transportation and Telecommunications Commission. This project seeks to modify the sector’s regulatory institution, separating the supervising function from dictating public policy in telecommunications matters function.

j) Infraco SpA authorizations

Infraco SpA is the holder of an intermediate service concession that only provides physical infrastructure, granted by Decree No. 129, dated in 2020, of the Ministry of Transport and Telecommunications. Through this concession, Infraco will be a supplier of a fiber optic network nationwide with a wholesale scope, that is, it will provide services to telecommunications concessionaries and license holders and the latter will supply the service to the end customer.

Infraco is already authorized to operate throughout the country, with the exception of the Region of Aysen.

On April 15, 2021, the National Economic Prosecutor (“FNE” or “Fiscalía Nacional Económica”) was voluntarily informed of the concentration operation between Telefónica and the KKR Investment Fund, who will be the controllers of Infraco by 40% and 60%, respectively. On June 11, 2021, the National Economic Prosecutor (“FNE” or “Fiscalía Nacional Económica”) issued a resolution authorizing the consulted concentration operation purely and simply, without any type of restriction or condition. Consequently, on July 1, 2021 the newly incorporated company began operating and ceased to be a subsidiary (See note 19).

36. Risk management, continued

k) Bill that creates a registry of Prepaid users

On September 29, 2021 this bill was approved in the first legislative process. In this way, it went to the second procedure before the Committee on Transportation and Telecommunications of the Senate.

This bill seeks to force companies to register their prepaid users and also validate and guarantee the individualization data for these users. In addition, several provisions of the Code of Criminal Procedure relating to the providing of communications data for criminal investigations are amended.

l) Bills to declare the Internet to be a constitutional right

During September 2021, three new bills were submitted, focusing on recognizing the Internet as a constitutional right.

The first bill proposes an amendment of the Constitution to establish that it is the duty of the State to promote free and secure access to the Internet and adopt measures to guarantee connectivity to the inhabitants, as well as to guarantee free and secure access to the Internet to students. To this end, a second bill has been proposed to amend the General Telecommunications Law (LGT) and the Public Works Concessions Law. Amend the LGT in order to force companies to offer connectivity throughout the national territory within 12 months from the publication of the new law, except exceptions defined by the same Law and amend the Public Works Concessions Law to establish that any construction of a new public work must include infrastructure for the deployment of Internet.

Lastly, a third bill seeks to introduce amendments to the same LGT and additionally to the Public Education Law. The LGT seeks to force ISPs to provide Internet at discounted prices to all public educational establishments and to provide free service to more vulnerable families or students that cannot pay for it, based on specific socioeconomic conditions. The Public Education Law seeks for the State to guarantee connectivity to educational establishments, and to family homes of vulnerable students that are not able to pay. It also seeks to guarantee connectivity to all students of public establishments when they cannot operate in person due to an exceptional circumstance. This project is in the first legislative process before the Educational Commission of the House of Representatives of Chile.

m) VTR/Claro concentration operation

On December 30, 2021, the National Economic Prosecutor's Office ("FNE" its acronym in Spanish) formally began an investigation in reference to the notification of the concentration operation between VTR (controlled by Liberty) and Claro (controlled by América Móvil).

The FNE has up to February 10, 2022 to i) approve the operation pure and simple; ii) approve with conditions, or iii) extend the investigation for an additional 90 days.

36. Risk management, continued

m) VTR/Claro concentration operation, continued

Given the nature of the Operation (form an independent economic agent, that will carry out its duties in an ongoing manner), the conversations about mitigation measures, possible suspensions by common agreement with the FNE, contribution of information by third-parties, it is presumed that the FNE will extend the investigation by 90 days, and it is estimated that its pronouncement will be made during the last quarter of 2022.

Telefónica was asked to declare in this investigation due to the effects of the operation in fixed and mobile markets, and was required to provide formal information on this by January 17, 2022 at the latest.

n) 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 local and international levels, 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 "Solidarity 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 its customers an "Unemployment Benefit", which consists of a reduction of 50% in their invoice for 3 months. To date we still have current clients with this plan.

ñ) 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.

36. Risk management, continued

ñ) Financial risk management objectives and policies, continued

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.

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

Market Risky

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 exchange, 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 December 31, 2021 the Company had 48% of its short and long-term financial debt bearing a fixed interest rate and 52% with exposure to a variable 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 basis points in the debt's benchmark interest rate, which, as of December 31, 2021, corresponds to the "Tasa Promedio de Cámara Nominal" (TCPN). In this manner, an increase of 25 basis points in the monthly TCPN would mean an increase in the accrual monthly financial cost, for 2021, of approximately ThCh\$135,142; whereas a drop in the TCPN would mean a reduction of ThCh\$135,142 in the accrual monthly financial cost for 2021.

36. Risk management, continued

ñ) Financial risk management objectives and policies, continued

When the time comes for a benchmark rate reform such as the LIBOR rate, where the Company maintains outstanding debt at the aforementioned rate, the changes would be as follows:

1. Provide the use of a replacement benchmark in relation to (or in addition to) the affected currency instead of this reformed benchmark rate.
2. Align all provisions of the contract affected by the use of the replacement benchmark.
3. Allow the replacement benchmark to be used to calculate the interest of the affected contract (including without limitation, any consequential changes required to allow that replacement benchmark to be used for the purpose of the agreement).
4. Implement the market conditions applicable to that replacement benchmark.
5. Adjust the price to reduce or eliminate, to the to the extent reasonably feasible, any transfer of economic value from one party to another as a result of the application of the replacement benchmark (or if any adjustment or method to calculate the adjustment recommended by the relevant organization has been formally designated, the adjustment shall be determined on the basis of that designation).

All the aforementioned under the mutual agreement of both parties.

As of December 31, 2021, the Company had loans and derivatives associated to the LIBOR benchmark rate. Changes will be made in loans and derivatives simultaneously, in order not to alter the hedging. To date, no substantial change in finance costs is expected due to the change in the variable rate in USD.

The LIBOR rate will continue to be reported until mid-2023. The rate that is believed to succeed the LIBOR rate is the SOFR rate, which is an index that has been reported for more than one year

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 rate variation risks is mainly related 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 to minimize this risk.

Credit risk

Credit risk is the risk that a counterpart 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.

36. Risk management, continued

ñ) Financial risk management objectives and policies, continued

Credit risk, continued

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. (see Note 8b).

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 counterpart and within the credit limits assigned to each entity. Counterpart limits are reviewed annually, and can be updated during the year. The limits are established to reduce counterpart risk concentration.

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 to maintain an investment profile that allows it to cover its obligations.

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 December 31, 2021, is 27.00%, a 24.70 p.p. of decrease in comparison to December 2020, when it reached 2.30%. This is mainly due to the increase result for the period.

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 December 31, 2021 and 2020.

37. Subsequent events

The consolidated financial statements of Telefónica Móviles Chile S.A. and subsidiaries, for the period ended as of December 31, 2021, were approved and authorized for issuance at the Board of Directors Meeting held on February 11, 2022.

In the period from October January 1, 2022 and February 11, 2022, there have been no other significant subsequent events that affect these consolidated financial statements.

Julio Jorge Vega
Finance and Accounting Director

Rafael Zamora Sanhueza
Finance, Strategy and Management control Director

Roberto Muñoz Laporte
General Manager